Born Globals Internationalization and Competitive advantage
- A Resource-based View perspective

The case study research of Swedish Born Globals to the roles of firm Resources in firm's establishment, internationalization and competitive advantage

Master Thesis in International Marketing 15 Credits

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Date: 24 May, 2011
Acknowledgement

This master thesis is unable to be successful without the supports from many people. We would like to express our appreciation and grateful thanks to everyone mentioned here who has contributed to the achievement of our study.

First of all, we would like to dedicate our major appreciation to our families with their great supports, both materially and emotionally during our study, especially during the time we were focusing on this dissertation.

We would like to express our appreciation to our supervisor - Navid Ghannad, for his kindly supports, valuable suggestions and encouragements and advices which help us overcoming the challenges that occurred during the thesis process.

Importantly, our special thanks must go to - Peter Uppman from SciencePark in Halmstad who suggested us the interesting companies for our case studies. Also to all respondents for our research’s interviews - Jonas Modell, Staffan Thuresson, Angela Alexandersson, Sofi Thylander, Daniel Ljungberg, and Mårten Andersson who were very open, helpful and gave us all useful information. We greatly appreciate everyone valuable time and kindness that made the process of collecting data interestingly and completed successfully.

Lastly, we would like to thank all friends who gave us valuable comments for our thesis since the beginning till finish. Also, we want to thank each other for the constant support and coordination throughout this entire project.

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Abstract

The phenomenon of Born Globals in particular to the internationalization process has been highlighted by many scholars. The insufficient of the existing researches to the ability of Born Globals going international since their inceptions with limited resources encouraged us to study more in-depth. Resource-based View (RBV) and firm’s competitive advantage are chosen as the theoretical framework. Three Swedish Born Globals were chosen as case studies, the data was collected by semi-structure and e-mail interviews which within-case and cross-case analysis were applied. The empirical data and analysis draws us to the conclusion that human resource especially entrepreneurs and network are the key firm resources that significantly contribute to Born Globals’ establishment, internationalization and competitive advantage. However, the finding is highlighted that entrepreneur has a crucial role to both establishment and internationalization stages. Entrepreneur’s personal network has high contribution when Born Globals is started up while firm’s network plays more important role at the internationalization stage. By using network, Born Globals gain an easier way to find financial and operating resource. Moreover, entrepreneur’s capability is the main key resource that creates competitiveness to Born Global firms. Future research suggestions and implications are discussed in the conclusion.

Key words: Born Globals, Resource-based View (RBV), Firm Resources, Competitive Advantage, Internationalization, Internationalization Motive, Modes of foreign market entry
‘This master thesis is dedicated to our beloved families’.
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Chapter 1: Introduction

This chapter will introduce to the background of the thesis’s topic which Born global firms and the important of firm’s resources will be discussed. Then, the interested problem with the reasons of choosing for the thesis’s topic will be followed up. The chapter will be ended with the purpose of thesis, research question and research delimitation respectively.

1.1 Background

Over the last decade, internationalization has become an extensive topic that raises interest from many scholars (Moen, 2000; Gabrielsson & Kirpalani, 2004; Krist, 2009). According to Delanay (2008)’s research, one of significant business developments which is taking place in the global of 21st century is ‘International Trade’. It is true that international trade not only contributes in boosting up and developing world’s economy but also creating a new business dynamic around the world (Taylor & Webber in Delanay, 2008). Going international, at the same time, provides a number of benefits to the international firms, for example; increase in the scale of production, raise in profitability, and increase in firm competitiveness. Besides, it helps to gain new ideas, improve and manufacture innovation, latest technology and information regarding to international business cooperation (Hollensen, 2007; Delanay, 2008). Hence, internationalization is an important issue that firms of all types and sized need to take into consideration especially in current and future situation of high competitive global business.

In global business, it is said that companies need to grow internationally not only to gain more sales and profit but also to survive (Loan & Bell, 2004). Even some firms are founded in the countries which are large enough for a company to survive with their domestic markets such as USA. However, in many countries as mentioned by Loan and Bell (2004), most firms are struggling with the difficulties from market size, resources and opportunity to survive and diversify their markets. Therefore, going international is challenging many firms to escape from the limited markets and increase sales volume. As supported by Corman and Lussier (2000) and Dana (2004) that today going global is a must for most firms even for small businesses.

Internationalization¹ is a global concept of the firm’s growth process focusing and involving in the international activities (Beamish in Buckley & Ghauri, 1999). The concept concerns both inward and outward pattern of international investment, including market selection and mode of entry (Buckley & Ghauri, 1999). In general, going international after establish domestic market firmly (Loan & Bell, 2009). Having gained some experience and

¹Internationalization, in this study, is ‘the process by which firms both increase their awareness of the direct and indirect influences of international transactions with other countries’ (Beamish in Buckley & Ghauri, 1999, p. 115)
knowledge, the firms gradually expand their international markets to the neighbor countries (Johanson & Vahlne, 1977; Matsen & Servais, 1997; Blomstermo & Sharma, 2003).

In the world of today international business, it is broadly accepted that the expansion of internationalization is no longer considered only at Multinational Corporations (MNCs) (Prashantham, 2008). As Wright and Ricks (in Prashantham, 2008) mentioned ‘International players of the world tomorrow will no longer limited to big business’ (p.4). It is supported by Peng (2009) who said that ‘every large firm today started small and that some (although not all) of today SMEs may become tomorrow Multi-National Enterprises (MNEs)’ (p.256). However, it is also true that not every small enterprise can become a larger enterprise not only because of the problem of resources shortage, but they cannot build a competitive advantage for their products to be salient among the others. Besides, it is noticed that many SMEs have radical innovation (European Commission, 2010) that can support to their success. Peng (2009) concluded that, regarding to resource-based view, firm’s specific resources and capabilities largely determines the company succeed or failure. So, firm’s competitive advantage is a key part for small firms to make their business enable to compete with the competitors especially in foreign markets. Thus, going international is possible even for small firms. Also, going international is much easier than the few decades ago because of the globalization of communication and transportation (Cavusgil & Knight, 2009).

Going international can be considered and decided by firms with different international motives and modes of foreign market entry. Most firms select the entry mode that corresponds not only to their product type but their firms’ resources (Jones, 2005; Susman, 2007; Jansson, 2007; Prashantham, 2008). To choose the proper mode of entry may not be an obstacle for large companies with sufficient resources. However, for smaller enterprises-lacking of resources for example; money, employees, knowledge, network and experience are main obstacles to go international (Susman, 2007; Dana, 2008). As mentioned by Loan and Bell (2009) that multiple influences can affect small firms internationalization over time. Besides, many small firms have experienced the success in domestic market but the failure when going international due to the high competition (Calof & Beamish in Andadari, 2008). Hence, these limitation and risk is the major barrier to enter international markets for those small companies.

Noticeably, regarding to Onkvisit and Shaw (2008), the obstacles for not to go abroad since the inception for many firms, especially small companies are - resources limitation and lack of export commitment. Generally, when the concept of small firms is brought up to discuss, the major characteristics are normally perceived as; an independent owned firm that having less influential market share in the industry, possessing limited amount of human, financial, production and information resources and, mostly, producing on the limited amount of production line (Goldman & Nieumeuhiuizen, 2006). Therefore, going international is a hard work which consume both time and money for small firms, especially when they lack of resources either human resource or financial resource (Onkvisit & Shaw, 2008).
Interestingly, there are many small firms that have been successfully going international, as same as larger international companies or Multinational Enterprises (MNCs), that brought up the interest and published by many media; Kromex – a small British firm with only 45 members of their staff who produces the x-ray machine for security-check to global airline sector. Under high competitive of large global defense and security companies, this small company is proving that the phenomenon of small firms that compete with large international companies is possible (Smale, 2010). PTW – a small company from Australia who designed famous water cube, aquatic facilities for Beijing Olympic in China become internationally famous because of its innovative product (Harcourt, 2008). So, the paradox of being a small firm and succeed in entering to international market with the limited resources leads us the curiosity to find the antecedents of this interesting phenomenon.

Then, it comes to the question that, within the same industry and even the same environment, what makes small firms success in operating business internationally while others are still struggling. The similar curiosity was discussed by Peng (2010) towards the question of what determines the success and failure of firms around the globe. To answer this question, he proposes two main theoretical frameworks; (1) Institution-based view – focuses at the external factors (such as laws, rules, cultures and norms) that affects to firm’s performances. (2) Resource-based view – focuses at internal (certain valuable and unique) firms specific resources and capabilities that are not available with their competitors. Such specific resources and capabilities make firms enable to compete with the others even they are in the same environment (Peng, 2010).

Many scholars have studied and proposed the new theory to the firms that having their own strategy over the traditional step of internationalization and lead them to go global since their inception which is so-called; International New Ventures (INVs), Global Start-up or ‘Born Globals’ (Knight & Cavusgi, 2004, 2005, Oviatt & McDougall, 1994, 2005; Hollensen, 2007; Onkvisit & Shaw, 2008; Dana, 2008; Knight, 2009; Cavusgıl & Knight, 2009). However, the term of Born Globals will be used in this study.

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2According to the definition of Born Globals (as a synonymous of international new ventures or global start-ups) from many scholars, for example; Knight and Cavusgi (2004; 2005), Oviatt and McDougall (1994; 2005), Hollensen (2007), and Onkvisit and Shaw (2008) those are similar to each other. Born Globals ‘s definition by Almor and Sperling (2008) also is also adapted from those scholars and will be used in this thesis as; ‘business organizations that, from or near founding, seek superior international business performance from the application of (knowledge-based) resources to the sale of outputs in multiple countries’ (p.317). Moreover, Born Globals in this study will refer to only small enterprises with the employee headcount less than 50 per year (European Commission, 2009). Due to we focus at Born global firms who have limited resources. Therefore, some chosen theories are accordant to small enterprises’ theories. Besides, regarding to the definition is not mentioned the exact amount of year of selling product abroad, in this thesis, we consider if firms’ owners have a global vision to go international since its inception (Blomstermo & Sharma, 2003; Gabriëlsön, Kirpalani, Dimitratos, Solberg & Zuchella, 2008) and within ‘five years’ start selling the products abroad as a Born Global firm.
1.2 Problem Discussion

A recent statement by Filipescu, Rialp and Rialp (2009) said that ‘Today, many firm internationalise soon after their establishment, which had led to the emergence of the concept of born-global firms’ (p.126). Therefore, the phenomenon of small enterprises that can go international since its inception, so-called ‘Born Globals’, especially entering to international markets with the limited firm resources has gained remarkable attention from many scholars (Gabrielsson & Kirpalani, 2004). The interests by most scholars are focused at the roles of firm resources that contribute to the Born Globals’ establishment and internationalization, which the school of Resource-based View (RBV) are broadly referred and discussed (Peng, 2010; Verma, 2010). RBV becomes a major issue that has been discussed in many entrepreneurial literatures, not just its definition, but to its roles in how resources contribute to firm’s establishment, internationalization and competitive advantage (Etmed, 2004, 2005; Dana, 2008; Cavusgil & Knight, 2009; Verma, 2010).

It is also said by Gabrielsson and Kirpalani (2004) that ‘The born global start-up lacks resources compared to the requirement of reaching world markets’ (p.1). This statement implies that at the establishment stage of Born Globals generally confront with the problem of lacking resources, due to Born Globals are normally started from small enterprises. Especially when they move to the stage of internationalization, the limited firm resources, either human or financial resource, may cause some difficulties to reach the requirement of world markets. However, many Born Global firms have proven that this fact is not always valid for them. Thus, this phenomenon is interesting to find out the factors that lead Born Globals to start up, gain competitive advantage and at the same time go international since their inceptions.

The theory of Resource-Based View (RBV) by Penrose (1959) and Barney (1991), that focuses on firms internal resources and capabilities (Peng, 2010), proposed the answer for this interesting phenomenon that: firm resource and competitive advantage are the key factors for most ventures going internationalization. Under RBV, firm resources and competitive advantage significantly determines the firm’s failure or success (Peng, 2010). Additionally, the supportive argument from Prashantham (2008) mentioned that ‘Firms operating international market today seek competitive advantage’ (p.3). The reason is competitive advantage is a very core of strategic management that lead to the success in internationalization and strategic performance (Prashantham, 2008). So, under the international markets with a higher pressure competition than home market, having competitive advantage provides firms the ability to compete and become salient than the competitors in foreign markets (Filipescu et al., 2009).

Regarding to Hitt, Ireland and Hoskisson (2009), it is mentioned that ‘with increasing globalization, a greater number of new ventures have been born global’ (p, 372). Thus,
many researchers have focused to the factors contributing to Born Globals’ establishment and internationalization. However, scholars mostly have paid attention and studied to Born Globals those are in hi-technology industry (Moen, 2000; Blomstermo & Sharma, 2003; Dana, 2008). Due to the supporting of globalization, the phenomenon of Born Globals’ establishment and going international since its inception is not much difficult to find the answer of its success. On the other hand, Born Globals who are not in a high-tech industry, also with the limitation of the company size and firm resources, but enable to go international since their establishment is found challenging by the authors to conduct more study.

Notwithstanding that a phenomenon of Born Globals is not a new topic, agreed by many scholars that the academic study and research under this area is still at the initial phase and insufficient which require more theory driven research (Sharma & Blomstermo, 2003; Gabrielsson et al., 2008). Therefore, to investigate the role of key firm resources to the Born Globals’ establishment, internationalization, and also how those firm resources contribute to Born Globals competitive advantage will be fruitful to all business and academic concerns.

1.3 Purpose of Research

The aim of this thesis is to gain more understanding and knowledge towards the role of firm resources that play in Born Globals’ establishment, internationalization and competitiveness.

1.4 Research Questions

The curiosity of the phenomenon of Born Globals and their internationalization process encourages us to investigate more in the field of Resources-based view.

Thus, the research questions are formulated as below;

1). What are the key firm resources for the Born Globals establishment and internationalization?

2). What roles have those resources played in the Born Globals international competitiveness?

1.5 Delimitations

To be able to study more in-depth in our interested topic, the theory of Born Globals will not be discussed in-depth. Regarding to our interest is focused only at Born Globals’ firm resources, firm competitive advantage and their internationalization but not at the definition.
of BornGlobals. Moreover, the theory of Capability-Based View (CBV) will be discussed under the concept of Resources-Based View (RBV).

1.6 Thesis Disposition

- **Chapter 1: Introduction**
  Research background and problem discussion will be introduced. Then, research purpose, research questions and delimitations of the thesis are followed up.

- **Chapter 2: Theoretical Framework**
  The theories of Resource-based view, Internationalization, Mode of foreign market entry and the important of RBV to Born Global firms’ internationalization will be clarified. Sub-theories will be explained under each key word.

- **Chapter 3: Methodology**
  The qualitative research and deductive approach is selected for the methodology part. The case study selection criteria and semi-structure interview's process will be described.

- **Chapter 4: Empirical Finding**
  The collected data from the interviews with three Swedish Born Global firms those are; Delta of Sweden, DD Company and Angela Alexandersson AB will be presented.

- **Chapter 5: Analysis**
  The empirical finding will be analyzed in accordance to the theoretical framework and the research questions will be answered in this chapter.

- **Chapter 6: Conclusion**
  The conclusion of the thesis, research limitations, future research suggestion and implication will be discussed and presented.

Figure 1.1 Disposition of the thesis
Chapter 2: Theoretical Framework

This chapter presents theoretical framework which Resource-Based View (RBV), Internationalization Motive, Internationalization Models and Modes of Foreign Market Entry are main theories using in this thesis. The definition and sub-details will be clarified and finally the linkage of all theories will be summarized.

2.1 Resource-Based View (RBV)

Resource based view model is firstly developed by Wernerfelt in 1984 with the aim of providing audience a view on how firm use its internal resources, such as technology, financial, and labor through analyzing its strengths and weaknesses to take competitive advantage and produce profitability. Wernerfelt (1984) believed that, for the firms, most resources are used to produce the products and most products require using the service of firm resources. Therefore, resources and internal capability are heterogeneous fundamental of the firms that involve in firm’s strategic management (Ishengoma, 2005). Additionally, Penrose (1959) suggested that the balance of exploiting the existing resources and developing the new ones can lead to the optimal firm’s growth. In consistent with Barney (1991), resource based view examines implications of two assumptions: the first assumption is firms’ resources within an industry might be varied to its controlled strategic resources and these resources may not be perfectly changeable across firms is the second one. After analyzing the above assumptions, revealed implications would lead to identify sources of firm competitive advantages. Hence, resources based view is critical approach to have in-depth look into firm’s resources, and see how firms be able to use their resources to gain competitive advantages.

2.1.1 Firm resources

The discussion of Resource-based view is unable to start without the clarification of firm resource. Regarding to Barney (1991), firm resources is included all asset, knowledge, information, capabilities, organizational process and others that controlled and implemented by the firm together with its strategy in order to improve the firm’s efficiency and effectiveness. Agreed with Barney (1991), Wernerfelt (1984) deliberated discussion on firm resources as there is a need to consider both tangible and intangible resources. Sull (2005) recommended focusing on how firm can deploy resources to achieve business objectives by considering resources as factors can be bought and sold on market. In a similar opinion with Sull, Wickham (2006) gave his description about resources which can be summarized in a short sentence of everything that is pursued to the end of business outcome. However, he categorized firm resources into human resource, financial resource and operating resource. Barney (1991) suggested to group firm resources into three categories: physical capital, human capital and organizational capital resource. Based on Barney’s, Greene (in Green &
Brown, 1997) developed and proposed to categorize firm resources into human, social, physical, organizational and financial resource.

According to Al-Qirim (2004) and Wenk (2005), constraint of competent resources seems to be the critical issue that Small and Medium size Enterprises (SMEs) are facing in their operation. This problem is shown more visibly in small enterprises. As mentioned by Corman (1996), small enterprises have biggest disadvantage in lack of fund in expansion, inadequate managerial ability, and poor competitive position. Mc. Mahon, Holmes, Hutchinson and Forsaith (1993) also supported to Corman (1996), due to their research has proved that financial resources, networking and human resources problem appears to be the significant causes of small business failure in international market. Therefore, based on Barney (1991), Green (in Greene and Brown, 1997) and Wickham (2006), to focus at resources problem of small firms; firm resources in this research will be categorized into three types those are; human (including entrepreneur and networking) resource, financial resource and operating resource (including physical) resource.

![Diagram](image)


**Figure 2.1** Entrepreneurship and the combination of resources

### 2.1.1.1 Human Resources

As stated by Barney (1991), human resources include training, experience, judgment, intelligence, relationship and insight of individual manager and employees. Since then, Bratton and Gold (2001) extended human resources meaning as participation of individual employee in organization by contributing their abilities, talents and attitudes into setting overall strategies and goals, planning work systems, producing goods and services, examining quality and allocating financial resources. Similar to Wickham (2006) who shortly concluded that human resources refer to people in the organization, as he considered that the critical element that can make use of financial and operating resource in an innovative way is people. Additionally, said by McShane (1995), human resources’ performance is a function of ability, motivation, role perception and situational contingencies. Highlighting the importance of human resources in an organization, especially for small
company - Katz, Aldrich, Welbourne and Williams (2000, p.7) said: “Firms profess that people are the source of their competitive advantage...At a time of unparalleled technological development, it is the human resources that paradoxically spell success or failure for all firms, and especially entrepreneurial ones”.

Regarding to Barney (1991), firm resources included all firm capabilities. Then, it is hard to deny that the one who decides how to make use of resources and process of implementing resource is human resource especially the entrepreneur of the firms (Andersson, 2000; Wicknam, 2006). On the other word, capabilities of enterprise are decided by human resources. Besides, the effectiveness and efficiency of resourced use are decided by firm’s capabilities (Chen, Zou & Wang, 2009). According to Chen et al. (2009), firm’s capabilities are divided into three main capabilities of technology, finance and networking. Technological capability is defined as combination of R&D trade secrets and intellectual property which enables firm to have ability to make use of advanced technology and deal with valuable resources (Lee, Lee & Johannes, 2001; Zahna, 1996; Tsai, 2007). Financial capability is shown by competence of firm to acquire desired financial resources from both inside and outside organization to strengthen the existing knowledge and pursue specific goals (Barney, 1991; Shelton, 2005). Lastly, networking capability is described as capability to enhance firm performance by exploiting internal strength to quickly access to opportunities (Zaheer & Bell, 2005) and also to generate new resource (Chen et al., 2009). Hence, capabilities of firm or capabilities of human resource, which most of small firms are emphasized at the entrepreneur capability (Ajami & Bear, 2007), take critical role to make use of firm resources for further development.

However, regarding to the size of a small firm with limited number of employees, human resources are more focused at entrepreneur or company’s owner than labour forces. Moreover, entrepreneur and firm’s network play an important role to the internationalization of a firm (Andersson, 2000; Andersson & Wictor, 2003; Sharma & Blomstermo, 2003). Therefore, the in-depth theory under human resource will be focused only at entrepreneur (company’s founder) and network.

➢ **Entrepreneur**

Under the topic of human resources of small companies, entrepreneur appears to be a significant factor. As agreed by Davidsson (1989), Kolvereid and Bullvag (1996) and Ajami and Bear (2007), entrepreneur of a firm is considered as the one who sets up, makes decision and is responsible for the firm’s process and development. On the other word, the growth of

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3Entrepreneur in this thesis refers to, according to Andersson (2000), ‘an individual who carry out entrepreneur acts in accordance with these criteria - the ability to see new combination, the will to act and develop these new combinations, the will that acting in accordance with one’s own vision is more important than rational calculations, the ability to convince others to invest in entrepreneurial project, and proper time’ (p. 67). Due to all companies’ owners for our case study meet these criteria, so they are considered as an ‘entrepreneur’.
firm is determined by entrepreneur’s intention (Evald, Klyver & Christensen, 2011). Deploying entrepreneur himself and his role in the organization takes attention from various scholars. Andersson (2000) argued that entrepreneur is the central of organizational strategy and internationalization processes as without the acts of entrepreneur, they will be meaningless. While Bandura (1977; 1991) and Sheper, Krueger & Norris (2002) believed in importance of entrepreneur’s capabilities. Kundu and Katz (2003) argued entrepreneur’s education affects more to the growth of firm, and Tversky and Kahneman (1974), McDougall, Shane & Oviatt, (1994), and Blomstermo, Eriksson, Lindstrand and Sharma, (2004) were more attracted to entrepreneur’s experience; Coviello (2006) determined and highlighted entrepreneur’s network as ‘open door’ to link himself and the company to needed-resources.

Hence, factors of entrepreneur’s capabilities, education, experience and networks are considered as essential role in determining development of organization, especially in making decision of going international of small enterprise from its inception (Evald et al., 2011). In particularly, according to McDougall et al. (1994), Born Global entrepreneur is more interested in finding possibility of combining resources from different markets in order to not only making use of resources but also providing efficiency.

Understanding the importance of human resources, Cardon and Stevens (2004) expressed challenges that new ventures are facing in human resource. As facing liabilities of smallness and newness, new venture firms have tendency to manifest themselves in addressing human resource problems. Due to they are new to the market and with very limited market experience as well as reputation, they are facing difficulties in recruiting new person, managing employees and forming a formal human resource policy system. According to Heneman and Tansky (2002), due to the lack of financial resource in small firm, it often happens that very rare number of formal human resource department is established from the inception. And that increases difficulty level in recruiting, retaining employees or engaging in any training practices. This confirmed to Greening, Barringer and Macy (1996)’s statement who mentioned about human resource challenges that small firms are facing, including attracting and retaining key talent and skills firm identity is influenced by new employees and developing sustainable human resource policies. Moreover, Baker and Aldrich (1994) found small enterprise often focuses on recruiting bottom and top position while middle position often is ignored which leads them miss new opportunities in the future.

➢ Network
Networking or relationship is often viewed as part of human resource by various scholars (Chen, Zou & Wang, 2009; Evald et al., 2011). Besides, it is also viewed as a separated resource of firm as social capital (Simsek & Heavey, 2011). Networks, or social embeddedness, defined by Granovetter (in Etmed, 2004) as “economic actions and outcomes, like all social actions and outcomes, are affected by actor’s dyadic (pair-wise)
relations and by the structure of the overall network of relations” (p. 92). Additionally, it can be viewed at both personal and organizational level (Andersson & Wictor, 2003). Due to the importance of networking in Born Global, it will be observed as a detached factor. Networking is perceived as a set of activities are built, nurtured and mobilized through set of relationships which brings about mutual benefits for both parties in relationship (Giddens, 1984).

Based on Giddens’s statement, Boe (1995) has developed into process of building and nurturing both personal and professional relationship to obtain benefits of referral, advice, information, support and energy. Personal networking of owner and how he manages relationships are especially essential for new venture company which was proved by various scholars (Dubini & Aldrich, 1991; Aldrich & Zimmer, 1986; Evald et al., 2011). For a new company where professional and organizational network are very limited, personal network of the owner plays as connection to needed resources and even other networks. According to Boe (1995), it is unreachable to achieve all of benefits at the same time from one person that people related to. However, she expressed since people build relationship, network is always there and there is possibility to receive needed resources that the time people meet the goal (Boe, 1995).

Hence, specifically for small and medium sized enterprises, Sirec and Bradac (2009) expressed difficulties of network management to capture new opportunities as their characteristics often slow down the leverage of the resources and competencies needed within the organization. Therefore, it is essential to face networking as an important resource in the entrepreneurial venture, and also the networking relations which the entrepreneur builds because it will impact in the maintenance of the business and creation of future opportunities.

2.1.1.2 Financial Resources

Rea and Kerzner (1997) described financial resources as firm’s borrowing capability, credit lines, credit rating, ability to generate cash and relationship with investment banker. This is confirmed by Wickham (2006), cash in hand, overdraft facilities, loan, outstanding debtors, investment capital, and investment in other businesses are considered as financial resources. It is indicated that financial resource is mostly referred to cash or any resources that can be readily convert to cash in order to buy other resources (Wickham, 2006). Linked to small business, financial gap is highlighted as a critical issue (Winborg & Landstrom, 2001). As same as Hollensen (2007) who clearly stated that one of significant characteristics of SMES is lack of financial resources regarding to the limited of equity base. Due to lacking of experience in dealing with external financiers, and providing detailed business information, it found that small businesses often lose their opportunities of accumulating financial resources they wanted (Winborg & Landstrom, 2001). Hence, financial resource issue does
not only concern to financial resource itself, but also ability in capturing needed financial resources.

Acquiring financial resources, it is recommended to consider the cost. Wickham (2006) clearly mentioned that ‘All financial resources have a cost’ (p. 257) which composed of the capital cost, all the cost concerned when money is obtained such as interest on loans and the opportunity cost, loss in potential return if money is not used for other alternatives such as loss of interests if money is not put into interest yielding-account. It implies wherever the financial resource comes from, there must be a cost. Regarding to the cost of financial resources, Wickham (2006) highlighted the importance on combining financial resources together with other resources to make the most efficient use of financial resource. In other words, success of an organization depends on combination of resources (Wickham, 2006).

2.1.1.3 Operating resources

According to Wickham (2006), operating resources include premises, production machinery, office equipment, raw materials, storage facilities and motor vehicles which are “actually used by the business to deliver its outputs to the marketplace” (p. 258). In either way of owning or renting operating resources that organization needed, it illustrates organization’s commitment. In additional, a consideration of effective usage should be taken as it is not easy to convert operating resources back into cash. As said by Wickham (2006), in order to make use of operating resources effectively, entrepreneur should be fully aware of all technical aspects relate to resources, legal issue and usage’s implication which including health and safety regulation, applicable cost and suppliers. For resource requires on-going supports, Wickham (2006) proposed that partnership with suppliers should be a solution.

As mentioned on the issue of converting operating resources into money, investment commitment level must be made together with expected demand to ensure sufficient capacity. If the demand excesses organizational capacity, company cannot obtain its orders which leads to lost sales. On the other hand, if the capacity is in excess compared with forecast demand, there will be unprofitable and inefficient in producing product. In addition, entrepreneur should consider on decision of whether buying or renting operating resources to obtain profit and sustainable development (Wickham, 2006). Wickham (2006) also suggested for new venture and small company, it should rent operating resources to save operating cost and obtain short-term profit while company grows bigger, controlling and using its resources seem to be an issue, company should buy operating resources.

2.1.2 Firm Competitive Advantages

According to Barney (1991), competitive advantage of firm is gathered through applying a value creating strategy that ‘exploiting internal strengths, though responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses’(p.102). Grounds of firm competitive advantages are founded as combination of
resources, first-mover advantage, and immobility barriers to entry (Barney, 1991). It is suggested that firm resources need to be heterogeneous to attain competitive advantage of first-mover and immobile to attain mobility barriers to entry advantage. In other words, it focuses on the way a firm controls its resources to conquer competitive advantage. This was proved by Veliyath and Fitzgerald (2000) who also found a solid correlation between firm resources and its competitive advantages. Moreover, based on resources based view, competitive advantages of a firm not only depend on firm resources but also in overall firm business strategies and its hypercompetitive arenas. It is creased as a combination of internal strengths and total business strategy (Veliyath & Fitzgerald, 2000).

Consequently, question of whether it is possible for firm competitive advantage can last for long time is raised. Addressing this concern, Barney (1991) said not all of firm resources can be competitive advantage and not all of competitive advantages can be sustainable. The resources that fulfill attributes of valuable, rare, imperfectly imitable, and substitutable have more potential to be generated into competitive advantages and be sustainable. Valuable attribute is described as attribute that enables firm to improve efficiency and effectiveness while rare and imperfectly imitable attribute help firm to prevent competitors to implement the same business strategy. Substitutable attribute enables ability to learn in firms (Barney, 1991).

Agreed with Barney, Newbert (2008) deployed importance of valuable and rare attribute of resource and capability combination. Capability of firm is described as its ability to deploy resources. In consistent with Newbert (2008), the greater value of resources will allow firm to attain more generous competitive advantage. Rareness of resource is shown through its unique resource; the more unique resources firm has over its competitors, the more possibility of gaining competitive advantage and prohibits perfect competition (Newbert, 2008). According to Barney (1991), rare resources are often found in industry with small number of firms. The explanation of competitive advantage which is created from resource-capability combination of value and rareness is illustrated below;

![Competitive advantage conceptual model](Figure 2.2)

The studies from many researches provided mutual answer to the factors that contribute to
firm’s performance which is in accordance to Resource-based View (RBV)’s theory. It is clarified that firm’s specific resources and capabilities lead to different firm’s performances (Barney, 1991; Mike, 2008; Peng, 2009; Verma, 2010). Additionally, it is also mentioned that the factors that separate winners from losers in global competition are ‘specific knowledge and capacity as valuable, unique and hard-to-imitate resources’ (Dev et al. in Verma, 2010, p. 232).

Additionally, Rose, Abdullah and Ismad (2010) proposed that ‘firms should focus their managerial strategy towards attaining and sustaining competitive advantage position over their rivals. Subsequently, such a competitive advantage position will lead to superior firm’s performance’ (p, 492) which is in accordance to Papulova and Papulova (2006)’s suggestion. They argued that the real competitive advantage is achieved when the companies can satisfy the customers’ needs more effectively than their competitors and also if the real value is added. Therefore, to be success, a company is necessary to add value to its business those are; (1) understanding and being close to customers, in particular understanding their perception of value (2) a commitment to quality (3) a high level of all-round service (4) speedy reaction to opportunity and threats (Papulova & Papulova, 2006). They suggested that it is important not only to utilize the firm resources efficiency and effectively, but also to ensure that the value can meet the customers’ needs. Thus, small companies can create competitive advantage by understanding the customers’ objective as their owns and add more value to their customers (Papulova & Papulova, 2006)

Specifically in SMEs, Rangone (in Jones & Tilley, 2003) instructed to take small firm characteristics into account. As most small firms lack in both resources and strategic management, Rangone suggested developing model for competitive advantages of SMEs on only three basic capabilities of innovation, production and market management. As same as Born Global firms, competitive advantage which is based on firm’s resources, is a vital part using for their successful internationalization (Etemad, 2005). To gain competitive advantage, ‘innovativeness’ - through knowledge and learning, including via social capital (Prashanham, 2008) is a start. Regarding to Peng (2010), innovation is one important factor to create competitive advantage as he argued that, ‘innovation allows a more sustainable basis for competitive advantage’ (p,306). Besides, the evidences have been proved the positive relationship between innovation and high profitability (Peng, 2010). It is also supported by Cavusgi (2009), which is hard not to agree, that ‘Born Globals are characterized by a pattern of innovativeness that give rise to the early stage of internationalization’ (p. 58).
2.2 Internationalization

Firms can gain many benefits from expanding their markets international for example; increase new and potential more profitable markets, access to new product’s idea and increase firm’s competitiveness (Hollensen, 2007). Therefore, exploiting how and why a firm going internationally, engaging in international activities is a fruitful topic for researchers, especially on small business size (Morgan & Katsikeas, 1997; Kuada & Sørensen, 2000; Dana, 2006; Jones, 2009). In general, internationalization is a consideration after substantial exporting activities (Kuada & Sørensen, 2000).

2.2.1 Internationalization Models

Firms go international by using different methods regarding to their resources (Jones, 2005; Susman, 2007; Jansson, 2007; Prashantham, 2008). Traditionally, firm goes international market stage by stage which is explained by Uppsala model. Uppsala model was developed firstly by Johanson and Vahlne in 1977 which based on learning development and evolutionary perspective explains internationalization choice of firm.

In the modern study, it found out that there are enterprises not follow Uppsala model. Instead of going to international market stage by stage, they go internationally from its inception. In the existence of SMEs, the term of ‘Born Global’ is adopted to represents for the internationalization from its near inception (Knight, 1997; Baronchelli & Cassia, 2008; Andersson & Wictor, 2003; Andersson & Svensson, 2009). By seeking for international opportunities, expanding to multiple markets during its initiation, Born Global firms would be able to accessing competitive advantages across national borders and benefit from them (Bals et al., 2008). This confirmed for Oviatt and McDougall (1994)’s statement. Crick and Jones (in Andersson & Svensson, 2009) found out that Born Global firms often also connect to new industries or high-technology based sectors.

The characteristics of Born Global were explored by Madsen and Servais (in Andersson & Svensson, 2009) and can be sum up as extensive international experience, geographical location is determined by founders’, partners’ previous experience and also financial capability, relying more on other firms’ competencies sources, association with high innovative skills and often from nations with small domestic market. By studying three Swedish Born Global firms, Andersson and Svensson (2009) once again confirmed the research on Born Global’s influenced factors of Andersson and Wictor (2003). There are four factors that significantly impact on Born Global firms’ establishment and development which are; (1) networks in both personal and organizational level, (2) industrial characteristics and conditions, (3) entrepreneurs and their behaviours and (4) globalization tendency. Interestingly, Hollensen (2007) proposed that the most distinguish born global firms from others is that it is operated by entrepreneurial owner who has ability to seek
partners that can complement the firms’ competences. Indeed, contrasting with stage approach of Uppsala Model, as starting with firm’s intention, Born Global approach is considered as proactive international strategy (Baronchelli & Cassia, 2008)

### 2.2.2 Internationalization Motives

In point of fact, fundamental root for firms to export product overseas is to earn more fund, and to gain profit. However, researchers are more interested in whether money is the only one factor that affects to going abroad decision or there are still other affected factors. However, Albaum (1994)’s study seems to be a fundamental study in this research area as various scholars based and adopted his study (Kuada & Sørensen, 2000; Hollensen, 2007; Jones, 2009,). Albaum (1994) classified internationalized motive into proactive and reactive motive which represents the way firm either passively responses to internal and external changes or takes initiative to exploit possible challenge and takes its advantage. Albaum, Edwin and Jesper (2005) revised theory and developed as below:

Table 2.1 Classification of export motives

<table>
<thead>
<tr>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactive</td>
<td>Proactive</td>
</tr>
<tr>
<td>Managerial urge</td>
<td>Foreign market opportunities</td>
</tr>
<tr>
<td>Marketing advantages</td>
<td>Change agents</td>
</tr>
<tr>
<td>Economies of scale</td>
<td>Risk diversification</td>
</tr>
<tr>
<td>Unique product/technology</td>
<td>Unsolicited orders</td>
</tr>
<tr>
<td>competence</td>
<td>Small home market</td>
</tr>
<tr>
<td></td>
<td>Stagnant or declining home</td>
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<tr>
<td>Reactive</td>
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</table>

Source: Albaum et al. (2005, p.64)

As stated by Albaum et al. (2005), the desire of company management team for profit and growth is one of key proactive motives for internationalization of firm. It seems to be the fundamental motive for any SMEs firm to go international. Besides, managerial desire is another factor that affects to international decision, entrepreneurial motivation plays a critical role. It is found out those managers who were born or have experience aboard likely to have greater international mindset (Albaum et al., 2005). In addition, firm with unique product and technology competence is discovered often goes international very early.

Prior supported by Knight and Cavusgil (2004) that firms can enter to foreign market early in their evolution because of their capabilities, especially firms that believe in their competence in technology would bring sustainable competitive advantage which results in
international success (Albaum et al., 2005). Moreover, having foreign market advantage of exceptional international market knowledge, special contact person, and taxation and foreseeing foreign market opportunity often drive SMEs goes internationally very early (Albaum et al., 2005). The last but not least proactive purpose is to achieve economic of scale. These proactive motives are agreed by Thompson and Martin (2010) with focus on the desire and ambition of SMEs’ owner.

Along with proactively seeking for international opportunity, firms are also reactively going abroad by passive reacting to business environmental changes. In line with Albaum et al. (2005), threats from competitors in domestic market challenge firms. They are forced to find new markets to minimize the risk associated with declining sales, profits and changing in business conditions in one market. Besides, as mentioned by Albaum et al. (2005), in some specific industries like textiles, clothing, and toy, cycle of seasonal product is less impermeable than others. If it is sold in one country, product life cycle will be expired very soon. Therefore, firm need to find a way to extend its product life cycle. By selling products to overseas markets where seasons are opposite to domestic one would help firms to stabilize production and gain sales volume.

To be more competitive over competitors, there is a need achieve production efficiency. By seeking for international production, firms excess its production capacity, the common method is outsourcing (Albaum et al., 2005). In additional, for firms located in small home market where purchasing power is limited, firms are forced to export product to sustain economies of scale (Albaum et al., 2005). Another external reactive motive can be counted is unsolicited foreign orders (Albaum et al., 2005). As said by Albaum et al. (2004), it is evidently that majority of company alerts of international opportunity by receiving unsolicited inquiries for product information. These inquires might come from marketing through word of mouth, exhibition, or social marketing.

2.2.3 Modes of Foreign Market Entry

According to Bradley (2005), choosing appropriate mode of entry takes significant role in deciding success or failure of firm in foreign market. Based on commitment level of firm into international market, Doole and Lowe (2008) identified international different market entry strategies which are categorized into four main entry strategies which are indirect exporting, direct exporting, cooperation strategies and direct investment (Bishop, 2006 & Doole& Lowe, 2008)

Both pros and cons in each mentioned international entry strategy are found under resources commitment, level of control over product and international strategy, risk involvement, operation cost and so on. Hence, there is a need to take them into consideration regarding international modes of entry as mentioned above. In this study, modes of foreign market entry will base on these categories;
2.2.3.1 **Indirect exporting**

In accordance with Doole and Lowe (2008), indirect exporting includes four main methods of - domestic purchasing, export management companies, piggyback operation and trading companies. It is used when firms want to minimize risks in foreign market, especially financial risk. While domestic purchasing is realized when a firm purchases product at a factory gate and takes on other tasks of exporting, distribution and marketing, export management company has extensive clients as it acts as export house for number of companies. Piggyback is used when international distribution network of one factory might be used to carry products from other manufacturer and in long-term view, trading company seems more appropriated (Doole & Lowe, 2008). Proceeding indirect exporting approach, firms need to consider both pros and cons of this mode. On the one hand, this entry mode does not require resources much and the risk is very low. On the other hand, firms will have very little or no control over its products, brands and also activities and operations on foreign markets which affect to long-term strategy of company (Doole & Lowe, 2008).

2.2.3.2 **Direct exporting**

Doole and Lowe (2008) also suggest that if a company wants to improve their commitment in a foreign market while keep low financial risk, the direct exporting should be selected. Direct exporting consists of agent, distributor, management contract, franchising, and direct marketing. Agent is acted as on behalf of exporter to take orders on commission basis, based on sales target whereas distributor takes further role in distributing products, they also take the market risk of unsold product. Franchising approach helps the 3rd party by transferring the concept of branding, trade-mark and operation methods. It grants the legal right for franchisee to use its concept, in return for a franchising fee. In additional, management contract emphasizes the growth of business as sales commodities in international trade which concerns more on training local staffs to take over project when contract completed. By approaching direct exporting, firm will get more involved in international activities which give firms greater control over foreign market performance. Nevertheless, firm also needs to consider additional investment that might be a financial burden on the company.

2.2.3.3 **Foreign manufacturing without direct investment/ Cooperation strategies**

Moving from direct exporting to direct investment, there is a transition which is found by Doole and Lowe (2008). This transition is called foreign manufacturing strategy without direct investment involves contract manufacture and licensing. Licensing approach in reality has broader perspective compared to franchising. Along with keeping core competences of product, depending on situation, licensor can sell the product copyright, trade-mark right or process know-how in various industries. With license right, licensee will be able to operate its own operation in foreign market, in return for a licensing fee. Besides franchising, contract manufacture is another international approach which allows firm to find local manufacture to produce products under a contract. By approaching this, firm will be able to achieve large market presence without having risk of large manufacturing investment.
2.3.3.4 Direct Investment

Direct investment presents the highest commitment of firm into international market (Doole & Lowe, 2008). By applying this approach, firm would gain control and sales over international operation to avoid government restriction, to save production and personnel cost, and to defend existing market-by offering more competitive price. It consists of assembly, wholly-owned subsidiary, company acquisition and merger, joint venture and strategic alliances. To avoid tariff and benefit from economies of scale, assembling components in other market is one of best approaches. To show the high commitment to international market, opening wholly-owned subsidiary, buying another domestic company and share ownership with other companies are chosen. They require very high level of investment and effort. However, firms need to consider possible risks and the way to manage them (Doole & Lowe, 2008).

2.3 Firm Resources, Competitive Advantage and Internationalization of Born Globals – Literature Reviews

Going international, availability of resources is a critical factor that organizational owner has to consider (Burgel & Murray, Westhead, Wright & Ucbasaran, Ibrahim & McGuire in Dana, 2006). In accordance with Dana (2006), Cuervo-Cazurra, Maloney and Manrakhian (2007), based on resources based view theory, expressed the importance of resources in internationalization of firm. According to Cavusgil and Knight (2009), resource based view theory not only consist of tangible resources as financial, property, and equipment, but also comprises intangible resources of human, organization, information and relation. It is found out that born global firms are seem to survive and thrive in competitive foreign markets by applying a unique of managerial and intangible resources. This proved for Peng and York (2001)’s statement, particular resources that valuable, unique and hard to imitate help firms to gain competitive advantages and win over others in the global competition.

On the other way, Westhead et al. and Ibrahim and McGuire (in Dana, 2006) highlighted the main motive for firm goes international is to search for resources in foreign market. Consistent with Barney (1991), Collis (1991) and Wernerfelt (1984), resource based view is considered as one of the most helpful standpoint to explain born global firms which presents different resources determine company strategy and performance.

Many researches have discussed and proposed the vital antecedence of Born Globals internationalization as the entrepreneur/ company’s founder him/herself. Recent research by Evald, Klyver and Christensen (2011), which is similar to Andersson and Wictor (2003) and Andersson (2000), emphasize at the role of entrepreneur as an essential factor in determining firm’s internationalization. The study proposed that the entrepreneur/company’s founders’ intention to go international may be decided prior to the company’s founding (Evald et al.,
Kundu and Katz (2003) found education level of entrepreneur affects to global intention of firm, the one with professional degree is more willing to search for international markets than the one without. In additional, effects of entrepreneur’s experience on firm’s internationalization are attracted various scholars (Tversky and Kahneman's, 1974; Hoeffer, Ariely & West, 2006; Kundu and Katz, 2003).

Traditionally, firm internationalization is viewed through process of gaining experience from domestic start-up market, then going to international market (Johanson & Vahlne, 1977). However, this perspective has changed, Kundu and Katz (2003) expressed entrepreneur who has international start-up experience has willing to go to foreign market from its inception. They argued that prior international experience of entrepreneur would increase the likelihood of going international from its starting point. Expressly, entrepreneur who believes in himself, in his own capability and self-efficacy is more likely to have exporting intention (Bandura 1977, 1991; Shepherd et al., 2002; Zhao, Seibert & Hills, 2005; Mauer, Neergaard & Kirketerp, 2009).

As mentioned before that networking is one of the important factors to Born Globals internationalization, especially entrepreneur’s personal network (Sharma & Blomstermo, 2003). Andersson and Svensson (2009) found out that international network is an important factor in understanding the international development of a firm. However, to support the acquisition of international contacts, Wernerfelt (1984) proposed that firms first build up their international contacts through domestic contacts which is similar to Sharma and Blomstermo (2003)’s study. Their results confirm that network ties have significant influence to the firm internationalization process since the selection of foreign market entry mode. Additionally, as stated by Oviatt and McDougall (in Dana, 2001), network takes a critical role as firm has to depend on its relationships to survive from the beginning of establishment. It is found on Chetty and Stangl (2010), network relationship appears to have significant impacts on firm’s development, especially in internationalized process of innovative firms.

Understanding the importance of network in internationalization, several studies have determined the role of networks in various business fields and discovered that network relationships have an influence on foreign market selection and also firm’s mode of entry (Coviello & Munro, 1995, 1997; Martin, Swaminathan & Mitchell, 1998; Ellis, 2000; Chetty & Blankenburg Holm, 2000). On the whole, Chetty and Blankenburg Holm (2000) highlighted importance of network relationships in internationalization process of small and medium enterprises. As said by Kiss and Danis (2010), besides business network relationship, social network directly impacts on the speed of firm internationalization. Through studies of various researchers (Aldrich and Zimmer, Bygrave and Timmons, Shane and Stuart, Sorenson and Audia, Stuart and Sorenson, cited in Kiss and Danis, 2010), it is found social network associates with identifying national or international opportunity, mobilizing resources, and accessing tacit knowledge. These associations connect to internationalization’s speed of firm.
As mentioned earlier, it is important for a firm to have access to the right resources and financial resources are important as it also can lead to significant investments and development of a firm (Wickham 2006). Gartner (1985) suggested that the availability of financial capital can improve firms’ growth as well as the level of resources available can affect the firms’ range of strategic options. A high level of resources can therefore let a firm’s owner to take risks to a greater extent (Ma & Dong, 2009).

2.4 The conceptualized theoretical framework

The following model illustrates the proposed theories to the relationship of Born Globals’ resources that contribute to; firm competitive advantage, firm internationalization, internationalization motives and modes of foreign market entry.

![Figure 2.2 The conceptualized theoretical framework](image-url)
Chapter 3: Methodology

The illustration of how we designed and selected the research method for our thesis will be presented. The criteria of choosing the company for our case study and the reasons of selecting semi-structured interview are explained. Besides, we will also discuss the reliability and validity of the methodology and criticize our data collecting in this chapter.

3.1 The choice of research Approach: Deductive or Inductive

To design the research methodology, in general, two schools of thought regarding to theory development and knowledge build up; inductive and deductive approaches are suggested (Crowther & Lancaster, 2008; Saunders, Lewis & Thornhill, 2007). Deductive is selected when the researcher wants to test the existing theory or developed hypothesis through empirical data collecting. While inductive – the opposite process of deductive research; is applied when the researcher wants to create new theory. The researcher is not required to establish prior theory or hypothesis but they can build their own theory base on their observation and new knowledge is developed base on the data collected (Crowther & Landcramer, 2008; Bryman & Bell, 2007).

However, regarding to the purpose of academic contribution, in our study we aim to investigate the phenomena of Born Globals’ internationalization, in relation to resource based-view theory, which is based from the previous literatures and existing theories. By collecting and analyzing our own data, we want to test the proposed theories through both similarities and differences and, if possible, find new information from our empirical data. Therefore, we selected the research approach of deductive as the primary step of our thesis methodology.

3.2 The choice of research method: Quantitative or Qualitative

Quantitative and qualitative method are simply distinguished, regarding to Thomas (2003) that; quantitative method is focused on measurement and amount of the people or events’ characteristics that the researcher studies. On the other hand, qualitative method is focused on the description of people or events’ characteristics by the researcher, which means it involves the interpretative of phenomena, without comparing the events in term of amount or measurement. Considering to qualitative research’s concept that emphasizes to generate the theory of the phenomenon and the interpretation of the data collected through the research process (Bryman & Bell, 2007) which is in accordance to our research topic and research questions. Due to the research questions are formulated as open-ended questions; how and what, that cannot be in-depth answered by using measurement or the quantity of the data (Flick, 2009; Bryman & Bell, 2007). Therefore, qualitative research is selected as the
framework for this study due to it is more suitable for our thesis than quantitative.

However, there are various types of qualitative methods for example; observation, ethnography, group discussion, case study and interview. We considered that qualitative interview, which is one of the popular methods using in many research and has less structure than interviewing in survey research (Bryman & Bell, 2007), is proper to apply in our methodology part. However, the question of who is our sampling for the interview is also very important to take into consideration as it will influence to the collected data, the empirical analysis and later to research conclusion (Flick, 2009).

3.3 Case study research

Regarding to the above argument, we decided to have case study of Swedish Born Globals in the methodology part in order to find the answer in accordance to our research topic and questions. Yin (2003) mentioned that, ‘the case study is the method of choice when the phenomenon under study is not ready distinguishable from its context’ (p. 4). That means case study can be applied to either phenomena or situation that is still problematic. For research, case study is normally classified into six types; single/multiple case study, exploratory case study, descriptive case study and explanatory case study (Yin, 2003). In our thesis, the multiple case studies – using two or more cases within the same study, is selected by the purpose of either compared the similarity or contrast the differences of the results for predictable reasons (Yin, 2003).

3.4 Case study Selection: Criteria and procedure

According to the thesis topic and research questions that focus on internationalization of Born Globals, resources based view and competitive advantage. Therefore, we put the criteria for company that we want to interview in accordance to the proposed theories due to chosen case study need to match with our thesis topic. Also, we should only focus to a small numbers of case due to we intend to collect the intensively data from each company for in-depth analysis (Yin, 2003). So, the company is required to meet the designed criteria;

Firstly, the company has to be qualified under the definition of Born Globals (see chapter 1, p.3), which here we considered the concept of internationalization of not only selling product abroad but also acquiring resources internationally from its inception. Secondly, the company should have at least one foreign market for their product. Thirdly, the company’s product is required to meet the characteristic of competitive advantage (see chapter 2). Lastly, we aim to choose the company that is in the same business line, which we chose to focus at Business-to-Customer (B2C) that selling product not service for our thesis. Due to, we considered that different business type may have different internationalization and resource
management strategy. Therefore, the companies that we contact for the interview need to meet all those criteria in order to collect the valid and reliable data to answer the research questions (Maxwell, 2005).

Hence, we firstly considered SciencePark\(^4\) in Halmstad, which is an organization that not only assist new entrepreneurs who want to start up his/her business but also an office that many small business companies, with innovative ideas of product or service, are located (SciencePark, 2011), in order to select the most suitable case study for our thesis. We also contacted Trade Center, which is the biggest office building of many Small and Medium Enterprises (SMEs) and international new ventures in Halmstad (Tradecenter-Halmstad, 2011). Moreover, Jobs and society NyföretagarCentrum is one of the sources that we were searching for a company as our case study. It is another organization that takes part in stimulating the start of new companies in Sweden (NyföretagarCentrum, 2011). So they have experience of dealing with many SMEs in Halmstad. All the sources mentioned above were contacted both by email and in person. Besides, the website of visitsweden.se and google searching for list of company in Sweden (for example; sireh.com) are other alternatives of our sources. Due to there is a list of companies in Sweden provided that we can consider for our case study.

After searching some information about the Born Globals, we found out some companies suitably match with our thesis topic. However, there are only three companies that have time and willing to give us an interview those are; Delta of Sweden - their product is sand toy which is success in many foreign markets. The second is DD company AB who produces a football training equipment which is very popular among famous international football team. And the company is Angela Alexandersson AB who create unique clothing and entering foreign market at the first year of her company. For these companies, we sent emails asking for the interview to the CEO of Delta of Sweden, the CEO of Angela Alexandersson AB and the Marketing Director of DD Company AB. Later, we made an appointment for the interview date and time.

3.5 The choice of data collecting: Primary or secondary data

In qualitative research, there are many types of data collecting for example; interview, group discussion, observation and written-document analysis (Bryman & Bell, 2007; Flick, 2009; Saunders et al., 2007). However, those data collecting methods are normally classified into two main types; primary data and secondary data. Primary data is the new data that are collected for the purpose of using for the research project. While secondary data are the available data from other sources (Stead, 2001).

\(^4\)SciencePark is a non-profit organisation, located in Halmstad, found by Halmstad University and the Swedish government. It aims to help and support entrepreneur who wants to start up own company (SciencePark, 2010).
3.5.1 Primary Data: Semi-structured interview and Email - Interview

Considering that our research questions asking open-ended questions by using the questions of ‘How’ and ‘What’ which these kinds of question are required to have in-depth answers (Flick, 2009). So, to select the proper choice of data collecting in accordance to the research questions is very important otherwise we will collect improper data that cannot provide a good source for the analysis part. And qualitative interview is one of the best methods to collect data for our thesis. Therefore, we decided to use semi-structured interview as a method for primary data collecting.

I.) The semi-structured interview

Semi-structured interview is one of interview styles that are frequently used in many social and business researches (Flick, 2009; Bryman & Bell, 2007). Regarding to Morse and Field (1998), ‘The semi-structured interview is used when the researcher knows most of the questions to ask but cannot predict the answer’ (p, 76). It is very suitable to our research topic and questions because it helps us to ensure that we can cover all questions who want to know and give the freedom for our interviewees to answer (Morse & Field, 1998). Compared to structure interview - which is similar to survey interview, even though it is easy to conduct but the interviewer cannot add more questions and interviewee cannot explain much answer during interview (Bryman & Bell, 2007). Another one is unstructured interview – the interview is very similar to a conversation that the interviewer may simply has one question to ask and interviewee can answer freely. However, the disadvantage of this interview is it is easy that interviewer may ask the question which is far from the theme/concept of the interview’s topic (Bryman & Bell, 2007).

Therefore, semi-structured interview is considered as the most suitable interview method for our methodology part. Due to we will create a list of interview questions (interview guide) that can cover the interview topic. So, it can guide the direction how the interviewee should respond. Besides, new questions are possibly added during the interview interviewee and also allow the interviewee to further explain their answers during the interview (Bryman & Bell, 2007). By using this method can help them to express knowledge that they already have on hand for answering the open-questions and confrontational questions. Besides, the theory and hypotheses-direct questions can be reconstructed during the interview (Flick, 2009).

II). Email – Interview

According to we need some additional information to the third persons who our interviewees mentioned to. We considered that asking them some questions can give us better supportive
answers and, at the same time, increasing the reliability and validity to the thesis results (Daymon & Holloway, 2011). However, some of contacted person live in other cities and had no time to give us a face-to-face interview. Therefore, we conducted the interview via email. Even though it provides less friendly form of interview than others, however, it consumes less time to interview and transcribe (Johnson, 2005). We sent the same questions to the respondents but avoid sub-questions as considering they were too many. However, after we receive the answer-email, then we sent them back some additional questions that we would like to clarify.

III.) The interview’s concepts and design

It is important that the researcher needs to understand the research concept and key words definitions to prevent some misunderstanding between researcher and participant. Due to the confrontational questions from participants because of unclear concept and questions during the interview can happen (Flick, 2009). Following the suggestion from Morse and Field (1998) together with Bryman and Bell (2007), we carefully prepare and create the question in logic order which each of the question is created only one aspect of the topic to avoid making the interviewee confuses. Besides, it should not be the close-ended questions as we want to gain in-depth answer from the interviewee’s knowledge and experience.

Therefore, we created the interview guide that in accordance to the theoretical framework we have proposed in chapter 2. Besides, it can assist us to ensure that we organized the questions that can cover all the areas we want to find the answer (Flick, 2009) which is divided into six themes those are; the interviewee’s information and background, the company’s information and background, Resource based-view (with the sub-theme of firm resource, firm capability and firm competitive advantage), internationalization models, foreign market entry modes and their marketing strategy (see Appendix I for more detail).

IV.) The interview’s process

After we confirmed for the interview date and time, we sent the interview questions to the interviewees a few days before the appointment date. Due to we considered that some of interviews might want to know in which area or direction they will be asked or if they should find some other information to answer the questions. By this way, it benefits to both interviewer to receive the value answers and useful information. Also, interviewee can save their time for the interview as most companies have to schedule their time for their business.

We conducted the interview at the interviewees’ work place due to it was more convenient for the interviewees than other places which they could show us more document/evident using for their resources and internationalization. Besides, the topic that we want to interview is not a sensitive topic that the interviewee may feel uncomfortable to talk at their work place (Bryman & Bell, 2007). Our interviews were conducted in English due to our
thesis is written in English. So, by using English for our interview provides us the
convenient of transcribing the interview’s tape. However, we realize that English is not the
mother tongue of both us and the interviewee. So, besides to make a clear understanding of
the concept and the question that we want to ask, a well preparation and interview rehearsal
are required. Nevertheless, the tape recorder will be used for every interview as the benefits
of transcribing and documenting (Bryman & Bell, 2007). Importantly, the permission of
recording the tape is a must that we will ask from our interviewees before starting the
interview, due to it concerns to the ethical issue in qualitative interview as well (Flick, 2009).

3.5.2 Secondary Data

Besides the collected data from semi-structured interview, we realize that the company’s
profile from their websites and other websites that discussed their companies and products
are also interesting to support the primary data. Moreover, the former research and theses
can be our guideline and supporting sources for our research. So, the secondary data will be
used in this research as well. According to Stead (2001), secondary data are broadly
categorized into three groups - raw data already collected such as traffic counts; summaries
of number such as the statistics figures supplied by official source; and the written treaties
such as books, articles and theses.

However, not only to carefully examine the secondary data in order to make sure whether the
available data are match with our research need. Also, the data need to be checked for there
reliability and validity because some of them maybe combined from many different sources
or out of date sources (Stead, 2001). Therefore, we firstly collected our secondary data from
Halmstad University’s library by using DIVA program to search for books, articles and
former research and theses that studied in the related topic as our thesis. The key words we
used for searching the data, for example; Born Globals, internationalization, mode of foreign
market entry and resources based-view in Born Globals. Besides, the website of uppstater.se
which provided the updated theses in Sweden is one of reliable sources to search for the
useful data from the theses’ results. Moreover internet search through Google website is
another source we searched for the list of SMEs in Sweden (due to most of Born Globals are
also SMEs), the company information through their websites and useful articles and
researches. Nevertheless, we tried to avoid any out date research or thesis and used the first
hand references in almost every key theories and important issues in order to provide the
reliability and validity to the result of our thesis as much as possible.

3.6 Data Analysis

As discussed under 3.3 Case study research, in our thesis the data analysis will base on the
empirical data from multiple-case study. Therefore, regarding to Yin (2003) and
Chryssochoidis (2004), we use theory based on both within-case analysis and cross-case
analysis method to analyze our empirical data we conducted interview with three Swedish
companies. The purpose of using cross-case analysis is to check whether these three Swedish Born Globals share some common ways of how to use their limited resources and competitive advantage to go international. The reasons of doing cross-case analysis are; to enhance generalizability and to deepen our understanding and explanation (Miles & Huberman, 1999) regarding to thesis’s topic and our research question.

3.7 Criticism of Sources

Even though we carefully considered all details in our methodology part, however, we realized that there are some limitations of our data and sources using in this thesis. Firstly, the sources we used to were from social or personal network (Sciencepark and Trade Center) and they mostly were from Halmstad city. However, we can ensure that all sources we selected are very qualified, well known and trustworthy. Besides, we realized that it was also very useful to plan other qualitative methods for further information by look trough the earlier researches and especially the official statistics documents done by the experts that can be uncritically accepted (Best, 2001). And that is the reason why we sue secondary data as the method of document analysis.

For the secondary data, as mentioned by Silverman (1993), it cannot be mentioned how accurate of the text or document presents its reality, especially the earlier researches or articles that, of course, the researcher’s bias may present in his/her work. Besides, the data from this source can provide only general knowledge and background information for us but it cannot exactly answer the specific questions. So, the secondary data will be mainly used to support the empirical analysis from the primary data.

3.8 Criticism of Research method

We believe even we tried our best to - use the reliable sources, select the suitable companies as our case study that fit to our topic and conduct the interview to collect the data by ourselves. However, there are still have some limitations of methodology part in this research as it is also mentioned by Feyerabend (in Stead, 2001) that ‘all methodology, even the most obvious ones, have their limits’ (p.79). In qualitative research, however, the significant limitation is it is difficult to generalize to a larger population (Myer, 2008). Firstly, in our thesis, we analyzed the data by using only three companies so the analysis cannot generate the results according to the amount of data as same as quantitative research. However, by using qualitative interview can give us better in-depth answer than quantitative survey (Flick, 2009; Bryman & Bell, 2007). Secondly, the case studies that we used are the Swedish Born Globals so the research results may not be compared to Born Globals from other countries. Nevertheless, the results can be analyzed to prove the proposed theories in this thesis. Therefore, we do consider that all the process of the research method can support us to achieve the purpose of our thesis.
3.9 Reliability and Validity

Reliability and validity are usually mentioned in most research, in order to judge the quality and rigor of the study (Klenke, 2008). The unambiguous criteria using in this thesis are set up as follow;

3.9.1 Reliability

In qualitative research, the concept of reliability has different meaning of the term in quantitative as mentioned by Daymon and Holloway (2011) that the researcher is the tool to show the reliability to the results by him or herself. So, the key techniques from them to enhance the reliability to our results were started from; audit trail – we kept all raw material and all documents we used for this thesis since we started the process till we finished our conclusion (some document are provided in the appendix). Besides, we always kept in mind that all the processes of our methodology have to be transparent and the data should be collected from the reliable sources (Daymon & Holloway, 2011) as we clearly explained in our methodology part. Regard to the term of trustworthiness (Flick, 2009), the analysis were analyzed from the interview’s collected data with all of them were asked for permission before taping and the transcript are available as evident document. However, in qualitative research, reliability is less salient than validity (Daymon & Holloway, 2011).

3.9.2 Validity

The concept of validity, according to Daymon and Holloway (2011), is ‘the soundness and the rigour of the study’ (p.79) which does not deal with any measurement that we understand in quantitative research. However, in qualitative research, there are three aspects of validity that we always take into consideration those are; internal validity, generalization (external validity) and plausibility and creditability (Daymon & Holloway, 2011).

In our study, we used several strategies to ensure validity of the research. The triangulation strategies suggested by Daymon and Holloway (2011) are applied. Data triangulation - we collected data from three Swedish companies in order to compare the similarities or differences results for our research conclusion. Investigator triangulation - we worked as a pair in this thesis. None of us are Swedes and knows no one from the companies that we conducted interview before, which can decrease the problem of bias from the data interpretation. Also, we analyzed the data and gave the reflection of the analysis to each other in order to finalize them to one result. Theoretical triangulation – we proposed several possible sub-theories for the interpretation of the results. So, the theories may against or support each other which are better than employ single theory for the research. Methodology triangulation – we used both semi-structured interview and document analysis in our methodology. So, by using two methods can also help us to ensure the validity of our final result.
Chapter 4 Empirical Data

This chapter intends to explain the start-up and internationalization of the three different Swedish Born Globals. Both historical and real-time information is collected from face-to-face interview, e-mail interview and secondary data. The empirical data will be started by the most successful case study to the newest company presenting how these Born Globals go internationalization with their limited resources.

4.1 Delta of Sweden AB

Delta of Sweden is a small enterprise with approximately 20 employees located in Halmstad, the capital city of Halland region, Sweden. It is found in 1994 and owned by two Swedish founders – Jonas Modell and Staffan Thuresson. The main product of the company is the compound sand which has targets for both educational and toy market. From 2006, this compound generates retail value about 300,000,000 US Dollars. There are many agents and distributors in many countries. At present, the biggest market is North America which represents 50% of the company sales and the rest of the world is 50% (Jonas). The ‘Sand that never dries product is a vital part of their success which received the award of Activity Toy of The Year 2007 and Infant/Preschool Toy of The Year 2008 (Delta of Sweden, 2011). Nowadays, the products of the company are well known and have been sold internationally to more than 50 countries around the world (Waba Fun LLC, 2011).

Currently, the company has two main markets for their products those are; international toy market which the company sell license to Spin Master Co. Ltd., one of the biggest toy companies in the world located in Canada. The products were named under the brand of ‘Moon Sand’ and ‘Moon Dough’. Another one is education market which Delta of Sweden is taking care together with Waba Fun LLC (the company’s partner in Education toy market) under the brand of ‘Bubble’. The company also sells other licenses to specific markets besides toy and education markets such as medical market (Jonas).

- **Moon Sand & Moon Dough**

Moon Sand is a new brand that was re-named from the brand of Delta Sand due to it was considered by Spin Master as unattractive brand for international toy markets (Jonas). Moon Sand has its own special characteristics, not only it looks and feels like real sand, it can be mold into any shape just like dough. It can be created as a sculpture by baking the sand and it will keep its shape forever. Still, it can be re-built by warming it up and crumble it back to sand. The sand never hardens and never dries out (Delta of Sweden, 2011; Spin Master Ltd., 2010).
Bubber
Delta Sand is re-named with another brand as ‘Bubber’ for educational market in order to separate the brand from international toy market. Bubber is targeted at education market internationally and is took care by Waba Fun LLC - a member of The Toy Industry Association and American Specialty Toy Retailers Association. Waba Fun is partnership companies with Delta of Sweden which one branch is in USA and another branch is in Halmstad. So, Bubber is targeted to use for pre-school students to play with.

4.1.1 The story of the company

Jonas Modell and Staffan Thuresson met each other when they studied bachelor at Innovation Engineering (Product Development), Halmstad University. After they finished the school, instead of looking for a job like other students, they decided to join the program that separated from the university called ‘Innovation group’ which nowadays run by SciencePark⁴. The program gave students a chance for 1 year or more to develop the projects from university and gave the possibility for students to found a company. From joining this program together, Jonas and Staffan realized that they worked together very well and had the
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same idea of owning a company. So, they decided to start up a company together in 1994.

At the first time, the ideas of founding a company were started from nothing special, ‘just to own a company and earn some money’ said by Jonas. So, they tried with many different ideas such as dewater countdown, clean water system, plastic testing, sell synthetic oil and worked as a consultant for product development. With the last work, they realized that they did not want to have a company that rely on providing service, so they paid more focus to creating a new product that can sell to mass market. Not so long after working with a university project, they had a great chance to achieve their dream.

The opportunity was given by a Swedish school toy supplier, after facing a problem with the educational market, they contacted the university to develop the product for them. Regarding to, at that time, most schools used real sand and water for pre-school students to play with, but they faced the problem that the sand dries easily. So the supplier needed wet sand that is not required to put water. That problem gave Jonas and Staffan the idea of developing the product of sand that never dries so-called ‘Delta Sand’ (nowadays Delta Sand is known under ‘Moon sand’ brand). Thus, that school toy supplier was their first customer for this product after finished developing it in 1995.

Being as inventors and company owners, Jonas and Staffan decided to develop this idea to be a real product as they saw the need and the opportunity to supply the mass demand. As it is clearly stated by Jonas that; ‘to develop the sand concerned to my skill of invention, and the crucial part of invention, according to me, is to define the need. Because if you invent something but finally you end up that no one wants it then you lose your time and money’. After that, from the idea of sand that never dries, the first product of company called ‘Delta Sand’ took only half year to become a finished product by the effort and knowledge of only two staffs in the company - Jonas and Staffan. ‘No resource at all at the beginning, we had no money. We had only will to do this company’ said by Jonas. According to the limited of resources, therefore, both of them needed to find the solutions for many problems during the start up stage of company and product development especially the lack of knowledge in doing business. However, with high ambition and effort of having their own company and the passion to develop own product, so they always kept finding the solutions; ‘we knew that we didn’t have in-depth education in doing business, it’s quite broad but when you want to go in-depth you need to find the answer by contacting people. We were not afraid of calling people asking what we wanted to know’ (Staffan). Jonas also supported the reasons that they never give up to any problem because of their energy which was from their intention as he mentioned that ‘The most important resource is energy - I mean human energy because with that you can come so far [...] and even with the mature company that turning down, it was because of the owner is lacking of the energy’. And this statement is also agreed by Staffan that their effort and lots of working hours were the most important factors for them at the start up of the company.
Moreover, at the situations of being new graduated students with limited income from the fees of working as product development’s consultant, money was one of the obstacles for a new product development process, starting up their company and entering to a new market. As both of them were students from Halmstad University, the easiest way to find financial support is asking for a scholarship from university and also the supporting fund from the Swedish government organizations. However, luckily that their innovative product could make a fast return so money was not a big obstacle for them at the early stage. As mentioned by Jonas; ‘For financial resource, we got some small money from university’s scholarship at that time. We needed to use that money such as attending the toy fair and we used it for travelling and accommodation expense with that tight budget but, since we were quite early to get to the market so we could get some money return pretty quick’.

Even though they could gain some profits from selling their product abroad, still it was not enough to support and increase the amount of production volume due to, at the early stage of the company, they produced all compound manually. Therefore, three years later they decided to sell a part of the company to an investor to find some money to build their own sophisticated factory and bought those share back once they gained more profits.

4.1.2 The internationalized time of Delta of Sweden AB

After launching their first product to domestic market, Delta of Sweden also went international since the first year of its establishment. A chance of developing sand that never dry from the school’s supplier gave them a great shortcut to internationalization. According to they found out that, there was a rule written by school that kids at the certain age shall play with sand during their education. It is also a global concept that more countries around the world join this rule. Therefore, it provided a mass markets for their new product. The Swedish school-toy supplier became a bridge for their internationalization; ‘we were internationalized from the start because we started selling product to Switzerland, Netherland and Germany and those markets were introduced by our first customer’ said by Staffan. So, the Swedish supplier was their main agent for their international markets. After those markets, Delta of Sweden also contacted an agent in UK to expand their international market. However, the most important opportunity that gave Delta of Sweden an enormous number of international customers was from Nuremberg International Toy Fair in Germany that was also suggested by the same school supplier.

Jonas and Staffan attended the international toy fair since the first year of the company founding and that made their product well known internationally. Staffan explained that ‘since it is an international fair so the contacts from customers were from around the world, it liked we were forced to be internationalized at the beginning’. Besides, at the first
presentation, they made a rapid reputation at the toy fair as Delta Sand was a very new and creative product that attracted lots of intention from many international companies as mention by Jonas that - ‘it was a very huge success for Delta Sand as people loved it and we got orders even before the exhibition started’. Therefore, the antecedent of Delta of Sweden’s internationalization success was started at Nuremberg International Toy Fair.

4.1.3 Delta of Sweden’s growth and development

Not only the problem of lacking of money, but being a small company with lacking of business knowledge was a hard work for them to launch their products to the right market. Therefore, from Staffan’s point of view – connection or contact is the second most important factors for their success. He gave the reason that ‘the contact is absolutely important for our business. You need connection, you can’t do it yourself. And that’s a lot of small company are building their growth on having good contact’. His opinion is quite the same with Jonas.

However, as an inventor, Jonas sees that the innovativeness of the product is an important magnet to attract the right partner. He gave us his opinion to the success of the firm that ‘if we were not innovative, we would not have a chance to attract those people who represent the sales and marketing […]. So the basic of our success is we have been successful an innovative steps in our company. And it related both in the innovative steps to the product side and also being innovative in how to create partnership. So we have a model that we use in our successful nowadays and we found it more and more easier to create partnership’. The reasons that both Jonas and Staffan insist to the importance of contact due to it gave them the solution of the company’s problem and leaded them to a great opportunity that completely turned the company growth to the results they had never expected. The problem was to deal with marketing works; ‘even we got lots of order from Nuremberg fair, we still believed that we could manage everything by ourselves including marketing works. We got so many contacts that interested our product but we didn’t struggle to those contacts and follow up […] So the reasons that our customers disappeared was not because of dissatisfied with the product but we didn’t follow up them’.

After 8-9 years of the belief that they could manage the marketing works by themselves. They finally found that that their sales performance was not good as they expected and they realized that it should be someone else to do marketing works for them. Jonas explained that ‘even though the product was good and we worked out internationally. But we never take off even we had done it for 8-9 years so we thought there must be something wrong. So we decided to sell the license to a very big toy company – Spin Master in Canada to sell our product to the exclusive toy market’. It is also agreed by Staffan that, ‘as we lack of marketing people, our solution is to cooperate with a big company who are keen on marketing’.
Jonas also explained the true reason that they could not solve the marketing problem and increase the sales volume was because of the lacking of marketing skill, knowledge and interest. As said by Jonas that; ‘I understand how important marketing is but I can’t do it! I can’t force myself to do it! And this influenced in my decision very much as it is easier to give away this part to someone and give them the economic compensation. It makes thing easier for me not to deal with it because my lack of understand and my lack of heart in it’. As also agreed by Staffan that ‘We tried many business models that we believed it could be success but we failed because we had more interested in product developing than selling’.

For Delta of Sweden, network leaded them to find a great partner those are Spin Master and WABA Fun. Especially a great success from Spin Master that helped them from struggling in marketing problem, Jonas excitedly told us that; “After we let them do the marketing, within 2 years we grow from a company with 500,000 USD to about 15,000,000 USD. That’s a big success. The first year we grew 800% and the second year was 400%. We grew like... flying! The most impressive thing is the same thing that we have done for 8 years is exactly the same product but they just twisted it to meet the market demand”. As also mentioned by Jonas, and the same answer with Staffan that, besides innovativeness part of their product, Delta of Sweden probably cannot come to this high success without the right partner.

All in all, Staffan insisted to the importance of their networks to the company’s growth and success that – ‘Most of our contacts started from Nuremberg Fair. If we didn’t allow attending the fair at that time, we wouldn’t be able to sit here as Nuremberg was a window for our opportunity. So network is so much important as it can link to one contact to another contact [...] I would say that a small company needs to rely on network as they don’t have any complete function in the company’. Finally, Jonas concluded the reasons of the internationally success of his small company with limited resources that; ‘first energy. Secondly, the understanding for marketing and sales in order to get your product out there and even money is important. There will be a way to find money as long as the product and the concept is good. It’s always possible to find money the way I see it if the person behind the company is smart’.

4.1.4 The current situation and the future strategy

Nowadays, Spin master Co. Ltd. operates toy market and WABA Fun, LLC operates education market for Delta of Sweden. However, according to Staffan, their products for toy market were sold only to big customer who is their partner - Spin Master. Therefore, Jonas and Staffan realize that they should have a plan to sell product to other markets by themselves. So, by creating their own website to sell products on line is their future plan. So they could found another company to sell products online. So they are now trying to deal with the company that always having good performance in the market of internet sales. If
they cannot find the right partner then they plan to build up their own company and find people to deal with that business. However, the future strategy of Delta of Sweden is still focused at product development and innovation, and finding the right partner which is considered as ‘Delta of Sweden’s competitive advantage’ (Jonas & Staffan).
4.2 DD Company AB

DD Company AB is a small Swedish football equipment company with only three staffs working in the company – CEO, Marketing Director and Sales Director. The company located in the city of Halmstad, on the west coast of Sweden. It is found in 2003. The company is owned by two Swedish football professional coaches - Dan Gustafsson and Daniel Ljungberg. The company focuses on producing high quality personal training equipment for football player. For assuring a high quality of the operations and of the final product, DD Company manufactures its product within its own production facility in Sweden (Daniel).

The original and main product of company is PAL Original – stands for ‘Practice and Learning’ and adding ‘Original’ in order to guarantee that it is made from DD Company in Sweden (Daniel). The product is developed and aimed to use as a personal football practicing tool. However, now the company add three more supplementary products those are; PAL Cone, PAL Block and PAL Cart. The target markets of the company are various – children and youth for personal use, senior and professional football players and domestic and international football clubs (paloriginal, 2011).

Currently, PAL Original is sold internationally to many famous football clubs and still focus at the domestic market. Some of their customers are; Manchester United, FC Barcelona, Fiorentina, AC Milan, Arsenal FC and Real Federación Española de Fútbol. The sample customers from domestic market are; Swedish Football Association, AIK, Hammarby DFF, Luleå DFF and Laholm upper secondary school (paloriginal, 2011).

- **PAL Original**
  It is a tool that a football player can use to practice delivering, passing, shooting and all training. By using PAL Original the players can train by themselves with centimeter accuracy.
Figure 4.4 PAL Original

- **PAL Cone**
  It is a flat marking cone that a football player can use to mark the position on the ground. It is made from plastic with specially designed.

- **PAL Block**
  It is a tool for all coaches for many types of sport coaching such as Football, hockey, handball, basketball, floor ball, tennis and badminton.

- **PAL Cart** – It is designed for moving and storing for two sets of PAL Original.

Figure 4.5 PAL Cone, PAL Block and PAL Cart
- The additional products of DD Company

4.2.1 The story of the company

Dan Gustafsson and Daniel Ljungberg first met and known each other since 2001 at the Swedish football association in Halmstad. Both Dan and Daniel had the same background
that was started from a football player since they were young. At the time they met, Dan worked as a professional football coach and was looking for a partner for his former company as a coach for football teams. According to Daniel had working background as a football player and football coach before. So, Daniel was asked to join his company.

After working together for a year, the original idea of founding a company together was occurred. At that time, there was a suggestion from the National football association to Swedish football players that they had to be better at individual technical details than others. So they must train more by themselves to be a professional football player (Daniel). And that suggestion brought up an idea to Dan; ‘As football coaches, we saw that the practical equipment we gave is not for an individual practicing due to they always needs someone who helps them to get and pass the ball to them all the time. And from that problem, the idea of PAL original is come up’ said by Daniel.

From idea it took almost 2 years and only by two people – Dan and Daniel to develop and improve the product. The reason that the product development took long time was because they have never created this kind of tool before so creating a good design and finding the right material was very important. Also they wanted to ensure that the product will be in good quality and durable according to the weather in Sweden. So, lots of product testing is required as mentioned by Daniel ‘it’s very important and difficult to find the right material to make PAL. Besides, the weather here in Sweden is not good, with rain and snow. So the tool should be able to use outside which rain or snow can’t break it. We needed lots of testing for PAL so it can be used for long time […] it was very important at the first year to have a 100% good quality product. And we have never received any complaint’.

After PAL was produced, they wanted to know the feedback so PAL was presented to all their contacts those are people from football association. Due to both of them worked at football association and had good relationship with professional football coaches and players, so they could ask them to test and give some feedback. At first, the intention of creating PAL was to create a good tool to train football players become more professional as mentioned by Daniel ‘It was our feeling to do something for the football. We didn’t start a company because of money at the first time’. However, after the feedback, they realized that all football professional and football coaches liked PAL and agreed that it is a very good tool. So they decided to start a company together to sell the product. And the first group of their customers are from their football clubs contacts.
At the establishment stage, therefore, only Dan and Daniel had to work for everything for the company. Dan, with background in engineering, was in-charge of designing and developing product. While, Daniel with business background and grown up in a family business, focused more on marketing and selling product. Not only supporting each other in job tasks, with the different background and the big gap of the age which is almost 30 years. Daniel and Dan worked together as a good combination from the beginning “Dan is much older than me and I started the company with him when I was still young. It is a very good mix due to we have different point of view, different study background and experience. So when we worked together it was very good and it is a part of our success outside the country too.”

However, as the main focus of the company is to ensure the high quality and endurable of the product. Developing product, therefore, required both time and money. By using own expense was not enough so borrowing money from the bank was the best solution for them “we also contacted the bank to borrow some money. We needed money to develop product as it was very expensive for the production. It needed at least 200,000 sek for that part” (Daniel).

PAL Original finally was released together with the establishment of DD Company. It was created with the intention to be used as a close friend with football player during their personal practicing and learning time. However, after delivering PAL Original to market, DD Company faced another challenge. Eight year ago, individual football training especially with a tool was totally a new philosophy, even to professional football players and experts working in football industry. Football originally was and still is known as a sport that only can be played in team, football skills can be gained only through playing together. Therefore, it took time for PAL to prove itself that it is a good personal training tool that football clubs should buy for their players (Daniel).

As lack of fund, even introducing and marketing the product in domestic market was a difficulty for them. It was a real hard job for both Daniel and Dan. However, with the advantage in football training skills and their contacts, they found the way to the market. They went to many football teams in Sweden to train football players with PAL Original. As described by Daniel “it was not only about training football players, but also bringing new philosophy and hope to football players”.

4.2.2 The internationalized time of DD Company

According to most of company fund was invested in product development. Even if they had intention to go abroad from the very beginning but with the deficiency in its financial resources, so they could not do that. Moreover, their intention for going abroad was not agreed by the bank they borrowed money from. Due to they were afraid that DD Company would fail in international market and had no money to pay back as mentioned by Daniel ‘I
After four years of establishment, they got the first chance to go international which Daniel described it as a ‘lucky shots’. It was a coincidental opportunity that there was an Italian business man who had been in Sweden for 14 years, he knows Swedish language and works for Italian Football Association. He first knew PAL Original through an interview on the radio with DD Company’s owners. Since then, with a magnificent interest in PAL Original, he contacted directly to DD Company to introduce PAL to Italian football clubs. There, PAL was given huge interests from many football clubs. And he has become the agent for Italy market until present.

The second foreign market was Spain. It was discovered by contacting directly from client. An equipment football agency knew about PAL Original through the Internet and asked for being an agent for PAL in Spain. This starting point led to following fortunate coincidences. Through relations between Spain’s agency and gold-keepers from one of the North club and Barcelona, PAL Original was acknowledged and ordered by Barcelona FC. After receiving order, Dan and Daniel were invited to Spain to educate Barcelona FC’s trainers how to train with PAL Original. At the same time, there was a TV program broadcasted appearance of Zinedine Zidane - one of most famous football players in the world, while he was practicing with PAL Original. The owners of DD Company also had a chance to appear on the TV show together with Zinedine Zidane which, at that time, was broadcasting to four million people. Since then, PAL Original has gained a lot of reputation. Recently, PAL Original does not only present in Italy and Spain market, but also in Brazil, UK, Germany, Denmark, Norway and Finland. DD Company is currently working on agent contract in France and entering USA market.

4.2.3 DD Company AB’s growth and development

After years of operation, they realized to the importance of contact and networking especially when they signed the contract to move their office to SciencePark. And from this organization, it turned the company to a new structure and strategy with more supporting contact and network as mentioned by Daniel that; “A few years ago, I started to get more and more contact and that is very good for me to do the business. I could get contact from both private and government sides. When I started a company, I didn’t know about that […] But now I have a new world which I started from SciencePark, ALMI⁴ and CONNECT⁵ those are organizations that helped me in this business. We got coaching, connection, information and lots of help from them. Now I realize that contact is very important for the company’.
To grow a company and entering to more international markets was not easy for only two people to deal with. Moreover, as working for DD Company is not only one job for both Daniel and Dan. They also have had other works since the same time they found up DD Company. Besides DD Company, Daniel also works as a committee member at SISU Idrottsutbildarna (Swedish Football Association) and Project manager at Sport Education. Dan also has owned other companies before working as a CEO for DD company and still works for his other companies till present. Therefore, regarding to their over-load jobs, six year after establishment they decided to hire Marten Andersson - a football player they had contact before as a sales representative. Another reason to hire Marten was the difficulty of selling PAL in Swedish market regarding to his other works as mentioned by Daniel; ‘As I work for the Swedish football association, so it’s quite difficult for me to sell here in Sweden so that’s why we have Marten as a sale representative’. Therefore, Marten is assigned to taking care of Swedish market.

Once Marten started working at DD Company, he realized that they were many problems that DD Company was facing as he explained that; ‘owners of company are really creative people, they are wonderful with idea, creative and full of energy which helps them to sell product to Barcelona and Real Madrid. But they are not so structured, so they need help in administrative jobs [...] also to increase sales volume and to follow up with customers, otherwise, we (the company) will lose the customers’. So, increasing sales volume was a very big challenge and, at the same time, a hard work for Marten.

Due to the limitation of purchasing power in Swedish market as he explained that ‘We (the company) try to make sales to people who do not have money at all, people play in club. Normally, people here play during their free-time or they train children for fun without any income. Therefore, just sell product of 8000-9000 sek, might be we have to work for years. Besides, there was economic crisis, most of company stopped their sponsoring to club, so even clubs want to buy product from us but they do not have money’.

\footnote{\textit{ALMI} is a state owned company with the main mission of promoting the development of competitive SMEs as well as to stimulating new enterprise to create growth and innovation in Sweden. It helps companies in financing and business development issues, also acts as a connection between company and public investors (ALMI Företagspartner AB, 2011).}

\footnote{\textit{CONNECT} is an organization that links entrepreneurs with the financial, technical and business development resources they need to create and develop high-growth companies in Sweden (CONNECT, 2011).}
Daniel also realized to this problem and understood that DD Company needs a clear goal and vision to increase the sales volume as he mentioned that ‘for me I think only a passion in football is not enough, the money and company goal is also important’. Therefore, he tried to expand the company market by entering to new international markets which is his main responsibility for DD Company. Moreover, Daniel also realized after entering to the first foreign market that the company could have a better growth than present as he mentioned that; ‘Actually we should have more money for marketing and go broad but we didn’t [...] We used to think that we should go abroad much quicker than we did. So we could be more success than present’.

4.2.4 The current situation and the future strategy

Currently, DD Company is narrowing down their home market and focuses more at foreign markets. Besides, they also expand their production line, not only football equipment but also accessories for PAL Original and plan to outsource their product abroad to lower their cost if they can ensure that the factory can produce the same quality as same as in Sweden. In addition, they plan to change their marketing strategy by attending international big event with big company. As they found out football can attract to big organizations, and fore-seeing potential of cooperated with big companies to do event organizing. Moreover, along with continuously working on development of PAL Original to release more efficient product - ‘We are working on third generation of PAL Original’ said by Daniel. DD Company is seeking for protection for its product right over the world.

DD Company, however, is still having pressure in pushing up sales volume. As they do consider how huge football market is as both Daniel and Marten mentioned that ‘FIFA is bigger than United Nation Organization’. So it proves that they are trying to focus their PAL Original’s sales to FIFA that they consider is a mass market for them. Besides, with the intention of entering to more international markets, DD Company is considering selling part of their shares to another investor who can ensure that they can shares the same value and concept (Daniel).

Additionally, with the help and support from SciencePark, especially from a new marketing consultant, DD Company has higher potential to grow in many foreign markets by having and adjusting a clearer goal and direction with well-strategic business plan as mentioned by Daniel ‘now we have a better business plan with a new guy who coach us a lot of things, we knew him from a suggestion by Science Park. This consultant is very fantastic; he has nothing to talk about football at all which is very good because three of us are too much focus about football topic. He helps us on marketing, business plan and all strategy’. By this
changing, they hope that as DD Company and PAL Original can grow much better and be well known globally within a near future.
4.3 Angela Alexandersson AB

Angela Alexandersson AB (A&A) is a fashion company designing and selling festive women wear. The company was found up in 2009 and is located at Tecknocenter in Halmstad, Sweden. There is only one headcount in A&A Company - the owner of the company, Angela Alexandersson who is taking a position of CEO and all of job tasks from designing product, marketing and managing the company. Nowadays, under Carrasco brand, A & A constantly releases new fashion collection for upcoming fashion season. The products are sold in Sweden, Finland, Germany and she is having a plan to expand to more markets in future.

Source: Carrasco (2011)

Figure 4.7 Carrasco 2011 collection by A&A

4.3.1 The story of company

Angela Alexandersson was moved from Columbia to Sweden since she was young. At her very young age, she found out she was so attracted by beautiful clothing and enjoyed fixing and designing clothes for herself and close friends. By the time, the passion for fashion was growing up and drove Angela to make her own business. Deciding on making her own business, Angela understood with only passion, it would not be enough to make business. She therefore drew a plan for herself to capture necessary skills. Starting with studying fashion design, 2005, Angela attended two fashion design colleges, one in Gothenburg and the other one in Malmo. From those colleges, she had gained designing skills, developing her competencies and also had opportunities to create her own 50 fashion shows. After studying, she realized that if she wanted to have her own company in designing and selling cloths she needed more business knowledge. She therefore decided to apply another one year entrepreneurship course at Halmstad University.
From this course, she learnt business technical terms and gained knowledge in various fields such as economic, sales and marketing and all others. It not only provided her theory knowledge but also practical knowledge that she needed to know in order to operate her own company. Right away after completing entrepreneurship course, she found up her own company at SciencePark where she had supports in every way of business. Establishing in 2009, Angela Alexandersson AB was taken from her own real name with the intention to present the clothing product in her own styles.

Inspiring by Russian ballet dance - Diaghilev’s Ballets Russes Nuit de Soleil (Carrasco, 2011), Angela started her own company which the main focus on high-end fashion as she explained; ‘my product’s uniqueness is festive fashion, party or daily use and environmental care fashion’. With very limited human and financial resources, she could not open her own production. She found her way by outsourcing production in Bangladesh and Turkey. By outsourcing production, it helps her to save investment, operational efforts and ensure delivery time.

Angela is the one with high passion and full of idea for fashion she wants. Together with passion, Angela put herself into work. But passion, idea and hard-working seemed not enough to run business; ‘The biggest problem is lack of knowledge. In the beginning, I did not know anything about business process, register, running business and so on” said by Angela. Consequently, she is seeking for consulting people who have more knowledge and experience. Through SciencePark and other networks, she knew people who can help her to overcome all business challenges.

At SciencePark, Angela was provided many helps, support and knowledge such as attending leadership program, having more networks and receiving many helps from them. At the first time of setting up the company, one man show of owning a company was not easy for her. Not only the problem of lacking people and experience, financial resource was the main obstacle for her. According to company need money to operate for daily work and future growth, thus she decided to contact some investors to support her financial situation. Finally she found one investor who was, at that time, interested to invest in her company with 20% ownership share that A&A sold to them.

Although Angela is saving financial resources by outsourcing, financial issue still puts a high pressure in her operation. Angela explained that ‘The critical issue for us (her and her investor) now is finance, fund movement. We stuck a lot of money on retailers. We have sales people, clothes, everything ready but we don’t have money […] we don’t have the right financial time. For example, our last fashion collection is sold out on last August, but we still haven’t got money back. It is more critical now. So, we need to do the whole investment
process again’. It becomes a critical issue recently, especially she is planning to expand her business to more international markets. Additional to expanding business, she has received great supports from Exportrådet\(^7\) for exporting her products.

After 1 year of selling product under the brand of ‘Angela Alexandersson’, Angela realized that it was not a good brand name as she received less feedback after launch her brand into the markets both in Sweden and other countries. Taking the suggestion of friends to her consideration, she decided to change her brand to ‘Carrasco’ brand which she considered it gave her product a better image regarding to she focuses at high end customers. However, at this moment, her brand is not an important resource for her company due to it is not yet famous both domestic and international markets.

At the moment, Angela is re-packaging her brand and contacting new investors for her up-coming collection and the expanding plan for future markets.

At Exportrådet, Angela had a great chance to meet KA of Sweden\(^8\) who is her network and finally becomes her agent for A&A cloth in Finland. Not only the help for distributing and bringing her product internationalize, KA of Sweden is also Angela’s good business friend who she can consult with every issue for running her company. Even nowadays, networking is still an important part for her daily work and company’s future growth.

### 4.3.2 The internationalized time of Angela Alexandersson AB

After launching the very first fashion collections, A&A Company had the chance to present in international market less than one year after its inception. Finland is her first international market. In the point of fact, Angela had a strong believe in her unique product which would be sold well in foreign markets. Besides, she considered Swedish market is a too small market while European is a big market. However, entering Finland market was not her purpose. It was opportunity that she saw when having a contact with KA of Sweden. On the other hand, Angela decided to sell her product in Finland because of her partner rather than choosing Finland as her target market.

### 4.3.3. A&A’s Growth and Development

Entering Finland, she has faced with some problems of this mode of foreign market entry due to as her contacted distributor did not sell her product to the right market. Therefore, the feedback of the first year’s performance of entering to Finland was unsatisfied (Angela).

\(^7\)Exportrådet is a Swedish government exporting organization that aims to help private companies in exporting products to international market
Later, she managed with her distributor to position her brand to the right market and it is now having better feedback.

The second foreign market for A&A is Germany. She received contact from an agent there so she gave them a try. However, there is very low feedback from Germany market due to high competition and wrong brand positioning (Angela). Moreover, due to the lack of financial resource so Angela cannot support her agent with marketing program. However, she still wants to expand her international market to other countries, regarding to the connection with KA of Sweden, which her next future market will be Australia and Spain.

4.3.4 The current situation and the future strategy

Angela Alexanderssan AB is still at the early stage due to it has been run only for two years. For the domestic market, now she has seven retail stores which they are not her own private stores. All stores receive positive feedback from customers. However, Angela considers that she should be more internationalize in order to make her brand more well known like Odd Molly. So, she is now focusing more international markets in the near future. According to she is working with her partnership - KA of Sweden, so her new international markets also rely on the connection and distributors that KA of Sweden already has. The future markets that she plan to enter is Australia and Spain which she believes that she will get a positive feedback from these two markets. And the future strategy that she will keep focus in order to complete her plan are; finding more money, creating new product, getting new store and gaining more customer knowledge (Angela).

*KA of Sweden* is a private fashion company, located in Angelholm, who is A&A’s partnership in selling and distributing her product in Finland and more countries in future.
Chapter 5 Empirical Analysis

This chapter will begin by within-case analysis from three Swedish Born Globals. Then we make the comparison among these three companies by using cross-case analysis. All empirical data will be analyzed based on the previous discussed theories and literature review.

5.1 Delta of Sweden AB – A Born Global firm

From the empirical data, it is obviously proved that Delta of Sweden AB is a Born Global firm due to it meets all the requirements of being Bon Globals. The company introduced innovative toy products to the markets, both domestic and international, with the concept of sand that never dries. They started going international almost its inception with the intention from company’s owner that always searched for a way to enter to international markets, especially with the eyes of seeing the whole world as one market (Andersson & Wictor, 2003).

The judgment is based on the statement from Jonas which can explain their internationalization’s behaviour clearly, they went internationally almost immediately after they finished creating our product. In additional, they went to many international toy fairs around the world and there were many people from many countries around the world were interested in their product and came to contact them. So, "we become explode to international sales directly. This is what I call ‘Passive selling’ term. I show people what I do and then up to them either buy my product or become my partner […] there was no plan like we will go to that country and then another country”.

The passive selling strategy that Delta of Sweden chose for going international become a strong characteristic of their company under Born Globals concept. However, this selling strategy has not been discussed much in-depth to its own concept from scholars. It is interesting that by using this strategy, Delta of Sweden could get much closer and faster to their potential customers and partners. Moreover, from the empirical data, both entrepreneur and firms’ networks played important roles to the company’s internationalization, growth and success. The characteristics of Delta of Sweden are accordant to the concept of Bon Globals as proposed by Andersson and Wictor (2003), Knight and Cavusgi (2004; 2005), Oviatt and McDougall (1994; 2005), Hollensen (2007), Dana (2008) and Onkvisit and Shaw (2008).
5.1.1 Firm resources

Regarding to Barney (1991), firm resources is included all asset, knowledge, information, capabilities, organizational process and others that controlled by a firm. Those firm resources are categorized into - human resource, financial resource and operating resource (Wicknam, 2006). Mc. Mahon et al (1993)’ study proved that financial resources, networking and human resources problem appears to be the significant causes of small business failure in international market. Based on empirical data, we can see that Delta of Sweden had all three resource problems. However, they utilized, combined, managed and leveraged all firm resources especially considered to the strength of firm resource in order to fulfill the weakness of other resources.

Overall, it is obvious presented that network as a partner from Spin Master and WABA Fun has fulfilled the weakness of entrepreneur’s marketing capability. Financial resource was used to expand operating resources and human resource decided in which way was proper to find the financial resource. Therefore, it clearly presents that all resources has it role which contribute and support to other firm resources. Moreover, they were used differently according to the different stage of the firm. However, to provide an in-depth discussion for each type of firm resources, we make our analysis separately in accordance to the proposed theories as follow;

5.1.1.1 Human resource

As Wickham (2006) precisely concluded that human resources refer to people in the organization, as he considered that the critical element that can make use of financial and operating resource in an innovative way is people. We realized that at the establishment of the company, Delta of Sweden could survive with the limited financial and operating resources. However, it is impossible for Delta of Sweden to go on without human resource – Jonas and Staffan. Their ability, effort, ambition, time, energy, knowledge and skill to develop sand that never dries was the most important element that contributed to the start up stage of company as it was strongly confirmed by Staffan that ‘from the start we invented a lot together, we also spent a lot of time in developing the product [...] the main thing was to put the man effort into our project’.

This finding result supports Katz et al. (2000) and Wicknam (2006)’s statements that financial and operating resource were not much important to a new business compared to human resource. Moreover, it is accordant to the conclusion by Chen et al. (2009) who mentioned that the effectiveness and efficiency of resourced use are decided by firm’s capabilities which is divided into three main capabilities those are; technology, finance and networking. Those capabilities are certainly managed by human resource which in this case is the entrepreneurs themselves.
Entrepreneur

From the empirical data, it obviously presents that every stage of Delta of Sweden required Jonas and Staffan’s knowledge and ability, especially decision making to a certain issue that effected to the firm’s growth and development. As it is also mentioned by Evald et al. (2011) that entrepreneur of a small enterprise is the one who makes the decision whether a firm should go internal from its inception. Besides, regarding to Kundu and Katz (2003), entrepreneur who has international start-up experience has willing to go to foreign market from its inception. They argued that prior international experience of entrepreneur would increase the likelihood of going international from its starting point. However, for this conclusion is not in accordance to Jonas and Staffan due to both of them had no international experience before entering to an international market. They just saw the whole world as the same market so to launch their product abroad was as same as introducing their product to Swedish market.

Network

As proposed by Giddens (1984) that network is perceived as a set of activities that are built, nurtured and mobilized through set of relationships which brings about mutual benefits for both parties in relationship. Delta of Sweden strongly proves and supports this statement due to all their networks nurtured and mobilized them since the establishment stage, internationalization and even at present. Delta of Sweden was started from an opportunity of the idea from a school supplier. From a contact of the university with that supplier, finally the school supplier was not only their first customer but became their network who had a very important role not only to their establishment but also their internationalization.

It was true that because of mutual benefits that both parties could have can also increase their relationship (Giddens, 1984; Boe, 1995). The school supplier gave them the idea to develop the sand product so they could supplier to all schools’ demand while Delta of Sweden could sell their products to the supplier. And from one customer, it connected to many customers which finally lead them to the international toy fair. And from the participation in toy fair provided them a real internationalization which finally brought them to the great succeed when they had a chance to meet Spin Master.

Interestingly, a case of Delta of Sweden is inconsistent with Sirec and Bradac (2009). Their study inferred to the difficulties of network management of small enterprises that their characteristics often slow down the leverage of the resources and competencies needed within the organization in order to capture new opportunities. The other way around, Delta of Sweden proved that with high capability of entrepreneurs, even it is a small firm, they can manage their network, leverage firm resources and competencies need to seek new opportunity. As they finally could find great partners that have much contributed to their
current succeed like Spin Master and WABA Fun.

5.1.1.2 Financial resource

Rea and Kerzner (1997) described financial resources as firm’s borrowing capability, credit lines, credit rating, ability to generate cash and relationship with investment banker. Corman (1996) mentioned that small enterprises have biggest disadvantage in lack of fund in expansion, inadequate managerial ability, and poor competitive position. We can see that this study is not valid to every small company – from a case of Delta of Sweden, it is only correct that they lacked of fund in expansion but for inadequate managerial ability and poor competitive position is not the right characteristic of the company.

The empirical data proves that both Jonas and Staffan has adequate managerial ability which it is not focus at quantity of the number of staff but the quality of management. Both of them tried many ways to find supporting fund to use as firm’ financial resources in order to move their company forward. Since the start up, the financial fund from Halmstad university was requested as same as from other government organizations. However, when Delta of Sweden considered their markets as the whole world, the company was required to have higher capability to produce the products. Therefore, they needed more money and this was a stage that financial resource played high important role. So, entrepreneur needed to use their capability in financial management to decide the most suitable solution to the company (Wicknam, 2006).

At that time, Jonas and Staffan decided to sell some part of their company to an investor in order to get some money to build their own factory as they received higher amount of order. And, later they bought back that share once they earned enough profits. We considered that they made the right decision of selling a part of their company because without factory they could not supply the demands from international customers and possibly not be able to grow rapidly. Hence, the case study of Delta of Sweden is consistent with the proposed theory by Wickham (2006) said that success of an organization depends on how entrepreneur make the most efficient use of financial resource with the combination of other firm resources.

5.1.1.3 Operating resource

At the establishment stage, Delta of Sweden mainly used human resource and financial resource especially at the process of product development. To found up a company was not a big problem for Jonas and Staffan due to there was a need to have a real office or laboratory for them. They used only one small room as an office and laboratory and that was enough space for only two employees of the company. Therefore, the operating resource did not play much role, as they produced compound of Delta sand manually so there was not much investment for equipment and factory as they could manage everything by themselves with the equipment they had at hand. Besides, some of the sample to produce the product was given by some laboratory as they could gain mutual benefit (Staffan).

However, as discussed above that financial resource was highly required when Delta of
Sweden needed to build their factory. However, Wicknam (2006) suggested that entrepreneur should consider on decision of whether buying or renting operating resources to obtain profit and sustainable development. In this case, neither buying nor renting was suitable for the company but direct-invested for own factory was the best decision for both profit and future growth.

5.1.1.4 Competitive advantages

According to one of the vital parts of Delta of Sweden for its success is innovateness (Jonas & Staffan), as strongly mentioned by Jonas “that part (innovativeness) is extremely important for this company and its growth because without the invention and the innovative step. It is very tricky to compete in international markets and it is incredible difficult to create partnership with a large company without innovative steps. You have to be very unique in something in order to get out there, to get your voice heard. So the basic of our success is we have been successful an innovative steps in our company. And it related both in the innovative steps to the product side and also being innovative in how to create partnership. So we have a model that we use in our successful nowadays and we found it more and more easier to create partnership”.

Therefore, innovateness of sand product that lead to the innovative step of finding right partnership that they have developed over time is one of antecedents of the company’s growth and success. This conclusion support to the suggestion from Prashanham (2008) saying that - to gain competitive advantage, ‘innovativeness’ - through knowledge and learning, including via social capital is a start. Especially, it is strongly confirm to the statement by Cavusgi (2009), which is hard not to agree, that ‘Born Globals are characterized by a pattern of innovateness that give rise to the early stage of internationalization’ (p. 58).

Delta of Sweden also has gained competitive advantage since the start up, during the internationalization and even at the current situation. Regarding to the antecedents of competitive advantage by Newbert (2008) those are value and rareness of the resources – as proposed that the greater value of resources will allow firm to attain more generous competitive advantage. Rareness of resource is shown through its unique resource; the more unique resources firm has over its competitors, the more possibility of gaining competitive advantage and prohibits perfect competition. And these two attributes are the foundation of Delta of Sweden as they always develop their product and its uniquenness by listen to customers’ feedback in order to add value for their customers.

This study results, therefore, is in accordance to the theory of RBV from Barney (1991) focuses at internal (certain valuable and unique) firms specific resources and capabilities that are not available with their competitors. And those specific resources and capabilities make firms enable to overcome their competitors even they are competing in the same
environment (Peng, 2010). Especially, it is also support the conclusion that firm’s specific resources and capabilities lead to different firm’s performances (Barney, 1991; Mike, 2008; Peng, 2009; Verma, 2011). Moreover, we consider that Delta of Sweden gain a real competitive advantage based on the criteria from Papulova and Papulova (2006)’s study. Due to the company has reached to; first - understanding and being close to customers, in particular understanding their perception of value. Second - a commitment to quality, third - a high level of all-round service. Fourth - speedy reaction to opportunity and threats.

5.1.2 Internationalization

5.1.2.1 Internationalization Model

Regarding to the discussed theory, Delta of Sweden proves that they did not go international by accumulating experience and knowledge from one market to enter another market as proposed by Uppsala model (Johanson & Vahlne, 1997). In the other way around, they entered to many international markets at one time as the world is seen as one market for them. Thus, they could go international since the first year of establishment. Noticeably, the empirical data is conflict with the study from Hollensen (2007) proposed that firms are hardly to success in internationalization without well advance preparation. Due to Delta of Sweden did not have a well advance preparation to go international especially marketing plan but all succeed was from their intention and the ability to solve all confront problem and to find an opportunity for the company to enter new international markets.

Additionally, the study is consistent with Andersson (2000) who concluded that entrepreneur is the most influent factor to the internationalization of firms. As we can see from the empirical data that the internationalization’s performance – whether or not, when and how to go international was decided by Jonas and Staffan. It is also inferred that the failure or succeed of firm’s internationalization is highly rely on entrepreneur’s knowledge, ability and decision making. And this summary strongly supports the study from Hollensen (2007) who proposed that the most distinguish born global firms from others is that it is operated by entrepreneurial owner who has ability to seek partners that can complement the firms’ competences.

5.1.2.2 Internationalization Motives

According to Albaum et al. (2005), we found out that external factor such as government, country and industry had less influence to the internationalization of Delta of Sweden. On the other hand, the internal factor especially the company’s owner is the most important factor to the internationalization of the firm. The empirical data also provides the results that are accordant to the theory of internationalization motives from Albaum (1994), and Albaum et al. (2005) which divided the motives into reactive and proactive. However, what we found out from Delta of Sweden’s behavior is Jonas and Staffan are the key factors for the decision to bring the firm internationalize by using innovative product to increase the economies of
scale. And that performance meets to the type of internal-proactive motive those are; managerial urge, marketing advantage, economies of scale and unique product/technological competence (Albaum et al., 2005).

Additionally, it is mentioned that the desire of company management team for profit and growth is one of key proactive motives for internationalization of firm (Albaum et al., 2005). Therefore, for a small company like Delta of Sweden, management team which is the company’s owners who decide to go international for the company’s profit and growth. As supported by Jonas that ‘more and more it came clear cut that if we want to do this (product) for our company, it has to be fun and it has to give you back something else which is the potential of earning money’. And this explanation also supports the study of proactive motive of SMEs’ internationalization from Thompson and Martin (2010) that focus on the desire and ambition of SMEs’ owner. Hence the key resource that influences to the internationalization motive for Delta of Sweden is human resource which is from the desire of company’s owner – Jonas and Staffan.

5.1.2.3 Mode of foreign market entry

Regarding to the foreign market entry by Doole and Lowe (2008), Delta of Sweden used direct exporting as their foreign market entry mode at the early stage of going international. First, the company started selling their product abroad through the Swedish agent who introduced many international markets to the company. Regarding to the advantage of using agent is the company can take low financial risk while they can improve their market commitment (Doole & Lowe, 2008). With the limited of financial resources as previously mentioned by Jonas, together with a chance of having more international customers after developing the product, thus agent is the most suitable mode for Delta of Sweden at that time.

However, by using only agents could not provide them a huge succeed according to the limitation of marketing capability of both the agents and company’s owner. Thus, when the company wanted to increase sales volumes and have a better growth, they needed a professional team to support. As mentioned earlier by Jonas that both of them are not good at marketing works and lack of knowledge and interest to deal with marketing problems. Regarding to the benefits of licensing that licensors can gain income from the license fee while the licensee has a right to have their own operation (Doole & Lowe, 2008). Therefore, by selling license to a professional marketing distributor like Spin Master is the appropriate foreign market entry mode for Delta of Sweden. As previously mentioned to the lack of knowledge and interest in marketing by Jonas that ‘this is influence in my decision very much as it is easier to give away this part to someone and give them the economic
compensation. It makes thing easier for me not to deal with it because my lack of understand and my lack of heart in it’.

According to Jonas’s statement, it is interesting to notice that not only financial problem that concerned on how Born Globals select the foreign market entry mode. But the most important factor is the preference of the entrepreneur/company’s owner to choose the best suit mode that fit to their firm resource and in this case is human resource. As it can be noticed regarding to the answer from Jonas and Staffan that it took 8-9 years for them to make a decision for selling licensing to Spin Master even they received contact from this company many times. The reason is both of them were afraid that the licensee might have different perspective in working on the same product. So they still preferred to manage marketing works by themselves. As mentioned by Staffan that; ‘At the beginning, we were just afraid of loosing control for our product because we and marketing people may have different goal on the same product’.

Besides the company’s owner, another significant factor that influence to the selection of foreign market entry mode of Delta of Sweden is firm’s network. As previous discussed that firm firsts build up their international contacts through domestic contacts Wernerfelt (1984). From the empirical data, it showed that the local Swedish school-toy supplier played an important role not only gave Jonas and Staffan the idea to develop the innovative product. But they were the first firm’s network that introduced their product to the international markets and especially suggested them to attend Nuremberg International Toy Fair. And from the connection of one local supplier, finally that domestic contact brought Delta of Sweden to the internationalization rapidly. This evident confirmed the study’s result of Sharma and Blomstermo (2003) that network ties have significant influence to the firm internationalization process since the selection of foreign market entry mode. Therefore, the study results of Delta of Sweden support the studies from Jones (2005), Susman (2007), Jansson (2007), Prashantham (2008) that have similar conclusion that most firms select the entry mode that corresponds not only to their product type but their firms’ resources.

5.1.3 Firm resources, competitive advantage and internationalization of Born Globals

As presented in empirical chapter, the key resources that Delta of Sweden used for start up and develop the product were the combination of all firm resources. Each firm resource contributes and supports each other to the internationalization process and also creates competitive advantage to Born Globals during the internationalization. To gain competitive advantage according to Barney (1991), firm needs to apply a value creating strategy which is
clarified as ‘exploiting internal strengths, though responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses’. From the empirical data, we found out that firm’s behavior and performance of Delta of Sweden is in accordance with the concept of competitive advantage.

At first, Jonas and Staffan realized that their strength is the skill and knowledge in creating innovative product (Delta Sand). So they exploited and utilized that strength to respond the external opportunity (demand for sand toy globally) while they ignored the external threats (such as national boundary) to enter each country step by step but see the whole world as one market. At the same time, they avoided their weakness in marketing by selling license to the right partners (Spin Master and Waba Fun) in order to help them solve their marketing problems.

Additionally, when we link back to the theory of competitive advantage, especially the real competitive advantage based on Papulova and Papulova (2006) who stated that the real competitive advantage is achieved when the companies can satisfy the customers’ needs more effectively than their competitors and also if the real value is added. The results from empirical data show us that what make Delta of Sweden gain competitive advantage during their internationalization is responding to the customer’s demand and increase value for their customers. The statement from Jonas gave us the clear answer to our research question concerned firm’s competitive advantage; ‘We showed up our product to the (international) markets earlier than the time we should because it was the way to get feedback from the customers. And once they are a part of our product development, it is very interesting because they buy the concept of the product because they feel they are a part of it. So what we have done is defining the need, develop the product and improve the product based on our customer’s feedback’.

However, as also mentioned by Jonas, and the same answer with Staffan that, besides innovativeness part of their product, Delta of Sweden probably cannot come to this high success without the right partners. The statement that confirm how important to have the right partner from Jonas saying that ‘Spin master is very unique in the way they are [...] if it is another company, I’m not so sure whether it can be the same success’. The reason is for a small company like Delta of Sweden, not only to be able to sell their product when entering international market, but it is important to be able to compete with other international companies and sustain in the markets (Jonas).

Therefore, competitive advantage is required to always focus in the high global situation and the future’s growth. Regarding to Jonas, their significant competitive advantage over their competitors is ‘having the right matrix of combination between the right strategic partnership and product innovation’. This matrix shows that Delta of Sweden gained
competitive advantage during their internationalization by utilizing the strength of firm’s resources (specifically from human resources) and using that strength to exploit the opportunity to find the right partnership to fulfill their weakness.

Moreover, with the insistence from Staffan, he believes that the company and their product can maintain sustainable competitive advantage in the global market, according to his opinion; ‘Yes, definitely! It (Delta Sand) has been in the market for a long time as Delta sand has been changing on its way – both in education market and toy market. Now we have more material which is Moon Dough – it is light material. This one has the biggest chance to be in the market for a long time which we call it an ‘Ever Green’ brand. It means it could be in the market forever. I’m sure it will stay stable in the market for a long time’. Therefore, once they will never stop developing the product which is a unique and innovative one and always add value for their customers, there is high possibility that the company and their products will be sustain in the international markets for a long time according to their firm’s competitive advantage.
5.2 DD Company

Based on the presented definition of Born Global, DD Company is considered as a Born Global firm as it had intention to go to international market from its inception and it went to the first market within 5 years from its establishment. DD Company with its main product of PAL Original has been presenting on the market for nearly 10 years. In order to survive on the market, both domestic and international one, DD Company has overcome several challenges. One of the challenges is managing firm resources to grow, especially in international markets. Resources based view will be the main focus to analyse DD Company’s resources and how they go internationally.

5.2.1. Firm resources

Barney (1991) and Wickham (2006) criticized on firm’s internal resources. Human resource, financial resource and operating resource are found as significant impacts on operation of small firms. As DD Company is still a small company, constraint issue in mentioned resources will be taken into consideration (Corman, 1996, Al-Qirim, 2004 & Wenk, 2005)

5.2.1.1 Human resources

Concerning to small business, human resource takes a significant role as it impacts to all functions of business (McShane, 1995; Bratton & Gold, 2001; & Wickham, 2006). Entrepreneur and networking appear as significant factors which affect to effectiveness and efficiency of firm, Born Global especially is.

- Entrepreneur

Davidsson (1989), Carsar (2004) and Kolvereid & Bullvag (1996) highlighted the importance of entrepreneur himself in a new venture. During the inception of firm DD Company was established by two football professionals who have passion for football. According to the firm owner, passion for football was the main force that drove them to innovate PAL Original and establish DD Company. Besides the passion for work, it will be uncompleted to not mention competencies of entrepreneurs. Working as football trainers, it helped them to understand the need of football players. In reality, the idea of inventing PAL Original comes from football players whom they were working with. However, turning from an idea into a product, there should be a distance. Capability of entrepreneurs has fulfilled the distance. Together with knowledge in football field, background in engineering allowed Dan to turn his capability of technical skills, designing product, understanding needs of football players into innovative product while with family business background, Daniel helped with other parts of business. Furthermore, the owner of company emphasizes
prominence of entrepreneurs’ combination from the business starting point which is not found in any research.

At the business’s start-up, Daniel was still young with full of passion and energy while Dan was much older with experience had benefited them on the one hand, creating the reliability on customer’s mind by Dan’s experience and look; on the other hand, giving an impression of “can do” attitude from Daniel’s energy. Besides, the difference in study background allows them to support each other’s deficiency to achieve organizational goals. As said by owner of company “it was a very good mix [...] when we worked together it was very good and it is a part of our success outside the country too” (Daniel).

At the beginning of business establishment, DD Company’ owners decided to operate their own production. Moreover, most of established resources were not gathered from external sources due to the effects of entrepreneur’s growing environment. As mentioned by Daniel, he was growing up in a family business where his grandfather and parents did start their own business by themselves. This is found as in contrast with Mc Dougall et al. (1994) who stated Born Global entrepreneur is more attracted in finding and combining resources from different markets during its inception.

In addition, the importance of entrepreneur is not only shown through the inception but also the development of firm. With the competencies in training from both entrepreneurs, it allows DD Company to expand its business into cooperation with big brand name in event management. This new business field not only helps the firm to improve its sales revenue but also builds image and develops customer’s awareness for PAL Original. However, even operating on the market nearly 10 years, company size increased in term of employee number only one personnel. As presented in empirical data, they just recruited the sales manager two years ago. It seems as there is very little expansion in DD Company. Addressing to this concern, as both of company owners have other official jobs to work on, they are lack of concentration for DD Company. It is one of reasons that make DD could not take off.

Additional to causes that slow down company development, it is capability of entrepreneur to connect to the right person and gather needed resources. Capability is divided into three main types, technological, financial and networking (Chen, Zou & Wang, 2009). They have technological capability with evidence of releasing PAL Original. However, capabilities of acquiring needed financial resources and right networks to access to business opportunity are still in question mark. As mentioned by company manager, Daniel, they did have intention to grow but as they did not manage their initial financial resource well by investing almost fund in production, they later faced the lack in finance when it came to business development. Therefore, they could not make it.

According to Evald et al. (2011), beside the entrepreneur’s capability, educational level, networks and experience of entrepreneur also should be taken into consideration. As
mentioned on empirical data, none of them had business background, what they have is sport education which limits their ability to think out of box and somehow limits the skills in capturing needed resources; ‘From my family, they started everything by themselves without any help from government or someone else. So I believed that I should do everything by myself’ (Daniel).

Through almost ten years since its establishment, there is still no formal Human Resource (HR) Department in DD Company which verified to various scholars’ statement. Small enterprise often does not have formal HR department or formal HR policy system. Additional to informal HR department, due to the newness and smallness, small company is facing challenge in recruiting new person (Cardon & Stevens, 2004). As mentioned by the sales manager, there is a lack of human resource which leads him to work over 100% of his capability. They therefore recruit for new person but still in processing of finding the right one who has competencies and fits to organizational culture.

➢ Networking

As working in football industry, Daniel and Dan have built relations with not only football players but also football professionals which are considered as initial resources for them. As mentioned by Boe (1995), network is process of building and nurturing both personal and professional relationships to obtain mutual benefits. In particularly, Dubini and Aldrich (1991) and Aldrich and Zimmer (1986) emphasized on the importance of personal networks of owners and how they manage these networks in new venture company. It is very true in case of DD Company. Through working in football association, they had very good relationship with football players and experts. During the pre-inception of DD Company, this relationship turned to be a critical resource for them. With the helps from football players and experts, Daniel and Dan were able to test and develop PAL Original.

In addition, it also helped DD Company to find its clients. Working for Swedish football association, it does not only help them to gain their training skills and get to know football professional, but also to get connection and access to football clubs within Sweden and also abroad. As said by owner of company, training expertise together with football clubs’ connection, they went to several football clubs to train football players there, with PAL Original. Training football players with PAL Original is still on-going job task as they consider it is opportunity for them not only to earn income from training but also to introduce their product and improve customers’ awareness.

As mentioned in empirical data, through marketing tools as word of mouth, social marketing and other, PAL Original was known by their clients in Italy, Spain and other markets. On the other word, it can be said marketing tools take part in expanding DD Company’s network. However, there is a limitation in research on how marketing tools affect to expansion of network. Then again, looking through achievement of DD Company, it is obviously to see
after 8 years of operation, even there is achievement in market expansion, there is very little significant improvement in term of both company size and revenue. They are still struggling with the question of how to increase sales volume. Sirec and Bradac (2009) addressed for this issue by expressing difficulties of network management in small company. In the similar opinion, Zaheer and Bell (2005) also respond to this concern by deploying network capability to improve performance by using internal strength to quickly access to business opportunities.

5.2.1.2 Financial resources
According to Rea and Kerzner (1997) and Wickham (2006), financial resources refer to cash and ability of firm to generate cash from investor and banker. In specifically, Winborg and Landstrom (2001) expressed difficulty of generating cash in small business. Financial resources seem to be always deficient in DD Company. There was a lack of financial resources from its inception which is shown by DD Company could not do any marketing campaign and even it had intention to go abroad but they could not make it. Financial issue continuously makes a pressure on DD Company’s operation. As mentioned by the sales director of company, the sales volume is very low which limits capital circle speed. Company therefore does not have enough funds to run other activities like marketing campaign, advertising to improve it sales volume. Mentioning by the sales manager, he currently is chasing small football clubs in Sweden by direct sales to gain the sales volume. It implies as he is working over his 100% capacity.

This is repeated as a circle, they could not get out of it, except there is an additional fund. This is proved for Winborg and Landstrom (2001) who expressed financial gap of catching opportunity and ability to acquiring needed financial resources as critical issue for small business. According to Winborg and Landstrom (2001), the reason that company cannot fulfill the gap is lack of experience in dealing with external financiers. Also, as stated by Wickham (2006) ‘all financial resource has its cost’ (p. 257), from the inception, as lacking fund, it borrowed money from the bank. It implies that they have to pay a certain interest rate to the bank and bank had somehow control over company operation. As mentioned by its manager, they had intention to go abroad from the beginning of establishment but when proposed to the bank, they could not get admission to get additional fund as the bank was dare of possible risks. Recently, they are considering of selling part of DD Company to its investor to get fund for further development. To obtain this additional fund, certainly, the control over its operation will be shrinking. Getting investors involved in its operation is taking into consideration. This verifies for statement of Wickham (2006).

5.2.1.3 Operating resource
At the start-up, DD Company chose to operate its own production. Operating production was in reality costly at that time. Beside the investment from two owners, they even had to ask for a bank loan from the bank. Due to operating its own production, DD Company was lack of financial resources to do marketing campaign and be limited in its activities. At the time
of need in develop business; DD Company could not make it. This is right, according to Wickham (2006) who stated operating resources are not easy to be converted into money. Coming up the decision of huge investment in operating resources, it is still considered as the right decision which helps DD Company to ensure its product quality. It brings about product competitive advantage in later stage. Nearly 10 years of operation, there is no customer complaint so far.

DD Company is currently focusing on its sales to gain sales volume which show there are still spaces in their production capacity. In accordance with Wickham (2006), entrepreneur should consider the balance between operating capacity and sales forecast in order to ensure company runs efficiently.

5.2.1.4 Competitive advantages

Numerous kinds of firm resource are presented but not all of them can be converted into firm competitive advantage as according to Barney (1991), firm resource needs to have special characteristics of valuable, rare, imperfectly imitable, and substitutable to attain competitive advantage. As previously mentioned, PAL Original is an innovative product that opens new philosophy in football industry. This helps DD Company has first-mover advantage on the market. In additional, as mentioned by its company owner ‘there is a secret in the product’ which prevents others to copy its product. Besides, DD Company on-going protects its product right all over the world. The fact shows that over 8 years of operation, several PAL Originals were sold, no direct competitor is found and PAL Original is still a unique product on the market. According to Barney (1991) who stated first-mover advantage and immobility barriers to entry as grounds of firm competitive advantage, it can be said product itself, PAL Original is sustainable competitive advantage of DD Company.

In addition to the firm competitive advantage, it cannot deny that the role of entrepreneurs with their competent training skill is very important to DD Company. As training football skill is very distinctive skill which not anyone can do it, it makes DD Company differentiate from other. As mentioned by the manager, other company has to put efforts in presenting product and then product order will come later which is different from DD Company, it can gain revenue through both selling and presenting PAL Original. Besides, the relationship with football experts during its pre-inception and later development is not the resource that anyone can access it. Indeed, the competence in football training and networks has helped firm attain competitive advantage.

5.2.2 Internationalization

It is interesting that with very little of preparation, DD Company has been in various markets which is in contrast with Hollensen (2007) who emphasized role of advance preparation in internationalization’s success. The more interesting is to deploy how company gets to know
and engages to its international markets.

5.2.2.1 Internationalization model
With the confidence on its innovative product, DD Company intended to go to international market from the very beginning of its establishment. In place of developing a firmed domestic market then going to foreign market, they did expect to be in international market early to take the first-mover competitive advantage. However, financial issue had slow down the firm internationalization process. After four years, they got the first chance in international market. Until now, even there is very slightly change in company size, they present in various markets. As agreed by numerous researchers, it can be said DD Company is a Born Global Company.

5.2.2.2 Internationalization motives
With confidence in its product, DD Company did have intention to go abroad during its inception. In accordance with Albaum et al. (2005), DD Company had international proactive motive from the beginning of the establishment. However, due to the lack in financial resource, its international intention cannot not go with action, it took four years for company to go to the first market. According to the owner of DD Company, internationalization of DD was described as “lucky shots”. It was alerted of international market by direct contact from its clients. In point of fact, entering Italy, Spain or UK market did not come from company market research, company strategy or they foreseeing specific international market opportunity. It can be said going international markets, DD Company totally depends on unsolicited inquires. Unsolicited inquiries are direct orders which come from marketing tools through word of mouth, exhibition, or social marketing or other (Albaum et al., 2005). In reality, the first international opportunity of DD Company came from purchaser’s direct contact as he got to know DD’s product through a radio talk. The second international market also came from direct contact. And even the client that brings reputation to DD Company, Barcelona FC also directly contacted the company.

As mentioned, they do consider how small of their domestic Swedish market is and how large of football equipment market is but due to financial deficiency, they decided to put more efforts on domestics market. They believed working hard on domestic market would help them to gather necessary fund to go internationally. It seems like their domestic market is a tough market “just sell product of 8000-9000 SEK, might be, we have to work for years”. This is why DD Company recently is urging to go to international. They are planning to get investors in for further development of company. Obviously, DD Company passively reacted to external opportunity which is proved for Albaum et al. (2005), internationalization motive can be reactive.

5.2.2.3 Firm resources and internationalization process
Due to limitation in financial and human resources which were presented, DD Company passively goes internationally by using agency. According to Doole and Lowe (2008), agent
belongs to direct export category and acts as behalf of exporter to take order on product and also takes market risk if product is unsold. By using agency, they are able to minimize financial and operational risks. Besides, they also have chance to be presented in multiple markets. However, using agency, it limits their control over agency’s operation which affects to their long-term strategy. It is recommended DD to take this issue into account, if they want to grow for long-term.

5.2.3 Resources, competitive advantage and internationalization

A thought is raised, what made DD Company so specially to get awareness from its clients. The answer of course was neither marketing campaign nor networking as DD Company did not have fund to work on marketing and as mentioned, its networking also was limited due to small size of company. It was product itself. As described, PAL Original is an innovative product with very high quality which addresses football player’s desired needs and brings about a new philosophy to football field. This explains why international clients continuously contact for PAL Original. Also owner of company reconfirmed competitive advantage of its product; he also considers the product itself is more famous than the name of PAL Original or DD Company. In additional, quality of PAL Original is proved as through nearly 10 years, company did not receive any complaint about the product from domestic as well as international market. Obviously, innovative product has become sustainable competitive advantage of DD Company.

On the other hand, company owners did recognize its competitive advantage in product but why they did not use its benefit and chose to go internationally? Why they waited for four years? Mentioning by Daniel, as they did recognize that they did not have enough resources, especially human and financial resource to make it happen, they decided to wait. This proved for Dana (2006) who highlighted it is noteworthy for organizational manager to consider the availability of resources before going to foreign market. In addition to Dana, Cavusgil and Knight (2009) suggested to take both intangible and tangible resources into consideration. The most critical concern in tangible resource that company is facing is financial. Currently, as presented, financial issue still put a pressure on DD Company. Due to the lack in finance, they have decided to review on its strategy, slow down the internationalization and focus on main markets, including Swedish market. Furthermore, agreed by various scholars, managing international networks should be put more efforts as it would help firm to overcome challenges and back to the development.
5.3 Angela Alexandersson AB

There is no doubt to state A&A Company is a Born Global Company as it went internationally nearly right away after its inception. Even presenting on the market less than two years, it has presented in many markets. It has motivated us to know how it processing during its internationalization with very limited resources at hand.

5.3.1 Firm resources

At the time of establishing A&A Company, Angela only had passion for fashion with her. Along with the passion, it is crucial to get into detail of firm resources and how they are used on the resource based perspective. Firm internal resources are criticized by Barney (1991) and Wickham (2006). They found out human resource, financial resource and operating resource take significant role in the small firm’s operation. This will be applied to A&A Company case as it is still a very small company.

5.3.1.1 Human resource

In A&A Company, as there is only one member - the owner, it is obviously that main human resource is only entrepreneur which is Angela herself.

- Entrepreneur

With fashion background, Angela is the competence of the company. Her idea, her creation, her capability to turn idea into product, her experience and networks directly affects to company operation. This proves for various authors who emphasized importance of entrepreneur herself to new established company. However, under the topic of entrepreneur capability, it is developed into capabilities of technology, finance and networking (Chen et al., 2009). Capabilities of technology can be described as innovative capacity. Due to special features of fashion industry, in each fashion season, Angela needs to be innovative to release product that not only fit to customer but also catch the trend, somehow have to be ahead of fashion trend. Moreover, Angela was very clear on her vision and action. She understood with only passion, she could not make business, she need to have skills. With a strong direction, Angela did show her preparation during the pre-inception by attending two fashion schools and one business course which are essential and benefit to her desire business. Besides, over fifty fashion shows gave her real experience which enhances possibility to turn ideas into reality.

During the inception of A&A Company, benefits from relationship with SciencePark, it gave
Angela access to resources that she needed such as place to innovate her product, business networks, job coaching and others. This demonstrates for Evald et al. (2011) who determine entrepreneur’s capability, education, experience and network as essential factors to the development of company, particularly international expansion. So, instead of developing her own production, Angela was seeking for international benefits from the very beginning. She outsourced the production to save production cost and operating expenses. This verifies for McDougall et al. (1994) who remarked Born Global Entrepreneur is more interested in seeking for benefits and advantages of international market from its inception.

The fact shows that with advantage of outsourcing, she went to international market very soon after the establishment. Certainly, going international in the very stage, it was also from the intention of company owner. Link to the cause of this intention, Kundu and Katz (2003) argued entrepreneur with international experience is more likely going to foreign market from the very early stage of its establishment. In reality, Angela originally came from Columbia and went to Sweden from her very early age which implies she already had international experience.

However, Angela is struggling with financial issue. There is a lack of finance to run her business. Currently, to solve financial issue, she is meeting with investors and trying to get them involved in her business. In relation with Barney (1991) and Shelton (2005), Angela is in process of performing her capability to acquire needed financial resource. Pressingly, she is the only owner of company who decides which resource should be use, in which situation and who the only one is responsible for A&A Company. In additional, as working alone, Angela is facing difficulties in the fields that she is not familiar with, marketing, sales, finance and operation. In accordance to Cardon and Stevens (2004), for further development, Angela will face problem in recruiting new person into the company.

Networking

Networking is divided into personal network and organizational network (Andersson & Wictor, 2003). Particularly, Aldrich and Zimmer (1986); Dubini and Aldrich (1991) and Evald, Klyver & Christensen (2011) agreed and expressed on importance of personal entrepreneur’s networks and how he manage them on international new venture firm. This is shown obviously through the growth of A&A Company.

During the beginning of company establishment, through her own personal network, Angela got contact with suppliers in Bangladesh and Turkey. This is resource that helps her having advantage over other firms. By using outsourcing, instead of putting efforts and investment in setting up production, she focuses on the main works of designing and managing company. During the operation of company, as mentioned, she got a lot of supports from friends in direction of business and other marketing activities. This proved for agreement among Dubini & Aldrich (1991), Aldrich & Zimmer (1986) and Evald et al. (2011), personal
networking of entrepreneur is essential aspect for small and new companies.

During working process, she has built relationship with SciencePark, Exportadet, and KA. Through these networks, she is seeking for helps and has gotten supports in selling, retailing her product, gains market knowledge and networking to develop her retail chain system. As mentioned by Angela, through SciencePark, she got supports in several ways from the inception of company. Through SciencePark, she got to know Exportadet who helps her in progressing company to a new stage by opening to new relationship, expanding product in more retail stores and even expanding product to foreign markets. Through Exportadet, she got to know KA of Sweden who has similar business like hers, where she gets supports in operation and other business related issues. It can be said KA of Sweden plays a significant role not only in operation but also development of A&A Company.

As presented on empirical data, international strategy of A&A totally depends on KA of Sweden’s network. Each market A&A goes, it is present market of KA of Sweden. Besides, as mentioned by Angela, she is talking with KA of Sweden’s owner on daily basic to get consultant and business advices which implies that KA of Sweden influences to the operation of A&A Company. Indeed, Angela is in process of building her professional networks toward future development which significantly impact to business of new venture (Sirec & Bradac, 2009). Therefore, the entrepreneur’s networks appear to be a significant impact to the A&A Company, from its inception until present.

5.3.1.2 Financial resource

At the inception of company, financial resource was not the critical issue in A&A Company due to small production. However, financial issue becomes more and more important through business process. Recently, it is a significant issue in A&A Company. As mentioned by Rea and Kerzner (1997), financial resources are not only how much fund company has, but also the firm capability to generate and accumulate needed funds to chase its business objective. However, as Born Global firm often is small company, financial issue seems to be more significant which is in accordance with Winborg and Landstrom (2001).

According to Angela, the lack in finance was the main cause that drove A&A Company to depend on KA of Sweden in expanding its international retailer chain. Due to financial lack, they could not operate its own retailer chain. Replacing, they cooperate with KA of Sweden, study from KA of Sweden’s experience. However, this highly dependence raises an issue of addressing differences in strategies between two companies. Mentioning in empirical data, following KA’s target market without making any consideration about A&A’s product, agency in Finland targeted wrong market for A&A Company which leads to redo in marketing segmentation recently. However, there is very little research on dependence of firm on specific network and its effects.

As said by Angela, movement of fund seems to be the current biggest issue which leads to
inappropriate business process. Even products are sold out, revenue still has not come back to company after three months. It therefore is lack of fund to buy resources to run next collection. Working on this issue, Angela is trying to get more investors into company. However, it is important to consider that borrowing fund is not always right, it will affect to the whole operation as mentioned by Wickham (2006) ‘All financial resources have a cost’ (p. 257).

5.3.1.3 Operating resources
Outsourcing for production, Angela has avoided investment risk of operating resources. This is true, according to Wickham (2006) who suggested small and new company should rent operating resources. However, coming up to the question of sustainable development, and controlling over its production, owning production should be taken into consideration together with sales forecast.

5.3.1.4 Competitive advantages
According to Barney (1991), not any resource can help firm to attain competitive advantage. The higher possibility shows when resources contain characteristic of valuable, rare, imperfectly imitable and substitutable. Various kinds of firm resource were presented but entrepreneur and network are noticeable as significant factors that bring about benefits to the firm in both domestic and international market. However, working in fashion industry, it requires designers to be innovative to be differentiated from others and to take customer’s attention. It can be said the designer is who the one decides the first-mover competitive advantage as being ahead of fashion trend. As mentioned, Angela is the competency of A&A Company who responsible for designing product, style of product and also managing company. She is unique as human being who brings value to the organization. Based on Barney (1991), it can be said Angela herself, the entrepreneur is the competitive advantage of A&A Company.

In addition, even presenting on the market in very short time, A&A Company has shown very good development. She has achieved The New Incubation of the year by SciencePark. In order to achieve this reward with very limited resources, it obviously showed that Angela made use and managed the networks very well. Through networks, she was able to expand her business, especially international market. Along with it, she was also able to saving a huge investment in production cost and operational expense. Without a doubt, the competitive advantage was attained through networking. Regarding sustainable competitive advantage, as A&A Company just has been on the market for two years and there is no proper achievement so far, it is hard to state whether its competitive advantage can be attained to be sustainable.
5.3.2 Internationalization

Replacing going internationalization by accumulating market knowledge and step by step, A&A Company went to international market almost immediately from its inception. It is interesting to get in-depth in its internationalization process.

5.3.2.1 International Models

Less than one year of establishment, A&A Company has been in international markets. Based on presented definition on Born Global from various scholars, definitely A&A Company is a Born Global Company. Instead of going to international market stage by stage as presented by Johanson & Vahlne, 1977, Angela intended to be international very early from its inception. As presented, A&A was seeking for foreign market benefits from its establishment by outsourcing her production. Continuously, she immediately looked for international opportunity as she described Swedish market is too small and she believed that her product can be saleable in international markets. Through networking with KA of Sweden, she made it. This proved for Hollesen (2007) who emphasized ability of Born Global entrepreneurial owner in seeking for the right partner to complement the firm’s competencies.

5.3.2.2 International motives

It is obviously to see the international intention of the entrepreneur from the very beginning of the inception. Angela actively took the initiation to exploit international challenges. The reason might be she was born in Columbia, internationally which helps her to have broader international mindset (Albaum et al., 2005). Another driving force that she strongly believed in her product which giving people a unique style can be success in international market. This is constant to Knight and Cavusgil (2004) and Albaum et al. (2005) who emphasized internationally proactive motive from product competence. Furthermore, through networks with KA of Sweden who has been in many international markets, she got to know and contact with their retailer system. It can be said having advantage in international market knowledge did motivate her in the international decision making.

Nevertheless, it is undeniable to identify the main motive that she wanted to gain profit and achieve economies of scale. Moreover, as mentioned by Angela, as Swedish market is too small while just having a look outside, it is also market. It is also one of factors that drove her to go internationally early. In accordance to Albaum et al. (2005), small domestic market is considered as an international reactive motive. Hence, obviously to see A&A Company went to international market by both proactive and reactive motive. Albaum et al. (2005) explained these proactive motives as seeking for unique product advantage, market knowledge advantage, foreign market opportunities and economies of scales while small domestic market also drive company to go internationally in its early stage. However, it
seems proactive motive is in excess over reactive motive.

**5.3.2.3 Modes of foreign market entry**

As presented, A&A Company is run by only one person which is its owner. Running company by her own, Angela has to consider her company resources before each international decision. By using agent, she has solved the gap of international expansion and the lack in financial resource and human resource. In accordance with Doole and Lowe (2008), using agency would help firm to minimize financial as well as operational risk and expense.

Still, finding the right agency is a timely and costly task. Based on retailer system of KA of Sweden, she was able to go to international markets at the cheapest cost. As mentioned in empirical data, international retailer system and even international expansion strategy of A&A entirely depends on KA of Sweden’s. A concern is raised whether and when A&A can stand independently.

**5.3.3 Firm resources, competitive advantage and internationalization**

There is a definite linkage among firm resources, competitive advantage and the internationalization of A&A Company. By making use the best of resources to create value, additional with the appropriate business strategy, A&A Company is able to be in international market from the very early stage. A&A Company is a very new and small company which is struggling with financial issue in its operation and lack of other resources in the international development. This proves for various authors who stated resource takes an important role in the internationalization of firm. Undeniably that A&A Company has managed to use its limited resources in efficient way.

Obviously, in A&A Company, entrepreneur herself is the only one brings value to the organization by designing product, combining resources and deciding its direction. It can be said she is the competitive advantage of A&A Company. Additionally, concerning to the role of entrepreneur, with international experience and strong self-capability confidence, Angela leads A&A Company went internationally very early. It is in consistent with numerous researchers who put emphasis on entrepreneur’s international experience and self-efficacy toward intention of going to foreign markets.

Furthermore, as A&A Company’ international markets are influenced and determined by KA of Sweden, relationship with KA of Sweden plays a significant role in its internationalization. Through KA of Sweden, A&A Company gets to know retailers not only in Sweden but also abroad. On the other word, network with KA of Sweden brings a great value to this company and can be considered as company competitive advantage. This is agreed by Sharma and Blomstermo (2003), Andersson and Svensson (2009) who gave emphasis to importance of entrepreneur’s network on Born Global firm’s internationalization. However, as presented on
empirical data, A&A Company is still struggling in foreign markets, both in Finland and Germany. Addressing this problem, Cavusgil and Knight (2009) expressed Born Global Company survives and thrives in competitive market by applying a unique of managerial and intangible resources.

After the within-case analysis for each company, it is interesting to find out the similarities and differences among these three Born Globals especially how each firm resource contributes to the stage of firm’s establishment and internationalization. These two stages also play an important role to the success or failure of the firms. Therefore, to make a cross-case analysis among these Born Globals can provide us a fruitful results and information and also can validate the proposed theories and previous studies. The discussion will be divided by topics as follow;

**5.4 Cross-case analysis**

**5.4.1 The roles of firm resources to firm’s establishment: The comparison among three Swedish Born Globals**

Table 5.1 The comparison of the roles of firm resources to firm’s establishment

<table>
<thead>
<tr>
<th></th>
<th>Delta of Sweden</th>
<th>DD Company</th>
<th>Angela Alexandersson</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human Resource</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Entrepreneur</td>
<td>Very important</td>
<td>Very important</td>
<td>Very important</td>
</tr>
<tr>
<td>- Network</td>
<td>Important</td>
<td>Important</td>
<td>Very important</td>
</tr>
<tr>
<td>- Personal network</td>
<td>Important</td>
<td>Important</td>
<td>Very important</td>
</tr>
<tr>
<td>- Firm’s network</td>
<td>Less important</td>
<td>Less important</td>
<td>Important</td>
</tr>
<tr>
<td><strong>Financial Resource</strong></td>
<td>Importan</td>
<td>Very important</td>
<td>Very important</td>
</tr>
<tr>
<td><strong>Operating Resource</strong></td>
<td>Less important</td>
<td>Less important</td>
<td>Less important</td>
</tr>
<tr>
<td><strong>Firm’s establishment</strong></td>
<td>Half year after product development/ Had order before start up</td>
<td>Two year after product development/ Take time to introduce product and get first order</td>
<td>Immediately due to the finished/design products on hand</td>
</tr>
</tbody>
</table>

The theory of firm resources from Penrose (1959), Wernerfelt (1984), Barney (1991) and Wicknam (2006) gave us the understanding of how important each firm resource contributes to Born Global firms. The empirical data presented that each firm resource has it roles at the start up stage for each company differently. The above summary table presents that **Human**
resource has an important role to all three Born Globals’ establishment. The main reason is that all three firms are small companies which all firms’ function and strategy rely very much on the company’s owner (entrepreneur). The most important factor that all three firms were started neither from financial nor operating resource but human resource which was entrepreneurs themselves. The idea, intention, knowledge, skill, experience and all capability of entrepreneur is the main contribution to the firm’s establishment.

Jonas and Staffan dedicated both their time and effort combined with their skill and knowledge of invention and engineering to develop innovative toy sand product for Delta of Sweden. Dan and Daniel spent many years to design and develop the outstanding personal football training equipment. Without the professional knowledge and experience of being a football coach for many years, PAL original was impossible to become a unique product for many famous football teams internationally. Angela went to many fashion schools and gained lots of organizing fashion show experiences. Also adding more business knowledge by studying entrepreneur course in order to gain enough knowledge to found up own boutique and fashion company.

The result is consistent with the study from Evald et al. (2011) that refer to the entrepreneur’s intention, Shepherd, Krueger and Norris (2002) believe in the capability of entrepreneur and Tversky and Kahneman (1974), McDougall, Shane and Oviatt, (1994), and Blomstermo et al. (2004) those focus in entrepreneur’s experience. However, when network is discussed, there is a need entrepreneur’s personal network rather than firm’s network at the establishment stage. As it is in accordance with the study by Coviello (2006) that entrepreneurs use their personal network as a bridge to the needed-resources which is also refer to the similar researches by Dubini and Aldrich (1991), Aldrich and Zimmer (1986) and Evald et al. (2011).

The comparison obviously shows that without human resource – at this stage only refer to entrepreneurs of the Bon Globals, all three companies were unable to pass the stage of firm’s establishment. Even human resource had the same important role to all of them. However, there were some different among those entrepreneur that lead to the different success of the establishment. After the analysis, we found out that there is some socio-demographic of entrepreneur at the time of found up company had affected not only to the early stage but the future growth and success of the company. Not many researches have focused the socio-demographic miscellaneous factors of the entrepreneur for example; age, marital status, the amount of other jobs and vision of entrepreneur at the establishment stage is very important to overall success of each Born Globals.
We have realized from the empirical data that the younger entrepreneur start up their company, the easier and faster they can grow and succeed. Compared to Dan who started up DD company at 50 years old, have family and kids and also worked with other jobs at the same time when he found his company with Daniel, while Jonas, Staffan and Angela started up their companies immediately after finished school at the age of early twenty years old. Therefore, the energy and focus to the company’s growth and success that Dan had at the establishment was different from Jonas, Staffan and Angela. We do consider this factor had affected to the company direction, development and future success.

Moreover, we also find out that entrepreneur’s vision is also very important, especially to fulfill the weakness of the company. Delta of Sweden realized that they are not good at working for marketing so they decided to give this job to a professional marketing people like Spin Master and WABA Fun who brought their products internationally with a huge success. Angela had no marketing experience so she had to rely on KA of Sweden who could give her some advice and help her for distribution channels and also the opportunities to enter to new international markets.

While Dan and Daniel who were full of football knowledge and creative ideas in designing the training equipment, however they lack of marketing knowledge and experience. This is accordant to the study from Kundu and Katz (2003) who suggested to the influent of education background of entrepreneur to the firm’s growth. Instead of finding a good partner to work to solve their marketing problem, with the limited financial resource, Dan solved the problem by hiring Marten Andersson who is keen and good at football knowledge, as he previously was a football player but had no marketing educational background or marketing experience, to work at the position of sales manager for them. Therefore, Marten needed to learn everything from the beginning without any mentor to coach or structure him at the first time. And that could be the reasons why it took long time for DD Company to be able to grow in the international markets rapidly as they have expected.

Finally, the advantages of being a small firm make the decision process easier and faster compared to large companies. Moreover, an in-depth analysis gives us a new knowledge of the benefit of founding a company with two owners – which it is find out that there is a lack of research study in this area. Jonas and Staffan have the same educational background but they have different characteristics and interest towards the works in the company. These advantages could help them to divide the responsible jobs in the company, discuss to the company problems with different perspective and that help them to find the most suitable solution for the company. Dan and Daniel have the same knowledge of being professional football coaches but with the different age when they established a company gave them a
balance and fulfill the weaknesses for each other. Compared to Angela who had to managed everything by herself at the start up stage and that could created some problem due to sometimes she cannot see what need to be improved and how to find the solution for her company only from her perspective.

5.4.2 The roles of firm resources to firm competitive advantage: The comparison among three Swedish Born Globals

Table 5.2 The comparison of the roles of firm resources to firm’s competitive advantage

<table>
<thead>
<tr>
<th></th>
<th>Delta of Sweden</th>
<th>DD Company</th>
<th>Angela Alexandersson</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human Resource</strong></td>
<td>Very important</td>
<td>Very important</td>
<td>Very important</td>
</tr>
<tr>
<td><strong>Financial Resource</strong></td>
<td>Less important</td>
<td>Less important</td>
<td>Less important</td>
</tr>
<tr>
<td><strong>Operating Resource</strong></td>
<td>Less important</td>
<td>Less important</td>
<td>Less important</td>
</tr>
<tr>
<td><strong>Competitive Advantage</strong></td>
<td>Combination of firm resources &amp; Rareness/Value-add</td>
<td>First- mover/Rareness</td>
<td>Value – add</td>
</tr>
</tbody>
</table>

Firm competitive advantage, as discussed in the theoretical chapter and within-case analysis mainly based on Barney (1991) and Newberg (2008) drawn us to the comparison’s result that innovativeness, rareness, value and uniqueness of firm resources, which lead to the innovate product, has significant roles to firm competitive advantage of all three Born Globals. From the empirical analysis, all three products; Delta sand, PAL Original and Carrasso are unique and innovative products that were developed by entrepreneur - human resource’s knowledge and capability. Therefore, financial resource and operating resource has lesser role to firm competitive advantage due to money and operating resource is something that other firm can imitate and compete with them. The competitors can build the same size of factory and have the same operating equipment but they cannot have the same skill, knowledge, experience, creativeness, ambition, passion, and importantly strong networks as almost entrepreneurs from our cases have. This conclusion leads back to the statement by Dev et al. (in Verma, 2011) and strongly supports that ‘specific knowledge and capacity as valuable, unique and hard-to-imitate resources’ that create competitive advantage and distinguish the firm from the competitors.

Thus, the competitive advantage that all three companies have is consistent with the theory from Barney (1991) to the antecedents of competitive advantage which is from the internal (certain valuable and unique) firms specific resources and capabilities that are not available with their competitors. However, we also gain more practical knowledge from the cases that only the uniqueness and innovativeness from the product side cannot creates the strong and
real competitive advantage without adding its value for their customers. Hence, we do agree with the study from Papulova and Papulova (2006) that a company can reach to the real competitive advantage by understanding and being close to customers, in particular understanding their perception of value, providing a commitment to quality, ensuring a high level of all-round service and speeding reaction to opportunity and threats.

We can say that even though all three companies have gained competitive advantage, however, what we can see from the empirical data is that they have different level of achieving these criteria. Delta of Sweden always keeps in mind that the important part in product development is customer’s feedback and to follow up to solve the customer’s problem and demand. As they have realized the reasons of losing customers before. So they can ensure that the product are created and increased value for their customers. DD Company also spent time with some of the customers (famous football team) after to selling the products to, not only to promote their product but to listen to customer’s feedback.

However, according to the limited time from the other jobs they have, so some customer’s feedback have not yet solved for example a suggestion for a PAL Original’s manual (Daniel). Angela who is very new to the markets and needs for the distribution channels from KA of Sweden. Most of agents and distributors are not under her control so there is a gap between the customers and the company. Therefore, to gain competitive advantage Angela needs to ensure that she can receive the customer’s feedback directly so she could develop her product that can respond to the demand and at the same time adding value for her customers.

5.4.3 The roles of firm resources to firm’s internationalization: The comparison among three Swedish Born Globals

The contributions of firm resources to firm’s internationalization obviously present that firm resources play significant roles in determining the internationalization model and process in all of firms - Delta of Sweden, DD and A&A Company. As presented, all of these firms are defined as Born Globals which implies that they actively seek for international opportunity from the very early stage of their establishment. Regarding to the above analysis, Delta of Sweden and A&A Company went international right away from their inceptions while DD Company took a longer time but still in early stage of its establishment. Making Decision for firm’s internationalization, the entrepreneur himself/herself played a massive role. Intention, background, experience, skills and networks of entrepreneur appeared to have significant influences to the internationalization. It is found out in common for internationalization motive that entrepreneur directly affects to firm decision in going international. Particularly, the combination of entrepreneurs’ intention and network was highlighted as important factors especially to the cases of Delta of Sweden and A & A, while the entrepreneur of DD Company had lesser role for their internationalization.
Table 5.3 The comparison of the roles of firm resources to firm’s internationalization

<table>
<thead>
<tr>
<th>Internationalization</th>
<th>Company</th>
<th>Scheme</th>
<th>Human Resource</th>
<th>Financial Resource</th>
<th>Operating Resource</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motives</td>
<td>Delta of Sweden</td>
<td>Proactive</td>
<td>Very important</td>
<td>Less important</td>
<td>Less important</td>
</tr>
<tr>
<td></td>
<td>DD Company</td>
<td>Proactive &amp; Reactive</td>
<td>Very important</td>
<td>Very important</td>
<td>Important</td>
</tr>
<tr>
<td></td>
<td>A&amp;A Company</td>
<td>Proactive</td>
<td>Very important</td>
<td>Very important</td>
<td>Less important</td>
</tr>
<tr>
<td>Entry Mode</td>
<td>Delta of Sweden</td>
<td>Agent &amp; Licensing</td>
<td>Very important</td>
<td>Important</td>
<td>Less important</td>
</tr>
<tr>
<td></td>
<td>DD Company</td>
<td>Agent</td>
<td>Very important</td>
<td>Very important</td>
<td>Important</td>
</tr>
<tr>
<td></td>
<td>A&amp;A Company</td>
<td>Agent</td>
<td>Very important</td>
<td>Very important</td>
<td>Less important</td>
</tr>
<tr>
<td>Patterns</td>
<td>Delta of Sweden</td>
<td>Mass markets</td>
<td>Very important</td>
<td>Less important</td>
<td>Less important</td>
</tr>
<tr>
<td></td>
<td>DD Company</td>
<td>Mass markets (Passive)</td>
<td>Very important</td>
<td>Very important</td>
<td>Important</td>
</tr>
<tr>
<td></td>
<td>A&amp;A Company</td>
<td>Selected markets (Dependant)</td>
<td>Very important</td>
<td>Very important</td>
<td>Less important</td>
</tr>
</tbody>
</table>

Besides, to mention about Born Globals, it would be insufficient if the firm’s size is not discussed. Obviously, there are very few people within Delta of Sweden, DD and A&A Company. With the lack in human resource, all of them chose to use agency as the foreign entry mode. However, they are different in the way of using agency. While DD Company was luckily offered a chance from their international agents, A&A Company entirely depended on its network’s retailer system and followed it. Exceptionally, Delta of Sweden had an innovative way of going international. Noticeably, understanding its business as well as lack in human resource skills, Delta of Sweden divided their business into separated fields and applied agent and licensing for each business field. By using licensing, it helps company not only to take off but also to focus on their main strong point of innovating and producing products.

Consequently, besides the effects of human resource on firm’s internationalization, it is found out in general, financial resource is a critical issue for Born Global Companies. The lack of financial resource did not allow them to go to international market directly. Addressing financial resource issue, they are using agent as the main foreign entry mode. It is shown more obviously in the case of DD and A&A Company. The lack in financial resource drove direction of internationalization motive in DD Company, from proactive to reactive motive. Financial deficiency was a main obstacle that slowed down the internationalization process for DD Company, plus the entrepreneur’s network was not so
strong to find financial support besides borrowing from a bank. Hence, it took four year for the first foreign market for them.

Continuously, they are narrowing down their market segmentation to be more focus and save expense. A&A Company is another case that is facing a massively financial problem. Almost of Angela’s sales is stuck in retailers, she is lacking of fund to run the next fashion season which directly affects to the daily operation. As presented, lack of fund drove Angela to depend on KA of Sweden in retailing her product. On the one hand, it has helped her to expand the domestic as well as international market. On the other hand, this strong dependence also is a risk for A&A Company in the further development. Remarkably, the deficiency in financial resource seemed not a big problem in the internationalization for Delta of Sweden. Several causes are found to explain for this exception.

First of all, it dues to the way Delta of Sweden chose their business ground. It was found as low-cost production cost, additional with the huge margin between production cost and selling price which allow them to produce products in approximately no cost and have high return on investment. Secondly, as the main targeted market is toy market which is taken by its licensing partner, Spin Master, they do not need to concern with marketing or selling product or expenses related to those activities. These advantages help them to overcome the financial challenge that Born Global Company normally faces.

Lastly, operating resource is not considered as a direct linkage to internationalization of Born Global Firm. However, it indirectly affects to the speed of firm’s internationalization. As operating resource includes production machinery, office equipment, raw materials, storage facilities and others which directly affects to product’s quality and links to customer satisfaction rate. The importance of operating resource is highlighted in DD Company which is not because of operating resource takes more important role in DD Company than others. The main purpose of this highlight is to question entrepreneur’s capability in distributing fund into different resources to achieve business objective. As owners of DD Company invested and focused too much on the production which negatively affected to later development of company. To conclude, we can say human resource and financial resource play significant role in the internationalization of Born Global Company.

After within-case/ individual case and cross-case analysis, we found out the method that Born Global companies using to gain competitive advantages from its resources is divided into two stages, establishment and internationalization stage which is presented in below figure. During the establishment stage, human resource with especially, entrepreneur role and network take a significant role while financial and operating resource are considered not so important. However, in the later stage of internationalization when firm resource is turned in competitive advantage, while the role of human resource remains, financial resource plays more important roles. The significant influence to internationalization motive is from entrepreneurs and the networking has crucial role to the choice of foreign market entry.
modes. Besides, the combinations of all firm resources are considered as significant influence to the firm competitive advantage. Again, human resource - entrepreneur with his/her ability- know what resource to select, utilize and how to combine the specific firm resources in an innovative way to gain competitive advantage in the international markets.

**Born Globals**

![Diagram of Born Globals model]

**Figure 5.1 New conceptualized model** - The key firm resources to Born Globals’ establishment, competitive advantage and Internationalization
Chapter 6 Conclusion

This chapter will give the conclusion to the research questions in order to ensure the thesis’s purpose is achieved. Moreover, research contribution and implication, the limitation of the study and future research suggestions will also be discussed.

6.1 Conclusions

The phenomenon of the ability to go international since inception of Born Globals brought us the curiosity to investigate the answers. The Resource-based View (RBV) from Wernerfelt (1984) and Barney (1991) gave us a clue to the answers. Nevertheless, the existing theories cannot provide us the in-depth specific answers to the key firm resources, not only to ‘what’ the key firm resources that bring Born Globals internationalize since theirs founding are but also to ‘what roles’ those resources play in the establishment and internationalization process. Especially, to answer the question of the roles of firm resources those play in Born Globals’ competitiveness even with the limited firm resources. Therefore, the real case studies of Born Globals were chosen to find the in-depth answers.

The finding from empirical data shows us the results that all three Swedish Born Globals enabled to go international since their founding because of three main key firm resources those are – entrepreneur, network and innovativeness (skill and knowledge that creates unique product) which all of them are under human resource. Noticeably, these key factors are originated from entrepreneur him/herself. The results prove that entrepreneur is the most influent and powerful resource that can indicate the direction of the firm whether or not, when and how the firm should go international. This conclusion can be drawn from the different success of the three Born Globals firms in the way that each firm’s owner set the goal and structure strategic plan differently. The analysis allows us to have the in-depth conclusion of the reason each entrepreneur set the goal and plan differently which is from the firm resources they have at hand. Their ambition, skills and background knowledge and personal networks are also influent to their decisions, not only for firm’s establishment and internationalization, also the company’s growth and development.

It is also found out that, even though network plays an important role to both Born Globals establishment and internationalization. However, there is the different of network level for these two stages. At the establishment stage; entrepreneur’s personal network is a vital
factor for Born Globals as same as entrepreneur’s capability – financial and operating resources are not very difficult to find if the entrepreneur has high ability and good network. While at the internationalization stage, firm’s network plays more important role than personal network due to most network are from company’s contact rather than personal contact. Thus, it can be concluded that at the start up stage, by using entrepreneur’s capability and personal network, Born Globals gain an easier way to find financial and operating resource. And at the internationalization stage, by using entrepreneur’s capability, firm’s network and plus a must of innovative product can bring them internationalize almost as same as their establishment stage. Noticeably, financial and operating resources play more important roles at the internationalization than the establishment regarding to the need to respond for international markets demands and the ability to compete with other companies in foreign markets

Notwithstanding that, in general, most Born Globals have similar characteristics; however, we found out that there are some differences among them which are influenced by many factors both internally and externally to their internationalization. The significant differences that presents in this study are; Internationalization motive - based on the study’s results, the antecedent is from entrepreneur. It is concluded that the earlier the owner decide to go international, the faster they can achieve it. Moreover, the chosen foreign market entry mode and the pattern of internationalization among Born Globals are also different. And the antecedent that we can summarize is also from the different level of how much entrepreneur intend to go international, how strong the network they have and how innovative or unique their product is.

Additionally, these all three main factors also lead us to the conclusion that the ability to gain competitive advantage during the internationalization process is also from human resource. And, based on our case studies those are Born Globals specifically focus at small-size enterprises which the employee of the company basically is the entrepreneur themselves. Therefore, again that entrepreneur of Born Global firms is the key factor to lead and ensure that the company could gain competitive advantage during the internationalization.

The concept of competitive advantage from Barney (1991) can support us to conclude the answer to the question of how Born Globals gain competitive advantage during their internationalization. We can summarize base on the empirical data that all three Born Globals company gain competitive advantage by finding out their strength that respond the
international demand, then combining and utilizing those strength resources to help them exploiting an opportunity to fulfil their limited resources. At the same time, they always ensure that they have the product which is unique compared to their competitors and always respond to customer’s demand in order to add more value of the products for them. Therefore, by these key firm resources and this process, a small firm with limited resources so-called Born Globals can go international since their inceptions and be able to compete with larger companies in international market and also gain competitive advantage at the same time.

Nevertheless, regarding to our analysis, we – as researchers for this thesis; consider that there are some weaknesses that each company may take into consideration in order to improve their performance and to have a better growth. For **DD Company**, we believe that if DD Company has a clear goal and vision together with well marketing plan with professional marketing people. They can have a better sales volume and well known globally than current situation. We consider that PAL original is very unique and innovative product which most of football team and football players are very satisfied with the product and its quality. And we do believe that this is a very innovative niche product that can be sold internationally, regarding to the popularity of football, to mass markets with a huge sales volume. However, as both Dan and Daniel have other works besides owning DD Company, they should consult with a professional marketing team to help them for marketing works instead of finding an agent by themselves. With the limited financial resource, we suggest them to consider finding a professional marketing company as a partner that they could have mutual benefit and could increase their sales volume in the international markets. This could be a better solution for them.

As same as **Angela Alexandersson AB**, with the limitation of financial and human resource at the current situation, we agree that Angela still need to rely on KA of Sweden for the supporting at distribution channels in international markets. However, taking the initiation in analyzing own product strengths and weaknesses together with analyzing KA of Sweden’s current markets for the most feasible ones is a good way to speed up her internationalization. Also, the feedback from international markets can help A&A for further development. However, we also do recommend her to search for other partners to expand more opportunity for her products in international markets. At the same time, by using the benefits of country of origin, Angela may build up her product’s image in Swedish market, this strategy would help A&A Company goes international more efficiently with her stronger image as many companies have done successfully. For **Delta of Sweden**, even they already have high growth performance with a huge sales volume each year regarding to the never-ending product development. We do believe that if the company still remain their strategy that focus at innovative product and improve the product regarding to the customer’s feedback. **Delta of**
Sweden and their product can be sustained in the international market for a long time. However, as the revenue of company is mainly from Spin Master, so to keep searching for a new partner and new market could be another strategy for them in case if the product becomes mature and they also will not only rely on one partner for a whole toy market.

6.2 Contributions and implications

According to the research in the area of Born Globals towards the phenomenon of going international since inception, especially the ability to gain competitive advantage with limited resources during their internationalization is still insufficient. Thus, the results of this study can contribute to the academic implication as it can provide knowledge of Born Globals in relation to the roles of firm resources to its establishment, competitive advantage and internationalization. Moreover, we aim to contribute the study results to the practical implication, also the possibility to provide knowledge to those who own a small company and intend to go international despite of limited firm resources.

6.3 Future research suggestions

Even though we tried to cover most important firm resources to discuss, however there are some interesting findings from the study that we cannot discuss in-depth regarding to the limitation of theoretical framework which is the socio-demography of the Born Global firm’s owner. According to the different of age, social status and educational background of each company’s owner when they started up the company are different. We assume that these factors can influence and lead to the results of having different goal and focus to the company’s growth and success. For example – whether or not entrepreneur who starts up the company at the young age without married and family can have more energy and focus to their companies than one who has family or many works to focus.

Moreover, the case studies are only based on Swedish Born Globals which the influent from external factors also affect to the entrepreneur decision and firm’s behaviour for example - the support from government that can fulfil the limitation of internal firm resources. Regarding to our empirical data, in case that entrepreneur or company’s owner is lack of knowledge, network or financial resource, they can always find the support from government organization such as SciencePark, CONNECT and Exportrådet (Swedish Trade Council). There is also the possibility that a new firm can ask for supporting fund if they are lack of start-up financial resource which is possibly different from other countries especially Born Globals from developing countries. Thus, future research that aims to focus on these limitations will be very fruitful to both practical and academic contribution and implication.
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Appendix: Interview Guide

The purpose of our thesis is to gain more understanding and knowledge towards the role of firm resources that play in Born Globals’ establishment, internationalization and competitiveness.

(Regarding to the answers from the interview will be used and analyzed together with the theory. Therefore, tape record permission is required before conducting the interview.)

Theme A: The interviewee’s information and background

1. Could you please introduce yourself? (about your background and the position you work at this company)

Theme B: The company story (Resource based-view)

2. We would like to know about the company’s establishment, from the idea to start up this company;
   - How did you develop idea to be your product?
   - What were the resources that you used in developing your product?
   - From your point of view, what was the most important resource for starting up the company? Why it was?

3. What was the problem of start up this company at the early stage? Why? How did you solve it?
   - What about the current situation of the company? Is the same problem still happen? Is there any other problem? How do you solve it?

4. What is the product of the company? (If more than one, which one is the main product and why it is?)
   - What was the problem of developing the product at the early stage? Why? How did you solve it?

Theme C: Internationalization (Internationalization Motive, Foreign market entry modes and Internationalization Model)

5. Why did you decide to sell this product in foreign markets?
6. Where was the first foreign market? Why was it?
7. How did you enter that market? (and also other markets if more than one). Why did you select to enter the market that way?
8. Who is the main target market for the product? Why do you choose this group as your target market?

Theme E: Competitive Advantage

9. Who are the main competitors? Why are they?
10. What are your strength and weaknesses compared to your competitors? Why are they?
11. What would you say is your strengths (of your product and your company) that contribute to your firm’s competitiveness?
12. What is your main strategy to compete with your competitors in foreign markets? Why do you choose that strategy?
13. From the previous question of the competitive advantage for your product? Do you think it can be sustainable in that market?
   - If yes, how it can be sustained?
   - If not, do you plan to make it be sustainable and how?
14. Do you think what could be the obstacle that the company will face in the near future? And how do you plan to overcome it?