Born Globals

Rapid International Growth in New Ventures

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“As a world continues to change and we become more connected to each other, globalization will bring both benefits and disruptions to our lives. But either way, it’s here, and it’s not going away. We can try to build walls around us, and we can look inward, and we can respond by being frightened and angry about those disruptions. But that’s not what we’re about” (Rogak, 2008, p. 63).

Barack Obama in his own words
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Abstract

The traditional theories developed by Johanson and Vahlne (1977, 1990) and other researchers of internationalisation have long been questioned because of the fast-changing environment and deregulations. In particular, for Born Global firms, namely a company that has achieved a foreign sales volume of at least 25% within three years of its inception and that seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries (Andersson and Wictor, 2003, p. 254), it is a question of surviving by establishing in many markets in a short period of time.

This thesis summarises five papers. Paper 1 showed that the CEO’s perception and the fast-changing environment push small firms to internationalise and that younger CEOs have an important role in expanding the firm. This is often because of their experiences accumulated in the organisation over time or because the entrepreneur has been exposed to the international arena and information technologies, which can explain why some small firms continue to expand their international activities.

The conceptual framework in paper 2 comprises four factors that influence Born Global firms: entrepreneurs, networks, industry and globalisation. To succeed in establishing a global firm it is important to have certain resources, such as an entrepreneur with international experience and strong networks. A Born Global entrepreneur is distinguished by his interest and motivation to do business abroad and his vision for the future.

Paper 3 focuses on the importance of Born Globals’ foreign market channel strategies. The decision to establish a new market is of great importance for the long-term survival of the company. In this comparative case study, four companies that display different foreign entry modes are compared. We found that these companies had very different market channel strategies even though they internationalised rapidly.

Paper 4 is a study of four companies that indicates that their CEOs are active and involved in making strategic decisions in all parts of a Born Global firm’s value chain activities. Decisions on localisation and outsourcing are influenced by the entrepreneur’s definition of his firm’s core competencies. However, factors outside the firm are also an influence: potential suppliers, outsourcing of manufacturing and potential partners in distribution, especially relating to the rise of new emerging markets (e.g. China). The importance of coordinating value chain activities also influences the localisation of different activities. Entrepreneurs aim to arrange value-creating networks to secure their core manufacturing processes and close relations with local suppliers when they outsource products. In such a case, the entrepreneur can be seen as an orchestrator in a virtual organisation. The ‘global factory’ concept can be adjusted to fit locally for a Born Global company and its environment.

Paper 5 focuses on a Born Global company’s way to grow and is a longitudinal study of a company over 17 years (1990–2007) and its development in the different stages in the growth/life-cycle curve. From inception, the vision is already strong to go global. During the above period, the founder, external CEO I and CEO II were interviewed to assess what characterises the different stages of growth over time compared with the growth/life-cycle model of Smallbone and Wyer (2006). The company is still growing and very entrepreneurial. The leadership has changed from a deciding style to a more coaching way of leading. The management and organisation have changed to be more professionalised and team-oriented over
Entrepreneurial teams have also become more and more important for transferring knowledge to individuals in the organisation.

The traditional models of Johanson and Vahlne (1977, 1990) point out that learning at an organisational level is a main factor in international development over time. However, a way to speed up the development of Born Global firms is entrepreneurial background with long experience and different knowledge serving his vision for the company. Nevertheless, the knowledge transfer from the entrepreneur and his team to the organisation is important. Knight and Cavusgil (2004, p. 137) find that “Born Globals pose an important new challenge to traditional views on the internationalization of the firm”.

Johanson and Vahlne (2003) study what happens in companies because of rapid changes in the environment. They suggest that the Uppsala model is still valid, but that the early stage of a firm’s internationalisation is important to study. Organisational learning is carried out at an individual and an entrepreneurial level. Johanson and Vahlne (1977) focus on the importance of the people working in a market and their learning. In their latest published article by Schweizer et al. (2010, pp. 368–369), they argue that “it is the liability of outsidership rather than the liability of foreignness that gives rise to internationalization difficulties. Outsidership implies that the firm is not a member of relevant networks. Internationalization can be seen then as taking steps to become an insider in relevant networks in focal foreign markets … In their last study it emphasizes the entrepreneurial facets of a firm’s internationalization process”. The above-defined background of the entrepreneur, his entrepreneurial way of working and his experience from former jobs also means that he already has the networks necessary for international expansion.

The entrepreneur and his team in a Born Global company must from the beginning have the capability and knowledge of the environment and market in a country to establish in the new market as well as the understanding of how to manage the company and organisation. If they do not have this knowledge, they must have a network from which to extract this information. The entrepreneur has to be strongly involved in building and sustaining relationships with both customers and suppliers. In the organisation, he also has to build a powerful culture with decentralisation and empowered employees. The leadership in these companies is charismatic, employees are empowered in their jobs and the teams are entrepreneurial. Employees are therefore also allowed to make their own decisions within certain limits.

Networks are important to overcome “perceived barriers on cultural and regulatory issues, those associated with locating partners, plus other matters deemed important to specific management teams” (Crick, 2009, p. 466). Coviello and Cox (2006) find that a company’s network is a resource when it is working with acquisitions and important recruitments. For companies growing over many years such as the Rubber Company studied herein, networks change and the chairman’s networks can be of great importance when core individuals should be recruited as an important part of the company’s strategies.

Keywords: Born Global, internationalisation, entrepreneur, network, vision, value chain, growth, management, leadership, entrepreneurial teams
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Part I Cover story
1. Introduction

1.1 The Phenomenon Born Global

In modern society, the interest in SMEs (small and medium-sized enterprises) has increased. Many people hope that it will lead to more jobs. In different studies, greater interest has been shown for these companies and their possibilities of internationalising (Andersson, 2000; Bell, 1995). “The Born Globals are known to be entrepreneurial and international in their business dealings” (Gabrielsson et al., 2008, p. 386).

Earlier research discussed new technological development in communication and logistics, the globalisation of market demand and market strategies (see Andersson, 1996). This development also creates new conditions for smaller companies. However, there are a lot of problems left such as language, culture and different types of market channels in different countries (Andersson, 2000). Andersson (2000) suggests that the individual entrepreneur’s actions are important for smaller companies’ internationalisation strategies. The importance of the entrepreneur for understanding the development of Born Global firms is in line with many other studies (Rennie, 1993; McDougall et al., 1994; Knight and Cavusgil, 1996; Madsen and Servais, 1997; McAuley, 1999).

Different factors in globalisation have affected smaller companies’ internationalisation and motivated them to go abroad. Some barriers have decreased (fewer customs controls, better communication and standardisation and rapid changes in the environment), which have influenced the internationalisation process for smaller companies. The establishment began earlier than before (Nummela et al., 2003; Knight, 2001; Fletcher, 2000). According to Verdier et al. (2010, p. 21), the speed of the establishment is central: “The increased level of globalization in many industries may further lessen the perceived risk of entering foreign markets and partly explains the observed increase in the speed of internationalization”.

For many years, it was natural to first target the domestic market (Lindmark et al., 1994) and then internationalise gradually to culturally similar nearby countries. This development has earlier been explained through the Uppsala model (Johanson and Vahlne, 1977, 1990). This model starts from the point that the company has no organised exports and gradually establishes new markets through agents/distributors. This leads to the establishment of subsidiaries and after that to producing in a respective country (Johanson and Wiedersheim-Paul, 1975). With the decrease in customs controls and with our entry into the Common Market, the conditions for many companies, especially new start-ups, have changed. Knight and Cavusgil (2004) find that “youth and lack of experience, as well a paucity of financial, human, and tangible resources, are no longer major impediments to the large-scale internationalization and global success of the firm. Companies that possess the characteristics and capabilities described in this study can and do internationalize early, and succeed in international markets. Managers at Born Globals begin with a global vision, and devise a collection of capabilities at the strategy and organizational – culture levels of the firm that give rise to early adoption of internationalization and success in a broad range of foreign markets. Born Globals acquire a substantial, fundamental base of international experience and knowledge that traditional MNEs typically have taken longer to acquire. In this sense, Born Globals pose an important new challenge to traditional views on the internationalization of the firm” (p. 137).
This applies especially to those companies that have unique products that address niche markets. To succeed, it is required to establish a market quickly and in certain situations in many markets at the same time (Andersson and Wictor, 2003). For many smaller companies, this is a suitable strategy to internationalise at an early stage (Madsen and Servais, 1997). Later studies show that many entrepreneurs internationalise their companies from the start (Rennie, 1993; Knight and Cavusgil, 1996; Madsen and Servais, 1997). In these companies, the entrepreneur and managerial group are important for the formation of company strategy (Andersson, 2000). Some researchers consider the individual characteristics of the entrepreneur to be very important (Gartner, 1989), but others highlight the individual entrepreneur’s personal network (Johannisson, 1994a).

Johannisson and Mönsted (1997) point out the importance of both social and business-like aspects in networks. However, some companies have been started even though the entrepreneur had no access to international networks (Rasmussen et al., 2000). Born Global companies can be found in different industries. The national origin of the company no longer matters, while the characteristics of the industry matters for the company’s international development. This influences company behaviour. Innovative firms have a global focus (Boter and Holmquist, 1996). Spender (1989) suggests that innovative firms try to develop niche markets to be able to act in their own ways.

Early internationalisation has for many companies been a positive way of developing the enterprise (Madsen and Servais, 1997). Several studies have shown that some companies’ international behaviour does not follow the pattern suggested by the Uppsala model; see Knight and Cavusgil (1996); Lindqvist (1997); Madsen and Servais (1997); McAuley (1999); McDougall et al. (1994); Oviatt and McDougall (1994) and Wolff and Pett (2000). One of the first studies in this area was by McKinsey in Australia (Rennie, 1993). In that report, Born Globals as a concept was defined. Born Global companies were characterised according to Rennie (1993) as follows:

- They exported at least 25% of their production and started exporting no later than two years after their inception
- The management looked on the world as one market
- Companies were relatively small with a turnover under $100 million
- The main part of Born Global companies was created by active entrepreneurs and was mainly based on a technical breakthrough
- They applied leading-edge technology either in manufacturing or in the way that they were doing business
- The products that Born Global companies offered were mainly addressed to other companies

The environment changed during the 1990s to a world with new communication possibilities such as the Internet, cheaper transportation and lower customs duties. This made it possible, especially for smaller firms with niche products, to target the global market. In these firms, the entrepreneur played a more central role. Today, it is fully possible for a firm with a “simple production” and not leading-edge technology to move abroad if it is working with an interesting business concept. I suggest through my studies in this area that the main criteria in the definition by Rennie (1993) are “the world as one market” and “companies were created by active entrepreneurs”.

Other conceptions that have been used to describe the same phenomenon by other researchers are “international new ventures (INVs)” (McDougall et al., 1994) and “instant exporters” (McAuley, 1999). Madsen and Servais (1997) study the same phenomenon. Countries with
smaller domestic markets have better conditions to be a domicile for Born Globals. In their Danish study, Madsen and Servais (1997) show that not only can high technology companies be international at an early stage, but so can companies from other industries. They maintain that this is based on country size. In countries with large domestic markets, there is a great demand for a high level of technology to become a Born Global company. Their attitude is supported by McAuley (1999), who shows that craftsmen from Scotland are Born Globals. The characteristic of the industry influences the firm’s internationalisation process (Boter and Holmquist, 1996).

Madsen and Servais (1997) verify that a segmentation of the conception “internationalisation” would be fruitful. This means that studying different types of internationalisation processes as separate phenomena. They suggest that different theories should be combined to increase the understanding of internationalisation. Research until now has principally described the traditional models in this area, which cannot be applied in a satisfactory way to understand the phenomenon. The research suggests different areas of theory for closer study, such as entrepreneurial theory and network and institutional theory.

Rasmussen (2002) discusses Born Global companies in Denmark. In his study, 488 production companies were chosen with between 10 and 249 employees. Of these, 398 were independent. Altogether, 205 companies exported and 144 were Born Global companies according to the definition used. Even if the situation may be different in Denmark compared with Sweden, it is an increasing phenomenon in many countries. According to Rasmussen et al. (2000), you have to select central parts in the internationalisation process, which focus strongly on what happens before the foundation of the company and on the entrepreneur. The entrepreneur in a Born Global company is a person with a strong background and with a lot of experience. He or she takes advantage of this knowledge to build a model of how the business should be arranged, how different markets must be established and how the organisation may look. Rasmussen et al. (2000) focus much on the “pre-organisation” stage. Further, Johanson and Vahlne (2003) point out the importance of studying the early stage of the internationalisation process in even more detail compared with the Uppsala model.

Many other researchers and practitioners have found that global competition and rapid technological development force companies to speed up internationalisation. Oviatt and McDougall (1994), Bell (1995) and Coviello and Munro (1997) state that you have to study networks and networking to understand a company’s speedy internationalisation. Further, Etemad (1999) suggests that a short product development cycle does not necessarily to expand to as many markets as possible during a short time. This situation requires new strategies, alliances and networks. Spence (2003) finds that networks are important in connection with internationalisation.

The internationalisation process in smaller companies starts earlier than before, especially if they work in a niche market because of changes in the environment (Nummela et al., 2003; Knight, 2001; Fletcher, 2000). In addition, through reinforced competition they receive reduced possibilities to control their own development (Nummela et al., 2003; Etemad et al., 2001). For a smaller company, it is today possible to move abroad without having a lot of resources. However, such companies must then have an entrepreneur with a strong vision and the capabilities to do so (Knight and Cavusgil, 2004). According to Knight and Cavusgil (2004, p. 137) “the traditional view of the large multinational corporation as the dominant international form might well be evolving. Born Globals are emerging in substantial numbers worldwide, and likely reflect an emergent paradigm, with the potential to become a leading species in the ecosystem of international trade”.
Nummela (2003) finds that decision-making is important in Born Globals, while Spence (2003) explains that both external and personal networks have become even more important. Researchers are interested in the founding process (Rasmussen et al., 2000, 2001; Evangelista, 2003) and the founder’s vision (Nummela, 2002; Spence, 2003). In accordance with Kuivalainen et al. (2002), changes in the environment should also be taken into consideration.

According to Zahra (2005, p. 22), “INVs possess very different types of competitive advantage” and “these insights and arguments have responded to extended Casson’s (1982) early work, which suggested a need to consider firms’ entrepreneurial characteristics when discussing internationalisation”. Zahra (2005, p. 27) concludes that Oviatt and McDougall (1994) focused on the “interest for in understanding the factors that lead to the early internationalisation of younger firms, how these ventures create and protect their competitive advantages, and how INCs configure their value chain to attain flexibility while building strong and profitable competitive positions”.

In relation to the Uppsala School, Johanson and Vahlne (2003) point out that the entrepreneur is important in companies and needs to be studied further. According to Andersson and Florén (2009), the entrepreneurs in Born Global companies take decisions and delegate to others. The Uppsala process model and Born Global companies’ development was formulated by Aspelund et al. (2007, p. 1432): “The stage models seem to represent only one possible pattern of becoming international and they should therefore be rejected as general models of observable or manifest internationalisation processes”.

For a Born Global company, it is important to succeed in many markets, to control the business and to find new effective solutions concerning manufacturing, purchasing, marketing, logistics and organisation. The entrepreneur has an important role in these companies. It is for him important to have motivated and organised employees. When the entrepreneur develops the company after some years he may be interested in decreasing his workload. In this study, I aim to expand earlier research by focusing on factors that are important to understand Born Globals’ rapid international growth. These include how the value chain is handled in these companies, growth development over time and understanding the entrepreneur, management and organisation. To my knowledge, these aspects of Born Globals have not been studied in depth before. The concept of the global factory may also be useful to apply in these companies. Little research has been done in these areas. For companies, there will also be some practical new knowledge to consider for their own businesses. This leads to the following research question:

Which factors influence rapid international growth and how do these factors affect Born Globals?

The main aim in this thesis is to describe and explain how different factors influence the rapid international growth of Born Global firms.

1.2 Definitions of the Born Global Concept

This phenomenon has been researched under different concepts, such as Born Globals, INVs and global start-ups (Knight and Cavusgil, 2005). Other keywords associated with the phenomenon are international entrepreneurship and early, rapid or accelerated internationalisation (Rialp et al., 2005). However, one of the most used definitions is Born Globals, which will be used in this study.
Several definitions have been used over time. Rennie (1993) carried out a McKinsey study of Australian high-value-added manufacturing exporters and found among them a number of SMEs that had succeeded in competing from inception with established global players. These companies had not been established gradually in the international market according to Johanson and Vahlne (1977, 1990). On the contrary, they were ‘born global’.

It is therefore important to define what a Born Global company is. One definition used by Knight (1997) is firms established after 1976, with foreign sales accounting for 25% or more after having started export activities within three years of their inception. Madsen and Servais (1997) use the same definition in their study of Born Globals.

Oviatt and McDougall (1994, p. 49) define an INV as "a business organisation that, from inception, seeks to derive significant comparative advantages from the use of resources and the sales of outputs in multiple countries”. They also categorise four types of INVs:

1. New International Market Makers divided into a) Export/Import Start-ups (companies focusing on serving a few nations where the entrepreneur has good contacts) and b) Multinational Traders (firms that serve many countries and are always looking for new business opportunities and where networks are established and or can easily be set up).

2. Geographically focused start-ups: their advantage is to meet the special needs of a particular region. “They differ from the Multinational Trader in that they are geographically restricted to the location of the specialized need, and more than just the activities of inbound and outbound logistics are coordinated” (ibid., p. 58).

3. Global start-ups. These are the most radical manifestation of INVs because they derive “significant competitive advantage from extensive coordination among multiple organizational activities, the locations of which are geographically unlimited. Such firms not only respond to globalizing markets, but also proactively act on opportunities to acquire resources and sell outputs wherever in the world they have the greatest value” (ibid., p. 59).

Kuivalainen et al. (2007, p. 254) discuss the definitions of Born Globals. They use as a starting point the following: “Rapidly internationalized firms (within three years from the foundation) with a high share of foreign sales out of the total turnover (more than 25%)”. They also suggest that there are different types of Born Global firms: “The ‘born-international pathway’ (exporting only to close markets with an export ratio close the arbitrary 25% cut-off rate) and those on the ‘true born-global pathway’”. However, they also claim that the definition of Born Globals needs to be researched further.

Granitsky (1989, p. 50) uses the concept of innate exporters. Such firms can “a) Overcome the hurdles and challenges of both starting new ventures and exporting, b) Understand trends affecting foreign market opportunities, national comparative advantages, and industry competitive forces, [and] c) Design and implement international strategies that both shape and strengthen their comparative advantages and overcome their distinct weaknesses and hurdles”.

Jolly et al. (1992) state that high technology start-ups are formed by founders/entrepreneurs and that they follow a strategy for niche markets.

Bell et al. (2001, p. 173) discuss Born-again global as an extension to the Born Global phenomenon. For Born Globals “the main source of competitive advantage is often related to a more sophisticated knowledge base that they use to exploit the dynamics of an increasingly global market environment. This contribution posits that there is growing evidence of another
phenomenon that of the emergence of ‘born-again’ firms. These are firms that have been well established in their domestic markets, with apparently no great motivation to internationalise, but which have suddenly embraced rapid and dedicated internationalisation. The underlying motivations and triggers leading to such a strategy are explored and illustrated through a number of case studies”.

For this study, I have chosen to use the definition provided by Andersson and Wictor (2003, p. 7), which is influenced by Knight and Cavusgil (1996) and Oviatt and McDougall (1994):

“A Born Global is a company that has achieved a foreign sales volume of at least 25% within three years of its inception and that seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries”.

This definition has been adjusted to fit the context of many companies in Sweden. For many companies, it is important that sales to multiple countries are included in the definition so that the investigation is meaningful in its own environment. This definition builds on the fact that the Born Global company is operating in multiple countries. We have from the beginning seen the development of the Born Global company as a process starting with the entrepreneur’s strong vision to internationalise and in accordance with his mind-set. In other words, the entrepreneur starts with a vision that the company should go abroad because he sees a market there or because he is forced to since the product is a niche product and the domestic market is too small.

The classification of SMEs by the European Commission (2003) is companies from 10 employees (annual turnover of €2 million) to 250 employees (annual turnover of €50 million). These companies have different situations when going abroad to different counties. Some companies only go to Denmark. Is that a Born Global company? Some stay in the European Union and some only go to the US. Others target the global market. I suggest that we have to be careful when using different definitions. The definition I have proposed has to be complemented with more information about the company and about how it has handled its situation. In many situations, the term “INVs” could be even better. However, I suggest that the definition used in this study stands for the entrepreneur and the management team behind him. The most important view is that the entrepreneur and management team are influenced by the vision to go abroad shortly after their company’s inception.

1.3 The Structure of the Thesis

This thesis is divided into two main parts: the introduction to the theory on Born Globals and the five papers appended. I first examined the existing literature on internationalisation and Born Globals. After that, I interviewed some entrepreneurs/CEOs. The new knowledge in this area has formed new studies over time. My studies have taken place over a long time and the papers have also been written accordingly. This has given me the possibility to develop in relation to each paper. Over time, the experience has led to new learning and to the concluding remarks and some indication about future research.
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2. Earlier research on the internationalisation process

The Uppsala model of internationalisation (Johanson and Vahlne, 1977, 1990) is one of the best-known models about a company’s early internationalisation. This model builds on Penrose’s (1959) Theory of the Growth of the Firm and Cyert and March’s (1963) Behavioral Theory of the Firm. Johanson and Vahlne’s model (1977, 1990) is used as a background for my work, but I also focus on what happens internally later on in the company. Some researchers question today the Uppsala model for use with rapidly growing smaller globalised firms.

2.1 The Uppsala Model of Internationalisation

The Uppsala model is very well known (Johanson and Vahlne, 1977, 1990) and has had a very strong position for many years. Establishing a foreign business was previously a step-by-step process in which it was important to learn from achieved experience over time. Many companies started with direct exports, and then took the next step to cooperate with agents. Later, they formed a subsidiary and built up production locally. In some cases, it was of interest to buy a company in the local market (Johanson et al., 2002; Johanson and Wiedersheim-Paul, 1975).

In the 1960s, researchers at Uppsala University started to study the internationalisation process. At the beginning of the 1970s, researchers found that companies in the internationalisation process first “established new business in physically nearby situated markets and after that in markets further away” (Hörnell et al., 1973, p. 218). This physical distance was defined as the difference in the development of two countries, level of education, business law, business language, everyday language and culture. This implied first establishing new markets in Nordic countries and then in Germany and Great Britain (Johanson et al., 2002). To update the conception of physical distance Nordström (1991) carried out a study. However, his results did not show any major changes compared with Vahlne and Wiedersheim-Paul (1973).

Johanson et al. (2002) note that US companies can build international competitiveness before establishing in a foreign market because of their large domestic market, which is not the situation for Swedish companies. Swedish companies must establish in foreign markets to reach competitiveness and large-scale production.

The proposed model is a result of the studies during the 1960s and 1970s. These studies were grounded on two points: Penrose’s (1959) ideas about growth per definition and the gathered results of the company’s capability to use comprehensive resources. Resources in this context should be seen as knowledge from Cyert and March’s (1963) theories about companies’ behaviour and about situations where decision-making is characterised by limited knowledge. Johanson et al. (2002) suggest that it is not possible to have more than limited knowledge when you make different market assumptions.

Penrose (1959) brings up the concept of knowledge as a central factor for development. She separates objective and experiential knowledge. Objective knowledge can be taught from textbooks between individuals, whereas experiential knowledge can only be reached through
social contacts with individuals in a foreign country. Through a combination of objective and experiential knowledge, new business opportunities can thus be found. Experiential knowledge is built on practical experiences, feelings and intuition and thus is close to tacit knowledge. These practical experiences make it possible to interpret different situations where objective knowledge may be an important part.

In their model, Johanson and Vahlne (1977) consider the interplay between growing foreign engagement and how the knowledge in the company has developed. In Figure 1, the different concepts are shown.

![Diagram of the Uppsala School internationalisation model](image)

Figure 2.1: The Uppsala School internationalisation model (Johanson and Vahlne, 1977, p. 26).

State Aspects concern Market Knowledge and Market Commitment, which show how internationalised the company is. Change Aspects refer to Commitment Decisions and Current Activities, e.g. how the internationalisation was carried out. Through the current activities, you are building experiential knowledge. The development is done gradually and the rate is settled by how well the company is internationalised. Luostarinen (1980) also came to the same result.

Central to the model is that decisions concerning bigger commitments in other foreign markets, apart from previous efforts, must be seen as a process over time and that it is a question of developing knowledge to appreciate the business possibilities in a market. This means that the company learns all the time about the new market, which can be used to meet new situations, i.e. achieve experiential knowledge in order to generate new knowledge (Johanson et al., 2002). In the model, Johanson and Vahlne (1977) distinguish between two types of experiential knowledge: market knowledge, which refers to circumstances in the particular market and cannot be used in other markets, and internationalisation knowledge concerning the internal capability to build and to run an international business. Knowledge of this type is not tied to a special market (Eriksson et al., 1997).

When you are working regularly in a market, current activities provide the company with experiences. The people working in a market will then see new business possibilities, problems and possible solutions for this market more easily. Market commitment concerns how dependent the company is on a certain market. In addition, market commitment may be tied to different individuals’ knowledge about the market (Johanson et al., 2002). Johanson and Vahlne (1977) consider that the identification and interpretation of possibilities and threats is a part of experiential knowledge. Experiences show that problems in a certain market can only be
identified by the people working there, whose decisions will then be of great importance to business development. Therefore, Johanson and Vahlne (1977) suggest that the internationalisation process is not managed by company executives; on the contrary, the people working directly in different markets have the capability to work out alternative solutions.

The model also builds on two premises; that resources are heterogeneous (i.e. they have different characteristics of which only some have been discovered and used (Penrose, 1959)) and that knowledge in our environment is characterised by subjective conceptions (i.e. that our subjective conceptions must be looked upon as provisional and temporary (Cyert and March, 1963)).

From the point of view of the model, a company cannot make direct recommendations about how it should act. The model points out conditions that are important for a company to follow during the internationalisation process: a) internationalisation is a process to develop knowledge, b) internationalisation is something that is done in small steps in the current daily work and c) displacement in perspectives may lead to other efforts than the planned, and that investments done in foreign markets are important to use in other markets when you go on internationalising (Johanson et al., 2002).

To confirm that the internationalisation process occurs in small steps several studies have been carried out. For example, Forsgren and Kinch, (1970) and Hörnell and Vahlne (1972) studied Swedish companies’ internationalisation. Although the main message about internationalisation has been confirmed by other researchers, some have criticised the model (e.g. Andersen, 1993; Benito and Grippsurd, 1992; Turnbull, 1987; Petersen and Pedersen, 1997). Some have disputed that slow internationalisation should build on experiential learning.

The Uppsala model (Johanson and Vahlne, 1977, 1990) has long been used to explain international development and growth. New developments such as the Internet and decreased customs controls have allowed smaller companies to go abroad and to do business with the whole world. The Uppsala model can still be used for the development of many companies, but for entrepreneurial companies in niche markets the model cannot fully explain why they grow as they do. Schweizer et al. (2010, pp. 368–369) argue that in the article by Johanson and Vahlne (2009) “it is the liability of outsidership rather than the liability of foreignness that gives rise to internationalization difficulties. Outsidership implies that the firm is not a member of relevant networks. Internationalization can be seen then as taking steps to become an insider in relevant networks in focal foreign markets … In their last study it emphasizes the entrepreneurial facets of a firm’s internationalization process”.

Another way of studying a company, especially rapidly growing Born Global companies, is to use the life-cycle curve in accordance with Smallbone and Wyer’s (2006) model. This model is used in paper 5 and is there more theoretically developed.

2.2 The Construction of Knowledge

Johanson and Vahlne (1977, 1990) look upon learning in the internationalisation process as an important part of a company’s growth when it gradually internationalises in new markets. How knowledge has been built up is a determining factor for the company to establish in new markets. Therefore, the building process of knowledge is important.
Earlier research on the internationalisation process

The Uppsala model distinguishes between two kinds of knowledge as important for internationalisation: market and internationalisation knowledge. Knowledge about the markets stands for the company’s capability to trade in a particular market, while knowledge about internationalisation is a question of capability to develop international business. Furthermore, the model separates knowledge into business knowledge, i.e. routines in the company about how to manage different markets, and institutional knowledge, which is how well these routines are in accordance with the institutional circumstances in different markets (Jansson et al., 1995).

Johanson et al. (2002) discuss the concept of knowledge from Argyris’ (1990) point of view with the single and double loop in connection with the internationalisation process. In Figure 2, they have started from Argyris’ model and then adjusted it to the internationalisation process.

![Figure 2.2: Single and double loop learning Argyris (1990, p. 94) developed by Johanson et al. (2002).](image)

Johanson et al. (2002) change the guided values/main programme to internationalisation routines and change action strategies to market routines. In this model, the single loop implies how the company develops and modifies its action routines. The stage of development can be connected to the early stage of the company’s internationalisation process. Internationalisation routines provide the setting for how market routines should work, which affects the performance of the market. If the outcome is bad, agents or subsidiaries have to assess their market routines. The double loop means that greater adjustments according to bad outcomes must be made. This means that not only market routines must be modified, but also changes in comprehensive internationalisation routines have to be done, according to Johanson et al. (2002).

Over time, the interest in the internationalisation process has increased and different models have been developed. To understand and learn from the possibilities and problems abroad have become even more important. For example, the learning models developed by Johanson and Vahlne (1977, 1990) and innovation models proposed by Bilkey and Tesar (1977), Czinkota (1982) and Leonidou and Katsikeas (1996) can be of interest. These theories are based on company behaviour and the systematic learning process when the company internationalises (Eriksson et al., 2000).

For the construction of knowledge, knowledge transfer is important. Johanson and Vahlne, (2003, p. 90) suggest that the “transfer of knowledge should be regarded as a critical aspect of strategic management of internationalisation”. For a Born Global company, it is important to
have appropriate strategies to build first mover status in several markets. For this, firms also need “management teams to work with individuals to facilitate learning, i.e. overcoming perceived impediments that could affect further growth. This could, for example, involve help in overcoming perceived barriers on cultural and regulatory issues, those associated with locating partners, plus other matters deemed important to specific management teams” (Crick, 2009, p. 466). Entrepreneurial teams in the organisation are very important for company learning (Cooney, 2009). How you develop competence is often dependent on the mutual learning and experiences the firm adopt through cooperation within a network (Awuah, 2007).

Owing to strong competition in the domestic market, many companies see an opportunity to go into foreign markets. For them, internationalisation can “promote learning and accumulation of knowledge, skills and capabilities that SMEs need to survive and prosper” (Zahra et al., 2009, p. 81).

2.3 Need for New Internationalisation Models

The phenomenon Born Global has now been established as a concept for new companies because of the increase in globalisation. In particular, countries such as Sweden are dependent on international trade.

Johanson and Vahlne (2003) explain what happens when companies internationalise rapidly because of the changing environment. They point out the importance of the entrepreneur and that there is a need to study this. In Johanson and Vahlne (2006), they suggest that the model is still valid to use. They claim that in the original model the opportunity side of the internationalisation process was not well developed. In the paper, they focus on market commitment to relationship commitment to knowledge development, and from then to opportunity development. Further, they discuss network relationships, social capital and knowledge development. They regard the firm as a network and see social capital as close to commitment.

Johanson and Vahlne (2006) focus on new knowledge and new intellectual capital, which are created through combination and exchange. “The former refers to pieces of knowledge from areas of knowledge being combined to form new knowledge. The latter, including combinative elements, stresses the fact that interaction, teamwork, in the creation of new knowledge ... develops an increasing knowledge of the possibilities for action and the ways in which action can be taken” (Penrose, 1959). This also means that Johanson and Vahlne (2006) are coming closer to the important entrepreneur way of acting in the Born Global company. However, the entrepreneur, management and entrepreneurial teams need to be more researched in the Born Global environment.

During the past 30 years, much has happened and today everything happens much more quickly. We use the Internet for communication, English is used more and more as a business language and we have seen the standardisation of products and global pricing. In the past 20 years, we have seen many new firms grow as niche market companies. They are very open to competition. For many, establishing in the global market very quickly is a question of survival.

In Johanson and Vahlne’s article from 2003, they study the Uppsala model because the environment has changed since it was originally presented. Researchers have found that global competition and accelerating technological development have forced many companies to
internationalise faster. Johanson and Vahlne also suggest the need for new models studying the early phase of internationalisation (Bilkey and Tesar, 1977; Johanson and Vahlne, 1977; Cavusgil, 1980; Luostarinen, 1980).

Johanson and Vahlne (2003) consider four lines of development. The first concerns Born Globals (Oviatt and McDougall, 1994; Madsen and Servais, 1997). Madsen and Servais (1997) refer to the fact that Born Global companies grow in a way that shows a special developing way of evolutionary thinking. They suggest that these companies grow as "rings in the water" (p. 561). In particular, networks are of great importance (Madsen and Servais, 1997). They also point out why Born Global companies rise: a) new market conditions, b) technological development in production, logistics and communication and c) more developed capabilities by the personnel and the founder/entrepreneur who starts the company. Oviatt and McDougall (1994) imply that the organisation of an international company is important. In a framework, they explain how Born Globals integrate international business thinking, entrepreneurship and strategic management theory.

The second line of development focuses on high-tech companies (Autio et al., 2000). Studies that focus on the period between when the company starts with international business and the entrepreneur’s important unique capabilities and competence together with his capability to visionary thinking are important. Autio et al. (2000) also find that some entrepreneurs have a special constellation of professional knowledge, which makes it possible to find winning solutions and to develop them. Vision gets a central role.

The third focuses on companies in the services industry (Coviello and Munro, 1997; Majkgård and Sharma, 1998). Finally, the fourth refers to small companies (Chetty and Blankenburg Holm, 2000) using network partners to develop their markets. These networks help develop new possibilities and the learning process through experiences. To understand a company’s rapid internationalisation, one must study network and networking (Oviatt and McDougall, 1994; Bell, 1995; Coviello and Munro, 1997).

Environment changes such as global competition and technical development have forced companies to internationalise faster. Madsen and Servais (1997) point out more developed capabilities by firm personnel as a reason for Born Global companies as well as the importance of the entrepreneur. Oviatt and McDougall (1994) imply that the formation of the organisation at the start is important, and Autio et al. (2000) find that the entrepreneur’s visionary thinking is of great importance. Oviatt and McDougall (1994) also suggest that networking is very important. Thus, there is a need to focus on entrepreneurial capabilities, the entrepreneur’s background and his experiences, and what happens when building the organisation from the beginning and to form and develop models in accordance with that. The environment for many companies has changed through globalisation. Therefore, earlier internationalisation models, which build on learning and slower internationalising development, need to be completed because companies grow so fast nowadays.

Finally, the situation concerning the Uppsala process model versus the development of Born Global companies can be formulated according to Aspelund et al. (2007, pp. 1432–1433): “Today’s industry and firm characteristics offer far greater variety than before, thus the development of international activities in new firms also seems to exhibit far greater variation. They make a conclusion that it is a fact that today we have many companies that internationalise short after their establishment. This is a clear indication that they operate differently than older firms that have followed a gradual export development process. As noted earlier, rapid
international expansion alone is not a sufficient strategy for new firms; it must be supported by other strategies and the firm must be prepared for strategic change .... These needs or ambitions of rapidness/speed might have a significant impact on the development of the international marketing strategy”.

Following Andersson and Wictor (2003), this means that the internationalisation process for smaller companies is more complex compared with the Uppsala School. The environment has changed because of globalisation, and even though the model can still be used for many companies, it cannot be used for those with a global vision from the outset. These Born Global companies have an entrepreneur with a strong international background and have an interest in growing.

According to Kuivalainen et al. (2010), marketing and management competencies and skills give exporting SMEs that are competent in domestic and current international markets an advantage when they plan to expand into new markets. However, they must learn “how to change and adapt their export or internationalisation strategies” (ibid., p. 149) to fit into the new environment. This is also in accordance with McDougall and Oviatt (1996).

In the next section, I discuss Born Global companies and explain in detail the importance of the entrepreneur in the internationalisation process.
3. Born Global companies

In this chapter, I provide a theoretical background to what Born Global companies stand for and explain how they have developed over the past 20 years. In what areas can we find gaps that can be even more theoretically explored? Changes in the environment have made it much easier for small companies to go abroad.

3.1 Earlier research studies

In general, most studies are carried out as qualitative investigations. Hedlund and Kverneland’s (1985) study showed that step-by-step models are still applicable despite the focus on internationalisation strategies. Granitsky (1989) points out that businesses born as international adjust their strategies according to the circumstances in foreign markets. At the same time, there is a lack of resources and experiences. According to Jolly et al. (1992), the strategy for these companies is aimed towards niche markets. Cavusgil (1994) suggests that gradual internationalisation is dead; further, the physical distance according to Bell (1995) is no longer useful and network theories are more useful. At the beginning of the 1990s, Jolly et al. (1992) suggested that step-by-step models cannot fully explain smaller companies’ behaviour concerning internationalisation. They also pointed out that the founder has international experiences. Many companies are by definition international from inception and have distinct internationalisation strategies.

After 1997, we can see an even larger focus on the management’s international experiences in the body of information. We can then see a stronger interest in the entrepreneur and leader’s characteristics, internal resources and learning process (Khavul et al., 2002). During these later years, the time aspect, holistic view and entrepreneur’s earlier experiences have been focused on more. Nummela (2003) studies decision-making as an important part of Born Global companies. Furthermore, networks have become more important, both external and personal ones (Spence, 2003). The founder process of building Born Global companies has also become even more important for researchers (Rasmussen et al., 2000, 2001; Evangelista, 2003). This new interest concerns the founder’s vision (Johnson, 2002; Nummela, 2002; Spence, 2003) and changes in the environment (Kuivalainen et al., 2002).

Jones et al. (2011) investigate international entrepreneurship research (1989–2009) as “a domain ontology and thematic analysis”. In this study, they classify 323 articles into three major types: Entrepreneurial Internationalisation, International Comparisons of Entrepreneurship and Comparative Entrepreneurial Internationalisation. Jones et al. (2011, p. 2) then divide Entrepreneurial Internationalisation according to the different focuses on Venture Type, Internationalisation, Networks and Social Capital, Organisational Issues and Entrepreneurship. International Comparisons of Entrepreneurship have three main thematic areas consisting of Cross-Country and Cross-Cultural comparisons of entrepreneurship and studies that compare both. Comparative Entrepreneurial Internationalisation research is the most recent to emerge and consists of studies that compare entrepreneurial internationalisation across countries or cultures. Jones et al. (2011, p. 648) suggest that the criticism of international entrepreneurship is “fragmented, inconsistent and lacking in unifying paradigms and theory” Further, they state that: “The process of thematically mapping, organizing and assessing the intellectual territory of the
domain identifies rich theoretical potential rather than theoretical paucity. Indeed, one might argue that because [international entrepreneurship] is based on complex phenomena, it is perhaps unlikely that theories unique to [international entrepreneurship] will be produced. Instead, it will continue to develop theory that spans the domains of international business and entrepreneurship, as well as beyond”.

The present study complements the future interesting research areas pointed out by Jones et al. (2011). For example, Spence and Crick (2009) focus on interesting factors to study when a new venture considers expanding overseas. In line with Kock et al. (2010, p. 122), “the importance of taking co-operative relations as a potential source of international opportunities into consideration, both in practice as well as in future research”. Zahra et al. (2009, p. 91) focus on the importance of studying “the link between learning, capability development and firm growth”.

Summing up, there is a greater focus today on research into changes in the environment. Therefore, the entrepreneur’s background and characteristics, earlier experiences of the internal organisation and the capability for decision-making according to the internationalisation process when building Born Global companies have become central.

3.1.1 Emergence of Born Globals

As earlier shown, several studies have discussed companies’ international behaviour not following the pattern of the Uppsala model. These researchers have found that companies can be international already, even if it is only in their visions, from their inceptions (e.g. Knight and Cavusgil, 1996; Lindqvist, 1997; Madsen and Servais, 1997; McAuley 1999, McDougall et al., 1994; Oviatt and McDougall, 1994). For most companies, however, this is not the case.

Madsen and Servais (1997) show that not only are high-tech companies early to internationalise, but so are companies in other industries – even in mature industries. The national domicile is important for the presence of Born Globals. According to Boter and Holmquist (1996), the industry to which firms belong affects companies’ international development. According to Kuivalainen et al. (2010, p. 149), the company’s development over time is also affected by “excellent investment expertise, connections with venture capitalists and good financial management”.

McDougall et al. (1994) show that international business theories (e.g. monopolistic advantage theory, product cycle theory, internationalisation stage theory, oligopolistic reaction theory and internationalisation theory) cannot explain Born Globals. They show that theories that build on entrepreneurship (e.g. Kirzner, 1973) and the resource-based view of the firm (Barney, 1991) better explain the emergence of Born Globals. Barney’s (1991) theory emphasises companies’ internal resources. He divides company resources into physical resources, human capital and organisational resources. All three resources may be important if they are not easy to copy. An internal resource, which has shown to be very important for the company’s international development, is a management that has international ambitions (Andersson, 2000; McDougall et al., 1994; McGaughey et al., 2000).

It is no longer impossible for a smaller, resource-poor company to go abroad if it has a management with a strong vision and the capabilities to do so (Knight and Cavusgil, 2004). According to Knight and Cavusgil (2004, p. 137), “the traditional view of the large multinational corporation as the dominant international form might well be evolving. Born Globals are emerging in substantial numbers worldwide, and likely reflect an emergent paradigm, with the
3. Born Global companies

potential to become a leading species in the ecosystem of international trade”. This implies that smaller companies have the same possibilities in the market today as bigger ones.

Another important factor is the company’s environmental dynamics. This has generated different names by different researchers. Piore and Sable (1984) discuss industrial districts. Porter (1990) talks about competitiveness clusters, while Johannisson (1994b) uses local networks. Competition and cooperation between actors in the same sector within a certain geographical area lead to dynamics and renewal, which makes it possible for the individual company to develop a high international competition capability. One example of such a district is the Medicon Valley in the Oresund area.

3.2 Theoretical model for this study

Andersson and Wictor (2003) find that a framework model should focus on globalisation, the industry and the entrepreneur and his network (Figure 3). Usually, Born Global companies internationalise in many markets rapidly and adopt chosen market channels and strategies.

Entrepreneurs

\[
\begin{array}{c}
\text{Networks} \\
\downarrow \\
\text{Born Global} \\
\downarrow \\
\text{Globalisation} \\
\end{array}
\]

Industry

Figure 3.1: Conceptual framework according to Andersson and Wictor (2003, p. 254)

Andersson and Wictor (2003) find that these factors cannot explain the company’s development alone. The entrepreneur’s role was very important. The global vision for the company was central to this understanding. Critical for the company’s development was also entrepreneurs’ different experiences and backgrounds. Thus, the main factor in these companies is the entrepreneur.

In line with the conceptual framework by Andersson and Wictor (2003), the Born Global box has not been opened and discussed what it stands for in paper 2. The entrepreneur and his team have an important role in driving company development in terms of how the management acts to establish new markets, which networks will be used and how the organisation can be driven and empowered. In this study, this model will be used as a theoretical framework to analyse current theoretical knowledge and the papers.

3.2.1 Globalisation and Born Global companies

Rapid economic changes and increasing competition, especially in consumer markets, causes products to have shorter life-cycles, which demands that new products are developed constantly. To be able to extend the useful lives for their products, companies must continually look for new markets (Nummela et al., 2003; Julien, 1996).
Different motives affect SMEs’ internationalisation processes. First, the barriers to internationalisation have decreased through fewer customs controls and better communication and standardisation. Second, rapid changes have been reflected in the internationalisation process for smaller companies. Establishment starts much earlier compared with before (Nummela et al., 2003; Knight, 2001; Fletcher, 2000). In addition, intensified competition means that firms have fewer possibilities to control their own development (Nummela et al., 2003; Etemad et al., 2001). According to Verdier et al. (2010, p. 21), “the increased level of globalization in many industries may further lessen the perceived risk of entering foreign markets and partly explains the observed increase in the speed of internationalization”.

Morgan (1997) describes organisations from a manufacturing perspective rather than from a customer/market perspective. Global competition, flexible production and a dynamic market imply that it will be even more unusual for companies to organise around an old pattern. Beckérus and Edström (1998) suggest that a market-oriented way of thinking is becoming more and more important for companies. In this situation, employee knowledge and motivation is increasingly important for the company’s development. For the management, it will be important to construct a flexible and learning organisation.

Winning business concepts can be formed by companies creating an early and clear picture of what happens in the market to identify important changes for the company. When the entrepreneur has a clear picture of the situation, the company should act quickly and effectively at the right time. Individuals that need to find much information create innovations in product development, business concepts and marketing. These people have the capability to see the possibilities before other people or to effect the development by themselves (Frankelius, 2001). Oviatt and McDougall (1994) suggest that the success of a company depends on the entrepreneur’s vision. Is the picture of the environment easy to understand? Many suggest that it is a nuanced picture. Rasmussen et al. (2000) claim the entrepreneur in a Born Global company uses sense-making to handle the environmental situation. He is constantly ready to reconsider the situation from new experiences because of his earlier experiences and knowledge.

New possibilities are created through studies of the environment and marketing (Frankelius, 2001). If we connect this to the findings of Weick (1995), this suggests that the entrepreneur aims to effect the market from his knowledge of the environment. As an example, he can see the formation of new market concepts and, at the same time, must be ready to reconsider his own thoughts of how to construct these concepts.

New value-adding models create scale advantages, but because of barriers and the possibilities of finding and defining new niche markets, these have increased the possibilities for smaller companies. Many entrepreneurs have thus found a niche in a small area in the value-creating environment (Normann, 2001).

Global factory thinking is interesting in connection with Born Global companies. In 2002, a distributed manufacturing system was suggested for the future. This is a system where customers’ needs are taken care of and handled through ‘flexible factories’. According to Buckley and Ghauri (2004, p. 88), “flexible factories, all plants within the system can make all the firms’ product models and can switch between models very quickly by a combination of software and robots. The global factory will be the very antithesis of any colour as long as it’s black”.

Many products and even human resources can be outsourced. However, there is a danger that a firm’s core competencies can be lost (Buckley and Ghauri, 2004). According to Buckley and
Ghauri (2004), globalisation focuses on ‘built to order’ in a location near the customer and not just on a large-scale plant. Thus, production can be more tailored to the final market. Buckley (2009, p. 131) also find that “the global factory is a structure through which multinational enterprises integrate their global strategies through a combination of innovation, distribution and production of both goods and services”. Through globalisation, access to cheap labour is now easy to find. “The combined effect of the need for flexibility to meet consumer demand and downward pressure on prices through competition induces increased demands for outsourcing” (ibid., p. 133).

Buckley (2011) claims that owing to the configuration of the world economy, firms must understand the development of the global factory. Managers in these factories must act as coordinators or orchestrators in a system of globally interconnected firms. Thus, integration and coordination are critical success factors, although information, location and control are still important. The global factory can manufacture and sell anywhere. Forsgren et al. (2005) refer to the concept as ‘embedded multinationals’ that have a close connection between the company and the environment.

The global factory is a response to the modern global economy. Decisions in this factory are based around control and location. Buckley (2011, p. 272) claims that “the manager of the global factory has to ask two very straightforward questions of each activity in the global network. Where should this activity be located? How should this activity be controlled? The first question of the optimum location for each activity is of course complicated by managing the interrelationships between activities. The relocation of one piece of the global network will have profound effects on many others but the principles of least cost location are paramount. The second question concerns the means of control. Should the activity be managed by the market via a contract and price relationship or should it be internalised and controlled by management?”

However, Buckley (2011) states that there is a problem in discussing the strategies for the global factory. Strategies in this case are for the brand owner or orchestrator. He suggests that there are unsolved issues, such as “the extent to which other firms in the system (suppliers, subcontractors and service providers) have independent strategies or simply derive strategies from the actions of the focal firm and take these as environmental givens”. Focal firms give possibilities for SMEs, which stand for demand, financing, knowledge and managerial resources. Whereas before larger companies could act and use their strategies within the companies that fit into the global factories, today it is a more important strategic situation for SMEs to handle the possibilities provided to them. Buckley (2011, p. 281) summarises the situation of today thus: “The organisation of the global factory has made … CEOs of the focal firms conductors again. The metaphor of CEOs as orchestrators has never been more true than in the network (or embedded multinationals) that is the global factory”.

3.2.2 Entrepreneurs and Born Global companies

The entrepreneur has a central role when founding any company, especially Born Globals. He usually has international market experience and good knowledge of organising a business. Mostly, he has an established network in different countries and cultural awareness.

Oviatt and McDougall (1994) suggest that the entrepreneur interprets his environment from two views. Does he want to internationalise the company or does he feel forced because the major market is abroad. Alternatively, can the idea of starting a company be developed from the entrepreneur’s special characteristics, such as personal background and networks. Rasmussen et
al. (2000) assess the founding process as a development from personal capacity to intention and to activity. For new ventures, Oviatt and McDougall (1994) suggest the need for a unique management style and a beneficial organisational culture.

According to Rasmussen et al. (2000), the course of events before the start of a new business plays an important role. In Figure 4, the importance of “pre-organisation” is marked out in connection with internationalisation. Because of the entrepreneur’s experiences from earlier employment, the essential parts of company development will be formed by him. Autio et al. (2000) suggest that entrepreneurs have a special set of skills, competences and knowledge, which means that they can see winning concepts. This focuses on the “pre-organisation” stage.

Figure 4 shows the evident connections between the environment and entrepreneur and the company’s organisation and internationalisation process. The entrepreneur uses a “thought” organisation (“pre-organisation”). For Rasmussen et al. (2000), the entrepreneur’s role is central to understanding the internationalisation process. The entrepreneur uses his earlier knowledge to build his organisation. He then makes changes based on new knowledge about the environment in the internationalisation process.

**Pre-organisation**

![Diagram showing the foundation of the Born Global company](image)

Figure 3.2: The foundation of the Born Global company (Rasmussen et al., 2001, p. 81)

When the “thought” organisation (pre-organisation) becomes the real organisation, which triggering factors are used and how the founder/entrepreneur uses his great sense of experience is important for how the organisation can be enacted. Furthermore, the organisation will be affected by the environment and by how this environment will be enacted through how the entrepreneur’s network. Oviatt and McDougall (1994, p. 60) state that global start-ups “require skills at geographic and activity coordination to develop” and that they are “socially complex inimitability with close network alliances in multiple countries”.

Rasmussen et al. (2000) find two important processes in terms of a company’s foundation. In the foundation itself, there is a connection between “making sense” and networks. They suggest furthermore that this should not be seen as two different processes. These two processes, “sense-making” and “network”, should be connected throughout the founding process. First, making
3 Born Global companies

sense represents how the entrepreneur uses his experiences in the process of enactment in the company, especially in those cases when he sees the new company in an international context. The authors suggest that it is especially important to know why a company is founded as a Born Global company. Second, the entrepreneur’s network is important and in many cases the only capital he owns. In their study, they found that access to different networks is very important.

Thus, the entrepreneur uses all the knowledge from his own employment, on markets, on personal leadership and on how to conduct business. Through his earlier built company networks and his own personal networks, he gathers new knowledge from that can be used before and after foundation. To establish in a new market it is important to have the “right” contacts in that country. Rasmussen et al. (2000) state that the only resource is the entrepreneur’s network, implying that financing, where banks many times take their decisions on knowledge concerning the individual, is done through earlier contacts. No other historical knowledge in this case will be gathered. Further, Oviatt and McDougall (1994, p. 60) describe new ventures as “controlling assets, especially unique knowledge, that create value in more than one country”. This shows that the entrepreneur has unique knowledge when he contacts the bank.

Making sense is most important in the “intention” stage, i.e. where the entrepreneur can use his earlier experiences in the foundation process at the same time as networks. When the entrepreneur moves towards intention, he will interpret the environment through the process of making sense. Oviatt and McDougall (1995, p. 31) point out that the importance of “unique skills, as well as strong educational and communication infrastructures, are key factors in making a particular location attractive to a global entrepreneur”. They also suggest that entrepreneurs are internationally experienced.

Oviatt and McDougall (1995) suggest that a strong top management team is required to coordinate activities in the company. There must be a close personal bond or a strong commitment to the goals, a global vision throughout the organisation and good communication.

Entrepreneurs are, according Halila and Horte (2006), committed to implementing their company visions. Daily et al. (2002, p. 402) suggest that “entrepreneurial firm leaders may operate under less severe constraints enabling them to more directly impact firm outcomes as performance”. According to Andersson (1996), the entrepreneur has the capacity to make possibilities feasible and evaluate that information from different views. Further, owing to the many informational sources distributed all over the world, entrepreneurship can be divided into entrepreneurial teams.

As pointed out by McDougall and Oviatt (2000), entrepreneurship is a question of creating higher values. The definition of international entrepreneurship by McDougall and Oviatt (2000, p. 903), which incorporates Covin and Slevin’s (1989) three dimensions of entrepreneurial orientation, has been developed and adjusted to a more international business situation for use in this study:

“International entrepreneurship is a combination of innovative, proactive and risk-seeking behaviour that crosses national borders and aims to create value in organizations”.

Shane and Venkataraman (2000, p. 218) propose the following definition: “The examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited”. Oviatt and McDougall (2005, p. 540) develop their definition after taking Weick (1995) into consideration and his process of enactment:
“International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services”.

“Creating value” is important for international companies because of global competition. To increase profitability and expand, firms must focus on the customer’s possibilities to increase their market prices for products and services (Wictor, 2006a).

The entrepreneur and strategic process are important. Mintzberg’s Entrepreneurial School, which is characterised by “strategy formation as a visionary process” (Mintzberg et al., 1998, p. 5), is representative of the mental process created by the entrepreneur. McClelland (1961) suggests that “the achievement motive” is central for the entrepreneur. The personal satisfaction of accomplishing the task is more important than the personal reward: “The motivation was not merely profit, but also the desire to establish a private dynasty, the will to conquer in a competitive battle, and the joy of creating” (McClelland, 1961, p. 11).

In accordance with Hoy et al. (1992), entrepreneurial activity creates growth. Further, Kolvereid and Bullvag (1996) focus on the importance of the entrepreneur for growth. They emphasise growth’s relation to entrepreneurial action. Klofsten (1992) agrees about the importance of the entrepreneur and the company’s early development.

Kuivalainen et al. (2004) find that the management’s attitudes towards internationalisation are less important in knowledge-intensive firms but managers are still positive. This was not in line with Knight (2001), who finds that managers contribute to a firm’s international performance. Kuivalainen et al. (2004) speculate that other things might have affected performance. However, they still suggest that training and knowledge are two important management qualifications for explaining firm profitability. Therefore, they claim that knowledge intensity affects the growth of an international company.

The nature of opportunity for the Process Theory of Internationalisation (PTI) is market demand, while for INV it is supply push. The firm objective for PTI is survival, long-term profitability, whereas for the INV it is value creation and growth. Value-creating assets for PTI are concentrated in the domestic country, while for INV value creation is based on cross-border resource combinations. The relationship between individual and firm knowledge for the PTI companies is firm experience, which supersedes individual experience. This is contrary to INV, which focuses on individual experience and entrepreneurial vision, which drive international commitment decisions. In INVs, the entrepreneur takes the decisions, whereas in PTIs the firm’s decision-making system is responsible. In competition situations, PTI companies are acting against local players in foreign markets, while INVs are acting against global players. How important is the management’s pre-firm experience concerning different types of companies? For INVs, it is the crucial factor for early and rapid internationalisation, but for PTIs it is less important because of the firm’s collective experience superseding individual experience. For INVs, value-creating resources are dispersed across national borders compared with PTIs, which are concentrated in the domestic base. For INVs, internationalisation is necessary for the growth and survival of the company. Growth forces PTIs to internationalise, which are then more likely to survive (Autio, 2005, p. 17).

To understand what happens in a Born Global company’s strategic and organisational processes, it is important to understand the external situation, the entrepreneur’s role and his way of
thinking and background. According to Spence and Crick (2009), managers must have a broad vision of what they want to reach in the future and they must be flexible in their strategies of how to meet this vision.

Kuemmerle (2002) and Westhead et al. (2001) find that a positive relation between managers and entrepreneurs’ international attitudes, orientation, experiences and networks and a company’s international development are important and that this can be seen as a platform for vision and empowerment in the organisation. The importance of a vision is also supported by Shamir et al. (1993), who suggest that for charismatic leaders the vision is an important mechanism. Spence (2003) finds that the vision represents a mental process beginning in the entrepreneur’s mind.

Andersson and Florén (2009) find that entrepreneurs in Born Global companies take strategic decisions and delegate other decisions. The relation between leaders and co-workers was discussed by Avolio (1999), Bass (1998) and Conger and Kanungo (1998). According to Klein and House (1995), the charismatic relation is close cooperation between the characteristics of the leaders, employees and environment. Social competence, self-confidence, moral conviction and assertiveness are included in these characteristics (Conger and Kanungo, 1998; Klein and House, 1995).

Knight and Cavusgil (2005) suggest four broad types of Born Globals:

a) Cluster one: Entrepreneurial Strategy and Technology Leaders. This cluster has a strong and entrepreneurial focus and strong international performance. These businesses are suggested to possess stronger financial and other resources. Their result “is consistent with research indicating that such businesses emphasise innovative and aggressive marketing, unique products with superior quality and design, cost-effective approaches, and tend to possess an overall entrepreneurial orientation. Such approaches tend to promote financial and operational success” (ibid., pp. 29–30).

b) Cluster two: High-Tech Focusers. These businesses have a sustaining advantage in focus and technological leadership.

c) Cluster three: Entrepreneurs Emphasising Cost Leadership. This cluster is pursuing cost leadership as the main strategy.

d) Cluster four: Poor Performers ‘Stuck-in-the-Middle’. This cluster seems to derive advantages from emphasising technological leadership and is weak on focus and differentiation strategies but is also not strong on cost leadership.

Knight and Cavusgil (2005, p. 31) further suggest that the “possession of a well-defined strategic orientation is important to the international success of born-global firms. Focus or differentiation strategies may be particularly effective when combined with comprehensive understanding of foreign market needs, allowing exporters and other entrants to outdo indigenous firms on their home turf. Possession of a well-defined strategic orientation is likely to be especially critical for smaller, resource-poor born-global firms”. They also find that firms in cluster one internationalise about 2.5 years after their founding. Cluster four was found to internationalise more than four years after their founding. They thus claim that the earlier a firm internationalises, the sooner its performance will be on the global market.

Knight and Cavusgil (2005) also find that at an organisational level the entrepreneurs that have a managerial mind-set in combination with their special strategies will maximise international performance. A company’s technological orientation is also important for performance. Entrepreneurial and technological orientations open up many possibilities within a multi-country...
context and these are challenges for Born Global managers. According to Knight and Cavusgil (2005, p. 32) “international entrepreneurial orientation facilitates a proactive approach to dealing with risky environments, and an open-minded, internationalist view of the world”. They also find that “Born Globals are particularly vulnerable to the challenges of international business because they tend to be young, less experienced firms, with limited tangible and human resources”. Knight and Cavusgil (2005) claim that Born Globals seem to display superior international business performance, which is driven by entrepreneurial orientation, technological leadership and differentiation and focus strategies.

3.2.3 Networks and Born Global companies

Johanson and Vahlne (2003) suggest that business markets are organised as networks with connected relationships and that an organisation formed in a foreign country is chosen to minimise the effects of the physical or cultural distance. Thus, relationships develop gradually when a firm learns from its interactions and commits fully to its relationships (Anderson and Weitz, 1992; Blackenburg Holm et al., 1999). During this process, the relationship partners gradually learn about each other’s “needs, resources, strategies, and business contexts” (Johanson and Vahlne, 2003, p. 93). The development of market expansion activities will be influenced by current activity commitments according to the framework of developed business relations. The authors also suggest that owing to the time aspect a successful entrepreneurship is based on existing networks. An entrepreneur’s experiences and earlier commitments will influence the first market entry. Establishment is thus dependent on the entrepreneur’s relationships. According to Coviello and Munro (1995), to be able to fully understand the internationalisation process you must study the company’s network. Some studies have indicated two types of market experiences: business experience (i.e. related to the business environment) and institutional experience (concerning such factors as language, laws and so on). Institutional experience refers to the many factors that constitute physical distance (Johanson and Vahlne, 2003). The entrepreneur’s earlier experiences from former jobs and personal networks are also important business and institutional experiences (Andersson and Wictor, 2003).

The only way to learn about a network is to interact with its actors. These relations can be used to overcome market barriers in order to establish a new market where the focal companies’ customers are operating or move into nearby countries. In these cases, internationalisation may be more rapid (Johanson and Vahlne, 2003). According to Majkgård and Sharma (1998), many studies have shown that international networks, both personal and organisational, are important for understanding the firm’s development. In particular, this is important for the firm’s inception period. The social and business aspects of networking are of interest when establishing and developing the company (Johannisson and Mönsted, 1997). You can also use the network context and its actors to develop competences through mutual learning and experiences (Awuah, 2007).

The network model of internationalisation “combines the experiential learning-commitment interplay as the driving mechanism from the old internationalisation process model with a similar experiential-commitment mechanism focusing on business network relationships” (Johanson and Vahlne, 2003, p. 97). These authors suggest that although this increases the complexity of the model, it allows the old model to remain. The main factor in the new model is learning in relationships, which helps a company to enter new markets. They also suggest that the process of globalisation implies that countries become more and more similar in terms of culture and institutional settings and that the observers of internationalisation are influenced by multinational
corporations because we overemphasise the physical distance between countries to explain the internationalisation process.

Johanson and Vahlne (2003) suggest defining the concept at the micro level to relate to the individual relationship. They also state that their case indicates an entrepreneurial process about experiential learning and the use of earlier existing relationships. Building network relationships is a complex and delicate matter that requires both time and responsiveness by the partners. For Born Global companies, parts of this can be used as information for developing networks. However, Knight and Cavusgil (1996) suggest that both formal and informal networks are important for developing the company. By contrast, according to Rasmussen et al. (2000), Born Globals can also be founded without a founder being involved in any international networks. Further, local networks can be important for understanding a company’s international development (Johannisson, 1994b). According to Oviatt and McDougall (1994), the entrepreneur’s dynamic role is important, while Busbin et al. (2008) suggest that trust in relations is crucial. Value-creating networks can then focus on the company’s business. Awuah (2008) finds that actors that cooperate complement each other through their resources and that they are tied together through their activities. He claims that “close, regular and extensive interaction and exchanges with customers and third parties have enabled each of the firm in his study to win and retain important customers over the years” (p. 45). This applies to relations with both customers and suppliers.

Saino et al. (2011) argue that cross-border activities with suppliers, customers and competitors should be arranged to maximise value creation. They also claim that “customer value is increasingly created through collaboration with partners and suppliers, there is a growing need for integration between the units responsible for these critical cross-boundary relationships” (p. 567). Further, they suggest that it is possible to create value beyond established competitors. Value can be achieved together with partners, both upstream and downstream in the company value chain. Customers’ needs for better products compared with those of competitors will create value for companies. Coviello and Cox (2006) add that the company’s network is a resource for generating social capital, which can be used for the acquisition and development of resources.

Networks and relations seem to be more important for company development. Kock et al. (2010, p. 122) conclude thus: “The influence of co-opetitive relations on the exploration and exploitation of international opportunities within SMEs identified in their study emphasizes the importance of taking co-opetitive relations as a potential source of international opportunities into considerations, both in practice as well as in future research”.

3.2.4 Industry and Born Global companies

Studies of Born Globals find that industry characteristics are important for the company’s international development. According to Boter and Holmquist (1996), the industry is more important than the company’s nationality when studying its international behaviour. They also find that innovative companies that have a global focus are not limited by industrial knowledge. Instead, they aim to find niches so they can act with industrial ignorance. According to Madsen and Servais (1997), many researchers have found that Born Globals are more niche-oriented compared with other firms. “Industrial factors such as the growth rate in the industry or whether the sector is dominated by hard products or services are still important. Not only the industry to which the main customers belong is also of great importance, especially for suppliers (Andersson, 2002). If a large numbers of a venture’s competitors and customers are international, the Born
Global entrepreneurs are more likely to consider entry into foreign markets” (Andersson and Wictor, 2003, p. 256).

For many companies, internationalising is not a choice, but a necessity. In many cases, it concerns survival (Spence, 2003). Unforeseeable situations in the environment emerge within or outside networks that trigger internationalisation, especially in high-tech companies. Establishing in faraway markets is affected by access to resources (Spence, 2003).

In particular, smaller high-tech companies decide to establish rapidly in the international market (Giamartino et al., 1993; Oviatt and McDougall, 1994; Bloodgood et al., 1996). Travelling has become cheap and the Internet creates new communication possibilities. Thus, it is even easier to communicate with the customer and many countries have opened up for international business and investments. SMEs can easily assimilate this new development (Spence, 2003). Etemad (1999, p. 97) suggests that the new challenge for these companies is the short product life-cycle, which makes it necessary to expand the business ”to the largest possible markets in the shortest possible time”. New strategies are needed to meet the globalised environment. Strategic alliances and networks are then important.

Many studies have been carried out on high-tech SMEs (Coviello and Munro, 1997; Francis and Collins-Dodd, 1999; Jones, 1999; Crick and Jones, 2000). How the strategy process is formed in entrepreneurial companies has been described as periods of calm and then rapid expansion into new markets. In the periods between, the search for information constantly continues to confirm if strategic changes are being accepted (Mintzberg and Waters, 1982). I suggest that the process itself can still be used, but that the rapid expansion of the company at its inception is down to the entrepreneur’s background.

Studies of Born Globals have often focused on high-tech firms in growing industries, and thus a strong correlation between high-tech industries and internationalisation is often taken for granted. However, Evers (2010, 2011a) finds that internationalisation in low-tech sectors is strongly influenced by industry factors. She concludes that a high degree of international demand and a global integration of the industry are important for a firm’s international development. The managers in the studied firms did not have international experience, but they were still successful in their international ventures, which might indicate that international experience is not the only or most important managerial characteristic, but that the drive for growth and development is also important.

3.2.5 The Born Global box

In Born Global companies, internal organisation and employed leadership have rarely been studied. Many things happen in a Born Global company. To be able to grow you need to expand in the global market. Further, such firms must know how to meet the global market, how to use industry knowledge and how to have the right entrepreneur with a good wide network. Different studies have shown that the entrepreneur is important for the company’s development and that working with networks from the beginning is also important. From the very beginning, the international strategies for reaching new markets are interesting to focus on and understand.

Many companies are characterised by advanced knowledge and technological capabilities (Baldwin and Gellarly, 1998), well-educated colleagues and a capability for rapid changes when the environment changes. In dynamic markets, a high-tech level is one important factor to succeed. Many of these companies do not have the time to integrate their earlier built-up
knowledge or to fully develop their international strategies before they implement them. These companies act rapidly and develop concepts to handle the prevailing situation. For many, these “proactive strategies” have been the base to survive in a dynamic environment (Teece et al., 1997; Eisenhardt and Martin, 2000). According to Oviatt and McDougall (1994), hybrid structures can be used for new markets. Further, entrepreneurs serve markets with which they are familiar. For the entrepreneur, it is important to find a model for market establishment that fits the company and its resources in the situation.

Spence’s (2003) study has contributed to an arrangement of companies’ internationalisation strategies, including the importance of the network. The central part is the dynamic possibilities for SMEs in a rapid changing environment. The initial internationalisation is often a product of an event that suddenly emerged through a network or by coincidence. Spence (2003) suggests that the entrepreneur’s vision, which is built on his own strategies as well as on how he interprets the environment and on his own vision of the organisation, is important in the internationalisation process. My interpretation is that the importance of the entrepreneur and his way of recruiting colleagues with international experiences is the most important part in acting effectively through old network contacts.

According to Zahra and George (2002), globalisation increases the opportunities for new and smaller companies to increase their sales through foreign market entries. Interest has also increased in international entrepreneurship. Small companies that go global succeed in many situations (Bengtsson, 2004; Knight et al., 2004). Going international and making a foreign entry are important decisions for the company’s survival in the long run. In many studies, the speed of internationalisation has been in focus, leaving the entry mode out of focus (Young et al., 2003).

In our earlier study (Andersson and Wictor, 2003) we found that there were not many studies concerning the reasons for selecting a special mode of entry, even if it is strategic decision when a small company internationalise. In the few studies done the focus has been on large-scale quantitative approaches (Ramaseshan and Patton, 1994).

According to Johanson and Vahlne (1990) and the Uppsala School, a company’s exporting starts with independent representatives, and improves to a sales subsidiary, and later on with a manufacturing subsidiary established in the market. They explain the entry modes as incremental steps that make the company increasingly committed to international activities in the foreign market. The market entry mode is managed as a single decision in accordance with the company’s development, but there is too much focus on internal factors such as organisational knowledge and learning. Factors such as industry structure, strategic choices and marketing strategies have no focus at all (Turnball, 1987), including executives’ mental models (Maignan and Lukas, 1997).

Another important school concerning market entry strategies has its base in economic theory. From this view, a company has to analyse its internal and external factors and to find the best rational choice for its location (Benito and Gripsrud, 1992) – a question of vertical integration. An important factor is the company’s control over its international activities and the risk situation in a country. Anderson and Gatignon (1986) and Williamson (1975) suggest that there are two alternative entry modes based on transaction costs: the firm and the market. Either market or hierarchical control can be the most effective solution. They suggest that in imperfect markets transaction costs can be high. Companies would thus find it more effective to carry through the establishment of a subsidiary. According to McNaughton (2001), in smaller companies, export mode decisions are made in an intuitive process.
The two views have limitations according to research on international entrepreneurship when explaining the market channel strategies used by Born Globals (Andersson and Wictor, 2003). The factors that affect the choice of entry mode differ by firm size (Ramaseshan and Patton, 1994). Andersson and Wictor (2003) and Madsen and Servais (1997) suggest that it is important to look at the entrepreneur acting in the company. In Born Global companies, competencies from other firms are used and these are more dependent on hybrid structures such as joint ventures and network partners (Madsen and Servais, 1997, Crick and Jones, 2000).

According to Autio et al. (2000) and Knight and Cavusgil (2004), Born Globals have an advantage as they are young, flexible and without a big administration. This means that Born Global companies can internationalise much faster compared with what the process school indicates. This also means that Born Global companies do not develop in accordance with the organisational learning process in the process model. The economic costs in other models have been shown not to be important for the market channel choice in Born Globals (McDougall et al., 1994).

The entrepreneur has a central role in the Born Global company in terms of his vision and culture. He must build a strong organisation that has to be able to act in an independent way albeit still under the control of the entrepreneur. The company’s growth is in direct relation to its development. The entrepreneur has to act in a way that the company reaches the growth stage in the life-cycle curve (Smallbone and Wyer, 2006) and stays there over many years. For many companies, it is important to find an interesting niche market and develop it.

From the beginning, entrepreneurs form an organisation chart, even when there are no employees. This is a virtual organisation with different functions. The entrepreneur always wants to be ahead in the company’s development. This is important because of the importance of strategic recruitment. Staff must be prepared for the coming tasks and they have to be organised into teams to function without the entrepreneur being there all the time because he travels a lot. The next step for the entrepreneur can, after some time, then be to recruit leading people in the management team. The entrepreneur has to form entrepreneurial teams at all levels of the organisation that are independent and can take decisions.

According to Cooney (2009), there is a positive relationship between entrepreneurial teams and high-growth firms. Tihula et al. (2009, p. 557) define a team as a “collection of individuals who are interdependent in their tasks, who share the responsibility of the outcomes, who see themselves and who are seen by others as an intact social entity embedded in one or more larger social systems (e.g. the firm), and who manage their relationship across organizational boundaries”. Entrepreneurial teams act to reach the goal of the vision. McDougall et al. (2003) find that the entrepreneurial teams’ work experiences and their strategies are higher in INVs compared with domestic ones. They suggest that team members were hired because of their international experiences or that these managers had the international experience that made it possible for them to take advantage of international opportunities. Another explanation could be the personal characteristics of managers. INVs’ entrepreneurial teams have also been found to have more industry experience in relation to domestic teams. Evers (2011b, p. 38) claims that no factor alone “would be deemed to lead to the discussion to internationalise early in the firm’s life cycle. However, the entrepreneur or the entrepreneurial team would be considered the central plank on which all other factors rest. The centrality of the entrepreneur’s traits, knowledge base, networks and alertness emerge as important factors in the early and rapid internationalisation of the firm; and this may help explain why the entrepreneur decides to drive an early international start-up as opposed to a domestic-market-based venture”.

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One of the best-known models concerning the value chain was proposed by Porter (1985, 1986). In the value chain, the dynamic role of the entrepreneur is important according to Oviatt and McDougall (1994) and trust in relations is important for focusing on value-creating networks (Busbin et al., 2008). For a company, it is important to secure high-quality and core production. Busbin et al. (2008) also find that sustainable competitive advantages are important for the development of the value chain. According to Crick (2009), knowledge transfer can be used to overcome barriers. Servais et al. (2007) find that international sourcing is an entrepreneurial act in companies and that it is important for both the supplier and the customer as a model for their relation, i.e. a holistic view is needed (Andersson and Servais, 2010). The leader’s vision should empower the organisation, according to Shamir et al. (1993).

Growth is important for Born Global companies because many work with niche products in small domestic markets. Smallbone and Wyer (2006) developed a business life-cycle model with five stages: start-up, survival/development, growth, maturity and decline. Another growth and stage model has been developed by Hashai and Almor (2004), who studied the gradual internationalising of knowledge-intensive Born Global firms. They work with three different stages: Stage 1; exports via agents/distributors, no internationalised value-adding activities, enter physically close foreign markets. Stage II; establishment of green-field subsidiaries, internationalised value-adding activities through marketing, enlarge market share in physically close foreign markets. Stage III: mergers and acquisitions, production and R&D, enter physically distant foreign markets (and continue sales to physically close markets) (ibid., p. 469). Gabrielsson et al. (2008) developed another model with three phases: introductory, growth and resource accumulation and break out to independent growth, as follows:

**Introductory phase 1**
The founder and other creative people are the main resource in the company. In many companies, the founding team or founder has done a pre-phase work building on their earlier working experiences. A selected channel strategy and networking approach are important. Normally, the firm stays for three years in this phase. Gabrielsson et al. (2008) suggest that entrepreneurial learning is connected with the “identification and exploitation of opportunities” building market-related intelligence. Critical situations for leaving this phase are if the founder has international experiences supporting rapid organisational learning or if the firm has managed to “establish a proactive learning environment both within and outside the company. A Born Global entering phase 2 will often find itself operating in a global or potentially global industry” (pp. 395–396).

**Growth and resource accumulation phase 2**
Gabrielsson et al. (2008) claim that Born Globals use their partners and networks to learn to do business. A lack of resources in the firm is compensated to position itself in relevant networks, both formal and informal. “Success in this phase hinges to a large extent on the product/service itself and on the ability of the Born Global to place it on the market” (ibid., p. 396). The time spent in this phase is three to five years. Global market players secure their leadership through consolidating brands and networks and developing new products. Global niche orientation or the uniqueness of their products gives them the possibility to price their products at a high profit margin. An important question is “how long and to what extent should they stay in the network of the large global market player? In other words, what is the break-out strategy that will lead to their own development?” (ibid., p. 396).
**Break-out phase 3**

In this phase, the Born Global company has to decide a break-out strategy based on experiences from global customers. The company has to plan a global market positioning of its own. A global vision and commitment are important to become a successful Born Global. The development in phase 3 depends on the strategies decided in phase 2. The firm may need additional resources to go on. If the firm has a unique product or service, it can use self-generated resources or ask the financial markets (Gabrielsson et al., 2008).

According to Churchill and Lewis (1983, pp. 3–4) and Lindqvist et al. (2011), critical incidents appear in a company’s development, which you can see as different stages. Different types of crises include 1) Crisis of leadership, 2) Crisis of autonomy (who is acceptable for the founder to lead), 3) Crisis of control (delegation and control) and 4) Crisis of red tape (through better formal systems and coordination, the organisation has to be organised in a different way because of its size).

Conger and Kanungo (1998) find that it is important for a charismatic leader to inspire and influence the organisation through vision and values. Smith et al. (2004) claim that charismatic leadership and a decentralised organisation is important for an expanding company. They also suggest that transformational leadership inspires the leader to help employees share his vision and to empower the organisation and develop individuals’ potential.

### 3.2.6 Leadership and organisation in Born Globals

There are many similarities between successful entrepreneurship and leadership (Cogliser and Brigham, 2004). Leadership is described as a democratic relation between manager and co-workers that delivers a higher level of performance.

Conger and Kanungo (1988) claim that empowering co-workers is a main factor in achieving managerial and organisational effectiveness. Andersson and Florén (2009) show that entrepreneurs in Born Global companies concentrate on strategic decisions and delegate other decisions. The entrepreneurs in these companies travel a lot and cannot be present all the time. Therefore, they must organise in a way that the firm can function without them.

A global vision starting from the firm’s inception may be the most important characteristic in relation to Born Global entrepreneurs (Oviatt and McDougall, 1994). This vision is the base for charismatic leadership. Managers should try to motivate employees by influencing their pictures of themselves. This could be done through a change in how employees view how the work is done and how goals can be fulfilled. The tasks should then be seen as meaningful. The main goal for the charismatic leader is to strengthen the employee’s self-esteem and intrinsic value (Müller and Elofsson, 2006). In an empirical study, McDougall et al. (2003) find that entrepreneurial teams in INVs have a high level of international and industry experience compared with domestic new ventures. The age of the CEO may also reflect the lifelong experience and personal network of an individual (Andersson et al., 2004). Many studies have indicated a positive relation between managers and entrepreneurs’ international attitudes, orientations, experiences and networks and successful international development (Nummela et al., 2003; Kuemmerle, 2002; Westhead et al., 2001).

Klein and House (1995) describe the charismatic relation as the interplay between leaders’ characteristics and behaviours, followers’ characteristics, and environmental characteristics. Social competence, self-confidence, moral conviction and assertiveness are examples of those
Born Global companies

characteristics, according to Conger and Kanungo (1998) and Klein and House (1995). House (1977) find that charismatic leaders should be seen as dominant with strong self-confidence and a beliefs and an interest to influence others. Shamir et al. (1993) find that the vision is the most important mechanism for the charismatic leader. In the internationalisation literature, Spence (2003) focuses on the importance of networks and that few high-tech SMEs follow a planned international strategy. Internationalisation happens in a holistic way. By being part of different networks, entrepreneurs find opportunities that lead to international expansion. She also points out the importance of the entrepreneur’s vision, which is built on his own assembled strategies, how the individual looks in his own environment, his vision about how the organisation should be organised and how he interprets the surroundings. The vision is a mental process that started in the entrepreneur’s mind.

According to Pech (2009, p. 32) “important determinants for achieving trust are demonstrations of managerial passion for the work and managerial concern for employee welfare, hiring the right employees in the first instance, and then providing them with a sense of control over their lives”. The relation between leaders and co-workers is described in the charismatic/transformational tradition as a democratic relation, with highly empowered individuals and teams that act according to the charismatic behaviours of leaders. Pech (2009) also suggests that if your recruitment department works as it should do, you will have employees that are ready to meet the changes in your organisation.

Empowerment has a strong connection with power and authority and it is described as a process where managers share power with employees through delegation. Conger and Kanungo (1998) prefer a motivational perspective on empowerment. They define empowerment as "a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information" (p. 474).
4. Methods and research approach

In this chapter, I want to complete the information concerning the method used in the papers. I started with the literature search and then selected data for the cases. After that, I discuss the results of the studies and the possibility to generalise the findings.

My understanding of growth, market establishment, entrepreneurship and organisation has been earned through different international companies while I was working in different management teams. During this time, I learned to work with a holistic view and to understand the management’s way of thinking. In the mid-1990s, before Sweden joined the European Union, I took part in a training course concerning knowledge about the European Union and Eastern Europe. This gave me new knowledge about internationalisation. Thereafter, I worked on a business development project in Latvia during which I made many contacts with management teams in Latvian and Swedish companies in the south of Sweden, especially in the Gnosjö region. Back home, I started a company and carried out some assignments concerning matchmaking arrangements between Sweden, Denmark, Germany and Poland for the local Country Administrative Board and for the Skåne region. During these assignments, I had a lot of contacts with different CEOs and used my earlier experiences of management teams to convince them to join different meetings. This was very useful in my meetings with different informants. Many thanks to all of them!

4.1 The Research Process

My studies have been a long process with many experiences. I started writing a monograph study of Born Global companies and have now ended with a thesis composited by five papers. Changing the way of doing things needed extra time. When you carry out studies over a long time, you can also follow the companies more closely and pick up other information in connection with their development and growth.

This thesis is mostly a qualitative study apart from paper 1, which is a quantitative study, but we found in this study only one Born Global company according to the used definition. Thus, we had to find Born Global companies in a more conscious way to be able to carry out deeper studies. The potential of a certain company and its information is of greater importance, which is in line with Yin (1994).

When you use the qualitative method, you also contribute to the theory. According to Allwood and Eriksson (1999), research aims to create scientific knowledge. They claim that “a statement is justified so that a researcher can find arguments of reasonable quality to state that the statement is true” (my translation; p. 23).

Previous studies constitute the starting point when working with case studies. Cases were created to search for new theory, which then forms a part of the framework in new case studies. It is important to be able to reach the best adjustment between empirics and theory. Studying different research areas through cases and written papers is a good way of improving knowledge in different subjects.
4 Methods and research approach

During the time that I have been studying the companies together with Svante Andersson or alone, we have improved our knowledge with new theory before writing papers. In the cover part of the thesis (kappa), I have used information from the papers and a new fitting theory.

For the researcher, it is important to start with theories – or at least with a frame of reference. This is even more important when you work with data collection in several steps to develop the frame of reference (Jansson, 1993). Löwegren (2003) states that collecting empirical information places new demands on further studies of new theory, which then improve the quality of the frame of reference.

According to Jansson (1993), it is also important to work with a holistic process, in which you repeatedly aim to create different structures to achieve the best performance. For the researcher, it is important to have mental control over the theory and data collection to understand how they are connected (Jansson, 1993). To be able to find the important factors in the development of a Born Global company, we must have interesting cases to work with. Accordingly, we can then also develop the frame of reference and conceptualise the conclusions into theoretical terms with a high level of generalisation.

From the beginning, I started to build my own knowledge about this area of research through a literature review. After this introduction, I began to look for published articles in this area. During the first period, I got many new views from my studies in different research courses. Over time, I also have had many interesting discussions with colleagues and, of course, my tutors. To search for research articles I used the computer-based program ABI Inform. Over recent years, I have worked mainly with articles. I have also taken part in the McGill Conferences since 2001, a specialised conference in international entrepreneurship, at which I have met a lot of researchers in the area of internationalisation and Born Globals. The literature from these different areas comprises internationalisation, market entry mode, market channel strategies, entrepreneurship, growth, Born Globals, knowledge transfer, leadership and organisation, networking, value chain and the small business area.

This thesis started with an earlier study, where only one Born Global company out of a selection of 236 companies was found. Born Global companies continue to be rare. In the first paper, we used a deductive approach, while in the second paper it was therefore natural to work with selected case studies. In this situation, I was also looking broader at SMEs in general, with a deepening focus on Born Global companies.

Although I have mainly worked with Born Global companies, I have also used companies in a similar growth and development situation to that of a Born Global, according to the Born Global definition. In one case, the company is a “reborn” company but acting as a typical Born Global. I always try to give as good information as possible about the company, namely if it is a Born Global or a Reborn. In line with Bell et al. (2001), the “reborn” company is becoming more and more apparent when old companies are taken over by other people with other competencies and they claim that these companies should be seen as Born Global companies.

4.2 Triangulation to secure in-depth understanding

The chosen research strategies need to correspond with the methods of the study according to Ellonen (2007). Ellonen’s (2007) structure has been used to structure this triangulation section. The strategies in this study were mainly descriptive and exploratory. The goal was to better
understand Born Globals, build new knowledge about them and see new perspectives. Ellonen (2007) claims that qualitative methods result in rich and detailed information about how the company and organisation work. According to Snow and Thomas (1994), it is realistic to use observation and interviews to study different phases of a study. Therefore, qualitative methods were mainly used as the research strategy in this study.

In qualitative research, you meet different voices, perspectives and points of view in different interview situations. When you use different viewpoints, this will be close to the concept of triangulation using different theories, data collection techniques, researchers and methodologies (Ellonen, 2007). Through triangulation, you can secure an in-depth understanding of the studied phenomenon. In this study, the following four types of triangulation were used.

Theoretical triangulation; According to Ellonen (2007), theoretical triangulation is connected with the use of multiple perspectives in interpretation. Before starting the process of writing the papers, studies in internationalisation were carried out. In paper 1, this was as an influential theoretical starting point in the stage and process models by Johanson and Vahlne (1977, 1990) and the gradual process for gaining increased experimental knowledge and reduced risk. The model has been criticised from various angles for not explaining the internationalisation of small firms. The study focuses on Born Global companies (Rennie, 1993) and other researchers. In paper 2, this was by building on the theoretical framework proposed in paper 1, plus reviewing the literature on globalisation, the entrepreneur, networks and industry and defining the concept Born Global. In paper 3, the literature review concerns international entrepreneurship, the choice of market channel entry mode, the internationalisation process, the establishment chain, economic theories of foreign entry mode choice and channel strategies in new and small companies. Paper 4’s main focus is on the value chain literature and the management part in the chain. Paper 5 focuses on life-cycle theory, the growth literature, international entrepreneurship, culture, internal organisation and international market strategies. After writing the papers, charismatic leadership and empowerment were studied to be used in the final version of this thesis.

Methodological triangulation; in paper 1, a quantitative method was used for data collection and analysis. For papers 2–5, case studies with semi-structured interviews and secondary data was used for data collection and analysis. In all papers, the goal was to deepen knowledge of the studied companies in relation to the used literature.

Data triangulation; this refers to the use of a variety of data. In paper 1, we started with a sample of 423 small manufacturing companies and received answers from 135. In paper 2, we tried to use the same sample but according to our definition only one Born Global company was found. This company was used in the study together with three others found by our own personal networks. According to Eisenhardt (1989), the selected firms were rather extreme cases of Born Globals. In paper 3, we chose a comparative case study as recommended by Eisenhardt (1989) and Yin (2003). This was the same in paper 4. We have studied the Rubber Company for many years and found in one of my last interviews that there was a potential to study the period from 1990 to 2007 in relation to growth development (paper 5).

Researcher triangulation; this was evident in the co-authored papers, since researchers with different backgrounds interpreted the information. Svante Andersson has a strong focus on internationalisation and entrepreneurship and some practical experience of exporting, Jonas Gabrielsson has a focus on entrepreneurship, corporate governance and board work, while I have
4 Methods and research approach

a focus on organisation leadership, growth and management as well as many years of practical experience in the management teams of different companies.

Using the triangulation way of studying companies and starting with a quantitative study meant we could get information about what happens in the companies. This included that a dynamic and fast-changing environment may push companies to go abroad in paper 1, while it seems to be the experiences built up and a young generation of CEOs that explain why some small companies continue to expand their international activities. This was focused on what happens within the companies, the importance of entrepreneurs’ backgrounds and which strategies they use to expand their companies. Papers 4 and 5 contributed information on the value chain and growth stages. The evolution of all papers created a relation with the others through a focus on entrepreneurs and management in Born Global companies. These papers’ different perspectives and new information made it possible to write about and analyse ‘the Born Global box’ and ‘what happens there’, and also to revise the conceptual framework model proposed by Andersson and Wictor (2003).

4.3 The Evolution of the Papers

At the end of 2000, Svante Andersson and I joined a local KK-Foundation project, a Platform Research Project, to study Born Global companies. This work was presented in Rapport A.3 (2001), Högskolan in Halmstad concerning; Innovative international strategies in new firms: Born Global. This was the first work to inspire the papers below.

Over time, I have participated in the McGill Conferences on international entrepreneurship. Here, I have had the possibility to follow what happens at the research frontier in this area. Through the different workshops in the research projects, I have also been in the position to follow different companies’ development. These workshops are also called “CEO professional network meetings”. CEOs need a forum together with other CEOs, where confidential discussion can be held. Deep discussions have taken place in this forum. One result of these discussions has been the study of the value chain. Before and after my interview with the CEO of the Rubber Company in 2007, I found that it was of great interest to develop the paper on “The Rubber Company’s way to grow”, especially its development of the industrial stage of growth. In this last paper, only one company is involved, but it has been studied over 17 years. Here, I have studied the different growth stages and related them to the life-cycle curve to better understand a Born Global company. I have felt strongly for this study and wanted to reach an even better understanding of the Rubber Company as a Born Global phenomenon. New interesting knowledge was collected. The interviews over the years have given a lot of interesting empirical data, and the interaction between theory and the empirical data has generated interesting research questions.

To be able to find interesting cases for our studies we tried to identify suitable cases from a specially developed database during spring 2000. Of the 423 privately held joint stock companies, 89 cases replied. According to our definition of a Born Global company, only one company was found. From this database, paper 1 was developed and presented at the McGill Conference in Montreal. It was then published in 2004, focusing on the entrepreneur/CEO and important factors influencing the internationalisation process. The second paper was presented at the McGill Conference in Glasgow and published during 2003. Its main research areas were entrepreneurship, globalisation, networks and industry.
Over time, I have interviewed entrepreneurs/CEOs in different companies and the knowledge of these companies has inspired the following papers. It has been a process to develop an understanding of the firms in this area and find out what really happens inside those companies. Learning to understand in what ways these companies differ from ordinary companies has been an interesting insight.

Figure 1 in paper 2 concerning the framework has been very important for the following studies. It helped us to better understand the phenomenon Born Global. We could deepen our information about the entrepreneur and his role in the internationalisation process.

During 2005, a new project in international entrepreneurship, financed by the KK-Foundation in Stockholm, started at Halmstad University. Six entrepreneurs/CEOs were followed to find out how they work and to analyse cooperation with CEOs. One important part was the learning process for the CEOs themselves. This project lasted for three years.

The third paper focuses on Born Globals’ foreign market channel strategies. The decision to establish a new market is of great importance for the long-term survival of the company. In this comparative case study, four companies with different foreign entry modes were compared. We found that they had very different market channel strategies even though they internationalised rapidly.

The fourth paper on The Management of Value Chain Activities in Born Global Companies was then studied. The value chain is important to understand and control rapidly growing international companies. The entrepreneur’s vision strongly influences the business. He or his management are personally involved in building and sustaining relationships with both customers and suppliers and he has the capability to decentralise activities, while still controlling them, and build a powerful culture with decentralisation and empowered employees. The entrepreneur has a supply manager role to act in those activities that are of special importance.

After working with the above papers, I decided to carry out a deeper study of the Rubber Company. I interviewed the external CEO II during 2007 and discovered new information about the company and its growth stages. The result was the fifth paper, which is a longitudinal study of the company over 17 years (1990–2007) and its development in the different stages in the growth/life-cycle curve. This paper also builds on the knowledge that Svante Andersson built up during his early studies of the company. The founder, external CEO I and CEO II were interviewed and what characterises the different stages of growth over time was compared with the growth/life-cycle model of Smallbone and Wyer (2006).

### 4.4 How do you study a Born Global SME?

Born Global companies are rare but they have existed for many years as globalisation has increased. This also means an increasing interest in these companies because they have to internationalise early after their inception. The entrepreneur has an important role in starting the Born Global company. I therefore suggest that one of the most important people in the company to interview is the entrepreneur.
4.4.1 Case selection

The sample companies were chosen to fit the definition and because they were interesting cases. Global companies are rare. These companies are in different industries, which I see as important to be able to compare important information between them. All companies are global in their ways of expanding their businesses. The main informants were the CEOs/entrepreneurs together with secondary data. According to Yin (1994), differences between companies may strengthen important factors.

The companies are methodologically tied to each other through their entrepreneurs, their ways of organising, their connections with globalisation, the importance of networking and their internal visions and cultures.

Table 4.1: Sample companies used in the papers.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical I (BG)</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information (BG)</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical II (BG)</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rubber (BG)</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Diagnostic Products (BG)</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identity Products (BG)</td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security (BG)</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Orthopaedic (Reborn)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Sample companies 135</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BG – Born Global

To understand the sample companies better, the following key figures at the end of 2007 may be of interest.
Table 4.2: Central information about the companies at the end of 2007.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Industry</th>
<th>Turnover 000 SEK</th>
<th>Number of employees</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical I</td>
<td>Medical</td>
<td>0</td>
<td>0</td>
<td>Sold and divided up</td>
</tr>
<tr>
<td>Information</td>
<td>Information</td>
<td>NA</td>
<td>NA</td>
<td>Still owned by the founder (^1)</td>
</tr>
<tr>
<td>Medical II</td>
<td>Medical</td>
<td>NA</td>
<td>NA</td>
<td>Sold to the US (^2)</td>
</tr>
<tr>
<td>Rubber</td>
<td>Rubber and knowledge</td>
<td>808.004</td>
<td>362</td>
<td>Owned by an investor</td>
</tr>
<tr>
<td>Diagnostic Products</td>
<td>Medical</td>
<td>458.536</td>
<td>243</td>
<td>Sold to the US</td>
</tr>
<tr>
<td>Identity Products</td>
<td>Suitable gifts</td>
<td>31.821</td>
<td>33</td>
<td>Still owned by the founder</td>
</tr>
<tr>
<td>Security</td>
<td>Mechanic</td>
<td>209.828</td>
<td>51</td>
<td>The same owners</td>
</tr>
<tr>
<td>Orthopaedic</td>
<td>Orthopaedic</td>
<td>119.527</td>
<td>33</td>
<td>Today owned by the son</td>
</tr>
</tbody>
</table>

4.4.2 A description of the sample companies

Medical I; this firm works in the medical technology sector. It has had an extremely rapid expansion and its products were sold in 46 countries within six months, mostly via subsidiaries and with no earlier representation in foreign markets.

Information; the company’s business concept is to give through an extra identification on, for example, a package more information through a mobile phone. Ericsson was their first customer and remains an important partner. The company has received many offers from venture capitalists.

Medical II; this is a small company operating in the field of medical technology that manufactures and markets a treatment system for the alleviation of the symptoms of Menière’s disease. It was founded in 1996 by two medical researchers and an entrepreneur. It was sold later to a US company.

Rubber; this is a company with a product that consists of a system of cable entries and seals, based on a multi-diameter technology protected by patent. The company has worked with independent distributors but now it has established subsidiaries. If no suitable distributors are identified, subsidiaries can be an alternative solution. Later, it changed its opinion and worked with subsidiaries.

Diagnostic Products; this firm operates in the field of medical technology. The US has always been the most important market for the venture. The company started with independent distributors, but now has its own subsidiaries and a multiple channel strategy.

Identity Products; this is a company that develops and markets identity promotion products. The company has a market channel strategy built on joint ventures but today it has changed to

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\(^1\) The Information Company has changed its name and now has a lower turnover.

\(^2\) The Medical II Company was sold by the two entrepreneurs to the US and information is not available.
4 Methods and research approach

subsidiaries. It is strictly a wholesale company; all sales are made through distributors and manufacturers, never direct to end-users.

Security; this is a company working in the metal industry. It started in 1990 and has a few subsidiaries, one in the programming area, which supplies customers without being charged. Customers can then design their own orders. It offers different security products for equipment/machinery and storerooms.

Orthopaedic; this is a “reborn” company with all the characteristic of a Born Global company. The entrepreneur started a new brand name, which is very international. It has developed a special way to work with product development in China and now focuses its core manufacturing in Sweden.

The empirical data were collected through interviews but complemented by other sources as previous studies, homepages, articles in newspapers, databases, and questions by email in some cases.

Table 4.3: Number of interviews.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Number of interviews</th>
<th>Period</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical I</td>
<td>1</td>
<td>2001</td>
<td>Divided up and some parts sold to the US</td>
</tr>
<tr>
<td>Information</td>
<td>1</td>
<td>2001</td>
<td>Still very small</td>
</tr>
<tr>
<td>Medical II</td>
<td>1</td>
<td>2001</td>
<td>Sold to the US</td>
</tr>
<tr>
<td>Rubber</td>
<td>5</td>
<td>2001–07</td>
<td>Participant in two research projects.</td>
</tr>
<tr>
<td>Diagnostic Products</td>
<td>3</td>
<td>2001–04</td>
<td>Some interviews and some guest lectures by the CEO</td>
</tr>
<tr>
<td>Identity Products</td>
<td>4</td>
<td>2000–06</td>
<td>Participant in two research projects with at least two workshops a year for the past 3–4 years</td>
</tr>
<tr>
<td>Security</td>
<td>3</td>
<td>2005–11</td>
<td>Participant in one research project with at least two workshops a year for the past three years</td>
</tr>
<tr>
<td>Orthopaedic</td>
<td>3</td>
<td>2004–11</td>
<td>Participant in one research project with at least two workshops a year for the past three years</td>
</tr>
</tbody>
</table>

4.4.3 Data Collection

Eisenhardt (1989) and Yin (1994) suggest that when you want to deepen your information about facts and figures in previous research, a comparative case study approach is a suitable method. This can be useful when you want to explore issues where existing theories cannot be used fully for the context.
In order to understand the situations, standalone companies with extensive experiences of foreign markets in multiple countries were selected. From the Born Global definition, influenced by Knight and Cavusgil (1996) and Oviatt and McDougall (1994), a sample of companies was identified. Of this group, the sample companies were chosen.

The studies started with secondary data as a base, such as that gathered from annual reports, newspaper articles or directly from companies. Quantitative data such as revenue, income and employment information were gathered from these sources, too. This was complemented by qualitative information. However, the secondary data were not enough to understand the company's international development. Key people were thus contacted in the companies for personal interviews, especially the CEOs or founders. In these interviews, secondary data were of great interest to understand the company's internationalisation strategies. For the studies, a semi-structured interview guide was used and all interviews were recorded. The company’s international development was discussed over time and the key informants could tell their stories freely. Crick and Jones (2000) use this method to study small firms' internationalisation. In most cases, two researchers were present during interviews. The names of sample companies are fictitious in order to preserve confidentiality. From this information, case descriptions of the international development in each company were written. These key people then had the opportunity to read and comment on these descriptions. After that, the different cases were compared with those in different studies and then confronted with different theoretical approaches (Yin, 1994).

Born Global companies have to be especially aware of the changing environment because of their rapid international growth. Important factors may be difficult to identify before the investigation starts and thus the investigation design changed during the process. Different sources and field study methods were used. For example, you can ask unprepared questions during interviews or encourage dialogue from an unstructured interview guide with open questions. The interviews may lead to a new understanding, which can generate new questions for the empirical data. The interaction between the empirical data and theory is also useful (Alvesson and Sköldberg, 1994; Löwegren, 2003) and this is recommended by many researchers as a fruitful attempt when studying companies (Perry, 1998).

As a general information source, I started knowledge searching using the Swedish Business Data System (‘Affärsdata’). Here, you can find a lot of information about a company. Thereafter, I used the Internet, another source to learn about a company.

The strength of this study is the depth of the interviews compared with quantitative methods. CEOs provide information about the company as well as about their backgrounds and visions from the beginning but also for the future. In particular, in the Rubber Company there have been changes at the CEO level. The new owner and external CEO have critical information and views on earlier CEOs. Most information supported the earlier information but there has still been a new perspective on the company’s development. CEO II works in a different way compared with earlier CEOs. This is logical because of the higher stage level in the life-cycle curve. It is part of a company’s development.

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3 In this thesis, a Born Global is defined as a company that has achieved a foreign sales volume of at least 25% within three years of its inception and that seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries. This definition is influenced by Knight and Cavusgil (1996) and Oviatt and McDougall (1994).
I allowed 1.5 to 2 hours per interview and the rest of the day was spent travelling. The data collection was carried out from 2000 to 2007 with some in 2011. The quality of study’s information is high for two reasons: (i) because of my practical background and references and (ii) because most sample companies were taking part in two research projects, during which I got to know their businesses through many workshops. During these workshops, a lot of other focused information and questions were also discussed among a forum of CEO entrepreneurs. Further, between the different periods, there was time for critical reflection.

At the beginning, Medical I, a very interesting company, was suddenly broken up and sold to different investors, especially to one in the US in the same industry. Medical II was also sold by the two entrepreneurs to a US company and the small information company was no longer interested in participating. Only the Rubber Company was left in this group of companies. We therefore looked for other Born Global companies.

To achieve high quality in a study like this, you have to get close to the informant/entrepreneur, i.e. you have to reduce the gap between the informant and yourself and get access to that person. According to Welch et al. (2002, p. 624), researchers can negotiate access by stressing their academic neutrality and demonstrating their professional and language competence as well as reliability. To a certain extent, researchers may reduce the gap between themselves and high-level executives by adopting a business-like or “insider” approach” and, also in accordance with Welch et al., (2002, p. 626) “adopt the position that elites should be interviewed when the research question suggests so”.

In my contact with entrepreneurs, I suggest that my access to them has been very good and that I have been able to get high-quality information.

### 4.4.4 CEOs as informants

The interviews with sample CEOs were in-depth interviews as “an extended face-to-face verbal interchange” (Welch et al., 2002, p. 612). Welch et al. (2002) review the literature on elite interviewing in terms of access, power, openness and feedback. They analyse four studies in two countries with 90 corporate elites. In such an international group of companies, you can find differences in professional values, seniority, gender, culture and language skills. When you study dynamic, context-dependent and interactive phenomena in international businesses, qualitative research is preferable. In these organisations, corporate elites seem to be visible individuals, which also may affect the interview situations and the quality of the data. According to Macdonald and Hellgren (1998); Welch et al. (2002), the higher the status of the company informant the more reliable and powerful the data are. They suggest that there is an absence of critical debate in this regard.

Welch et al. (2002) discuss critically the definition of elites and elite interviewing and recommend how to act when interviewing elites. Further, they suggest that Yin’s (1994) handbook on case study research does not focus on elites especially. There has been a lack of definition of elites. However, elites can be defined as a “group in society considered to be superior because of the power, talent, privileges, etc. of its members” (Hornby et al., 1983, p. 280). For traditional companies, elites are the top management team. Welch et al. (2002, p. 613) suggest that “an elite interviewee in International Business as an informant who occupies a senior or middle management position; has functional responsibility in an area which enjoys high status in accordance with corporate values; has considerable industry experiences and frequently also long tenure with the company; possesses a broad network of personal relationships; and has
considerable international exposure. They recognise that this definition is necessarily relative, given the diversity and context specificity of international business research. However, the advantage of the definition is twofold: unlike previous definitions, it is focused on International Business operations; and it does not assume that elites are necessarily confined to the senior management of firms”. For this study, this concept is very useful because my companies are all international and some cases have younger people as elites.

In the elite interviewing literature, four themes dominate: access to elites, power of elite interviewees, openness of elite interviewees and feedback to elite interviewees. Access to elites may take a lot of time. When interviewing elites, “the issue is rather one of proving one’s professional credentials and standing” (Welch et al., 2002, p. 614). Institutional affiliation and the use of personal connections are important factors. In some situations, it may be difficult for the researcher to achieve a successful relationship because of the power imbalance. According to Taylor and Bogdan (1998, p. 111), the informant is ”one of society’s underdogs”. However, I had no such problems because I was able to refer to my practical and theoretical background.

Another question discussed by researchers is the degree of openness of elites. Openness by the informant is important in interviews. Interviewing elites is strongly connected with organisational policies. Senior executives speak on behalf of the formal organisation. I suggest that the CEOs in my cases were open and willing to offer information in interviews. In some cases, they were asked for additional information without any problems. Thomas (1993) suggests that follow-up contact with elite informants may provide additional information.

According to Welch et al. (2002), scrutinising data collection is another important part of reflexivity to improve the researcher’s experiences in coming investigations. To use the reflexive procedure you have to compare different data such as access to elites, their power and so on. These procedures also apply to elite interviewing in international business but they are accentuated by cultural, linguistic and geographical boundaries. Further, differences in values, seniority, gender and organisational context make a difference.

Welch et al. (2002) suggest that strategies on how to act when interviewing elite people are context-sensitive. A mix of sampling methods, cascading and snowballing work for access to the organisation and reducing the influence of the internal sponsor; this was the most effective combination. The context-sensitive situation was very important to handle, especially respecting the working situations of different CEOs. When you show respect for a person, you show a professional attitude and you may have more access to information afterwards.

How has access to CEOs affected the study? I agree that there may be problems for many researchers interviewing CEOs and the management team because they do not have my background. Other arrangements have to be made to secure the quality of collected data such interviewing different people in the organisation. Therefore, I cannot say I agree fully with Welch et al. (2002); I am sure that my background was to my advantage. According to Alvesson and Sköldberg (1994), this allows the possibilities to change the design of the investigation to achieve a better result.

4.4.5 Selecting the case method for these studies

The method concept is used with different content such as interviews and strategies for research projects, and many times it is related to the empirical data (Jonsson, 2001). Further, Alvesson and Deetz (2000) relate methodology to the empirical data.
The case method means that the study is aimed towards deep and detailed descriptions and analyses of individual cases (Lekvall and Wahlbin, 2001). This is in line with Yin (1994). Because I assess internationalisation in connection with different conceptions important for studying Born Global companies, the aim was to explain the rapid international growth of Born Global companies.

It is important to have deep information about a company when you study relatively a new phenomenon as Born Global companies. Therefore, it was also good to study the companies over time. Finding enough of these companies is another problem. I had good opportunities to get the information I was looking for. The strength in my contacts was that I came in a close contact with the CEOs/entrepreneurs. I believe that was a result of my own background in different companies and that I understood the language being spoken.

The strength of the case method is that you achieve deep and rich information about the company and about the person you are interviewing. Rich information is important when you research a new phenomenon. Researchers must develop during research studies and build knowledge about the company’s situation.

### 4.5 Literature Search

The connecting thought in this work has been the internationalisation process and the importance of the entrepreneur. For this purpose, I focused on Johanson and Vahlne’s (1977, 1990) theories of the internationalisation process and the Uppsala model. I also used their articles from 2003 and 2009, and Schweizer et al. (2010) in this work.

The other important part was to study the literature on Born Global companies, especially Madsen and Servais (1997), Oviatt and McDougall (1994), Knight and Cavusgil (1996), McAuley (1999), Rennie (1993) and Rasmussen et al. (2000). The researchers in this field have a critical perspective on the Uppsala model and suggest that this theory can no longer be used on these companies.

### 4.6 Comments on the different papers

In paper 1 (Andersson et al., 2004) a theoretical discussion of the Uppsala model and the gradual stage model was carried out, which has been criticised from various angles. Some researchers suggest that the model cannot fully explain the internationalisation of small firms (Born Globals) in today’s global markets (Andersen, 1993, 2000; Bell, 1995; McDougall et al., 1994). Based on this discussion, six situational factors were identified to influence the international activities of small firms and to explain why some companies further expand their international activities. The dependent variable in this study was international activities. Company age, company size, technology level and CEO age were used as independent variables. In particular, younger CEOs have an important role in expanding the company’s internationalisation activities. The study was carried out as a quantitative study.

In paper 2 (Andersson and Wictor, 2003), we aimed to identify cases from an already existing database. We based the information on survey data gathered from a questionnaire sent to small
companies in Sweden in 2000. In this database, companies were selected based on their size and type of industry. This survey targeted all joint stock companies with between 10 and 50 employees in the industry codes B18, B19 and B20. These were manufacturing companies in the electronic machines and components, electronic communication equipment and optic/medicine/photographic equipment industries. In the study, 423 privately held joint stock companies were identified. The response rate was 31.9%. We then had 89 cases to choose from. However, according to our definition only one of these firms could be defined as a Born Global company. This company was then used as the case company. We had to use our own networks to find other companies. According to the recommendations of Eisenhardt (1989), the selection now was not random, and so we selected rather extreme cases of Born Globals.

The entrepreneurs in three of the four companies were interviewed, as was a technical manager in the fourth company who had been employed since the beginning. Two companies were working in the medical equipment area, another in the rubber knowledge area and one in data information area. They were all interesting cases. All this information was used in paper 2. From the above study, 135 manufacturing firms were also selected to explore internationalisation and export growth.

Paper 3 (Andersson et al., 2006 focused on Born Globals’ foreign market channel strategies. The decision to establish a new market is of very great importance for the long-term survival of the company. In this comparative case study, four companies with different foreign entry modes were compared. These firms had very different market channel strategies even though they internationalised rapidly.

Paper 4 (Wictor, 2011) assessed value chains in international SMEs, especially Born Globals. In this paper, I aimed to investigate how Born Global companies’ value chain activities are managed and organised. The entrepreneur’s vision strongly influences development. The entrepreneur and his management have an important role in organising the value chain with the entrepreneur involved in all parts. He is personally involved in building and sustaining relationships with both customers and suppliers and has the capability to decentralise activities, while still controlling them. He also builds a powerful culture through decentralisation and empowered employees.

Paper 5 (Wictor, 2011) focuses on a Born Global company’s way to grow and is a longitudinal study of a company over 17 years (1990–2007), including its development in the different stages of the growth/life-cycle curve. During this period, the founder, external CEO I and CEO II were interviewed. What characterises the different stages of growth over time was compared with the growth/life-cycle model of Smallbone and Wyer (2006). Why is the company still growing and very entrepreneurial?

4.7 Critical reflections and limitations of the study

In this study, I mostly interviewed entrepreneurs/CEO, excluding the Medical II company, where it was not possible to interview the CEO. Critics may say that information from CEOs has its limitations because he may overemphasise his own importance in the company’s development, but because I have worked in different management teams for many years, this makes the information more reliable. I have the background and understanding to judge the information.

Even though these companies are working in different industries, I suggest that selecting Born Global companies from a definition is the more important base when you want to draw
conclusions. Of course, it is also important to be aware of the company and entrepreneur’s backgrounds.

There are things that I would have done differently in these studies. My idea was from the beginning to create an understanding of these companies compared with more traditional companies. According to Wigren (2003), my contact with entrepreneurs was an arena where entrepreneurs act, which is of special interest for Born Globals.
5. Summary of the papers and comments on the framework

5.1 Summary of the papers

5.1.1 Paper 1: International activities in small firms – examining factors influencing the internationalisation and export growth of SMEs

There are two main research objectives in this paper; “First, we wanted to identify and empirically test a set of relationships between contingent factors and the international activities of small firms in order to explain why some small firms become international while others choose to operate in the domestic market. Secondly, we wanted to investigate whether these contingent factors could also explain why some international small firms continue to expand and grow their international activities, while others do not” (Andersson et al., 2004, p. 23).

In the paper, a theoretical study was carried out using the gradual stage model by Johanson and Vahlne (1997, 1990) that cannot fully explain the internationalisation of small firms according to other researchers such as Andersen (1993) and McDougall et al. (1994). Six situational factors were identified that influence the international activities of small firms and explain why some companies further expand their international activities. The factors studied were firm size and age, the technology level of the firm, CEO age, formal planning meetings and industry environment. The dependent variable in this study was international activities.

Higher competition in the global market in accordance with deregulations and rapid technological progress (Hitt et al., 2001) and an interest in the internationalisation of SMEs (Oviatt and McDougall, 1994) are important reasons why SMEs choose to expand into the international market. In the study, we found that internationalisation activities are not related to the degree of environmental dynamism experienced in the industry; by contrast, CEOs have found dynamic niches within an industry in order to focus on the advantages of global opportunities. It is also interesting that companies that have reached a certain level of export revenue, derived from foreign sales, are those who grow their international activities. In this situation, firm age and CEO age are influential. The experience built up in the organisation together with a younger CEO point to further international expansion.

Theories concerning environmental factors can be used to explain the first steps of the firm’s international development. Therefore, it is important to go on with studies of individuals to understand SMEs’ internationalisation processes, especially those firms who continue to grow internationally (Andersson, 2000; Oviatt and McDougall, 1995, 1997, Westhead et al., 2001). Firm strategies on learning and knowledge on internationalisation are also important resources in the company (Johanson and Vahlne, 1977, 1990; Eriksson et al., 2000). Autio et al. (2000) also find that firms that are not international in their early years build up a culture where the perception of and interest in international expansion opportunities are very low.
5 Summary of the papers and comments on the framework

5.1.2 Paper 2: Innovative international strategies in new firms – Born Globals the Swedish Case

The aim of this article was to investigate “why some firms are global shortly after their inception and which factors are important for an understanding of the firms’ behaviour. These factors will be used to develop a framework, including concepts from earlier research, which will increase the understanding of the Born Global phenomenon and form the foundation of theory development” (Andersson and Wictor, 2003, p. 250).

The conceptual framework includes globalisation, entrepreneurs, networks and industry. In the sample companies, we found that globalisation had made it easier to implement global strategies. Technological development, standardisation and lower trade barriers have made this easier. Some companies had a strategy to work with distributors and others with subsidiaries. Developing subsidiaries was less important. Entrepreneurs were very important to their Born Global companies and for understanding firm development. The entrepreneur’s network was of critical importance in the companies to understand the industry. Further, different rules and laws and national differences were still relevant. The study confirmed the findings of Crick and Jones (2000) about planned rapid internationalisation through several modes of entry. According to Johanson and Vahlne (1977, 1990), organisational learning is the main factor that explains incremental international development in traditional models. The entrepreneur in Born Global companies is the main factor in firm development. Entrepreneurs see global opportunities and have important company and personal networks.

The method used in this study was case selection with the Medical I, Medical II, Information and Rubber companies.

In traditional theories (Johanson and Vahlne, 1977, 1990) of the internationalisation process, firms gradually expand into different markets according to the Uppsala School. Through learning, knowledge is built up of different markets. For Born Global firms, this does not fit, including the concept of physical distance. These firms do not conform to the stepwise development of different stage models (Andersen, 1993; Bilkey and Tesar, 1977; Johanson and Vahlne, 1977, 1990). Their ways of establishment may contrast with traditional models. For many firms, establishment in different markets is more important than gradual development because if you cannot reach and develop many markets in a short space of time you cannot stabilise your business. Born Global firms can also operate in niches in mature industries, such as in the rubber product industry.

In Born Global firms, the main factor in their internationalisation processes is entrepreneurs. They implement strategies for global expansion using their personal networks. The Born Global firm expands internationally both quickly and successfully. New technology and less trade make this possible in the international arena.

5.1.3 Paper 3: Born Globals’ foreign market channel strategies, foreign entry mode choices are important.

This paper focuses on Born Globals’ foreign market channel strategies. Earlier empirical studies have primarily focused on the rapid speed of internationalisation or the types of markets where they have established (Young et al., 2003). There is a need to investigate the reasons for selecting a particular mode of entry. The decision to establish a new market is of great importance for the
long-term survival of the company. In this comparative case study, four companies that have different foreign entry modes are compared. We found that they had very different market channel strategies even though they internationalised rapidly.

The entrepreneur has an important role in finding different ways of establishing in foreign markets. For the company’s business idea, the entrepreneurial market channel strategy will be an important part of a competitive advantage growth model in its industry. Before starting a Born Global company, the entrepreneur focuses on building networks. From earlier jobs, he also uses his business networks. These can also be local networks such as contacts with financiers. For these companies, establishing networks is very important as part of a foreign market entry strategy.

In this study, the entrepreneur and his personal qualifications such as international experience, industry knowledge and personal networks are very important. This compensates for the lack of financial or organisational resources. The findings are also discussed against theoretical models that try to explain companies’ choices.

5.1.4 Paper 4: The Management of Value Chain Activities in Born Global Companies

This paper assesses the value chains of Born Global companies to investigate how their value chain activities are managed and organised. Four companies are studied in accordance with the construction model inspired by Porter’s (1985) framework. In earlier research (Madsen and Servais, 1997; Andersson et al., 2006), marketing was focused on with little research on the value chain in Born Global companies.

Data were collected through case studies. The most important activities were keeping strategic manufacturing processes at home, maintaining a high level of quality and retaining the majority in the US market. We found that the entrepreneur’s vision strongly influences Born Global companies’ development. The entrepreneur and his management have an important role in organising the value chain with the entrepreneur involved in all parts. He is personally involved in building and sustaining relationships with both customers and suppliers. The entrepreneur has the capability to decentralise activities, while still controlling them. He builds a powerful culture through decentralisation and empowered employees. The entrepreneur has a supply manager’s role to act in those activities that are of special importance. He also has an important role in acting strategically in terms of the firm’s core manufacturing process and outsourcing (e.g. being in control of the equipment supplier and having agreements with both nearby outsourcing suppliers and those at a higher level). The entrepreneur has to act as an orchestrator of a virtual organisation (Buckley, 2011).

It is important to build strategic alliances and networks and to have the right organisation with the most qualified staff. This also implies that you have to move a person from his position of today. This is in line with Busbin et al. (2008).

5.1.5 Paper 5: A Born Global Company’s Way to Growth, a study of a growing Company over 17 years

This last paper focuses on a Born Global company’s way to grow and is a longitudinal study of a company over 17 years (1990–2007) and its development in the different stages in the
5 Summary of the papers and comments on the framework

growth/life-cycle curve. During this period, the founder, CEO I and CEO II were interviewed. The stage of the company’s development was studied by Svante Andersson and I. We assessed what characterises the different stages of growth over time compared with the growth/life-cycle model of Smallbone and Wyer (2006) and why the company is still growing and very entrepreneurial. The most interesting observation was the shifting of the life-cycle curve. This is an indication of visionary entrepreneurial behaviour and market development in line with a clear international marketing strategy with a value-added pricing model. The company has a strong external focus in relation to traditional companies.

Over time, the firm changed from a centralised organisation working with distributors to a decentralised one with its own subsidiaries. The leadership style also changed from a deciding to a more coaching style. In the last stage, the industrialised one, the management and its organisation have to be more professionalised and team-oriented.

In comparison with Smallbone and Wyer (2006), one interesting conclusion is that the interface between survival/development and growth remains unclear because the company is still growing and entrepreneurial. According to Autio (2005), a crucial factor is the management’s pre-firm experiences from earlier employment. Gabrielson et al. (2008) assess three phases, and we can see some similarities between their model and those of Smallbone and Wyer. However, it cannot be compared exactly because it applies to different industries. The Rubber Company has been self-financing for many years, which may have delayed achieving the last stage. Organisational learning has especially improved during the last stage and has become more systematised. The number of years in each stage has to be adjusted to the company’s special situation.

Traditional models (Johanson and Vahlne, 1977, 1990) focus on organisational learning as a main factor for a firm’s internationalisation. Therefore, it is important how the entrepreneur transfers his knowledge into his organisation. The firm’s way of learning is very important because the entrepreneur cannot control the organisation in detail. The culture he builds is permeated by his vision. He usually looks for staff members that do not always say yes, but instead want more information and try to find better solutions. The organisation must be organic to fit the changing environment of the global market. Many informal contacts and fast decision-making are encouraged by the entrepreneur. The different entrepreneurs, namely the founder, CEO I and CEO II, have been working with entrepreneurial teams. In particular, CEO II has systematised thinking in working teams as a way of transforming knowledge in the organisation.

5.2 Comments on the papers in accordance with the conceptual framework

In general, there is a strong connection between the papers in terms of the entrepreneur as an important part of the internationalisation process. Another connection is the importance of firms to internationalise in a fast-changing environment.

Globalisation: In the first paper, we tried to explain why some companies further expand their international activities. Deregulations and rapid technological process (Hitt et al., 2001), which give higher competition in the global market, are the most important answers. A younger CEO with good experience is a good combination for further expansion. However, according to Autio
et al. (2000), if the company is not international in the early years and building a culture, there will be very little interest in expansion opportunities (paper 1).

In the second study, it was shown that global strategies were easier to implement through globalisation. The stage models in this study (Andersen, 1993; Bilkey and Tesar, 1977; Johanson and Vahlne, 1977, 1990) could not explain companies’ internationalisation development; on the contrary, companies had to establish in as many markets as possible in a short time (paper 2).

Paper 3 shows that companies do not share a common foreign entry mode but instead have different market channel strategies. This was in contrast to Young et al. (2003), who suggested a strong focus on the speed of internationalisation or on the types of markets where they have established (paper 3).

In paper 5, it is interesting to see how the company and entrepreneur/management manage to push the life-cycle curve to new levels of staying entrepreneurial. This is in connection with a visionary entrepreneurial culture (paper 5).

In summary, deregulation and rapid technological process are the main reasons why companies have expanded into new markets. Entrepreneurs are very important for globalisation. Younger CEOs are more interested in developing. The stage models (Johanson and Vahlne (1977) cannot explain Born Global companies’ development. On the contrary, Born Globals have to expand rapidly into many countries and do not use the same foreign entry mode. This is in line with Verdier et al. (2010, p. 21), namely that “the increased level of globalization in many industries may further lessen the perceived risk of entering foreign markets and partly explains the observed increase in the speed of internationalization”.

The management of Born Globals try to push the life-cycle curve to new levels still staying in the growth stage and being entrepreneurial. The different companies in this study manage to develop and expand into many markets but they do it in their own ways.

The global factory (Buckley and Ghauri, 2004) explains a company’s different units abroad and optimises the role of a special unit in a holistic concept. These authors claim that “flexible factories, all plants within the system can make all the firms’ product models and can switch between models very quickly by a combination of software and robots” (ibid., p. 88). If you outsource too much, the company can lose its core competencies (Buckley and Ghauri, 2004). Buckley (2009, p. 131) also finds that “the global factory is a structure through which multinational enterprises integrate their global strategies through a combination of innovation, distribution and production of both goods and services”. Important in these factories is to act as the coordinator or orchestrator in a system of globally interconnected firms. Buckley (2009) suggests that integration and coordination are critical success factors. Buckley (2011, p. 272) claims that “the manager of the global factory has to ask two very straightforward questions of each activity in the global network. Where should this activity be located? How should this activity be controlled?” This implies that the management of today has an even more important role.

How can the global factory be applied to the companies in this study? The sample companies start small with global thinking and normally an entrepreneur with a lot of international experience. They have to expand the company over time to find new possibilities and markets. The entrepreneur is the orchestrator of the global company where both customers and suppliers should be found, and strategic decisions about the core questions concerning where to
manufacture or to outsource must be taken. The entrepreneur acts in a virtual concept that owes little to its units abroad and at home. These companies must decide on their core manufacturing and outsourcing. Entrepreneurs and the organisation should find out where to manufacture, how suppliers can be secured over time and how close relations can be arranged with the outsourced product’s supplier. The entrepreneur and management in the sample companies must control the different parts of the “virtual company arrangement”.

**Entrepreneur:** The first paper focuses on the important role of the entrepreneur and his perception of a dynamic and fast-changing environment as a reason why SMEs choose to expand into the international market. (paper 1) In the second paper, the entrepreneur’s role is seen as crucial for the company’s development by seeing global opportunities (paper 2). The entrepreneur searches for new ways to establish new markets. The company’s entrepreneurial market channel strategy is important as a competitive advantage (paper 3). The entrepreneur’s vision was also found to be strong in paper 4 and the entrepreneur’s involvement in the value chain was very strong. He also has the capability to decentralise and empower the organisation so that he can focus on building new markets and developing the company according to his global strategies (paper 4). In paper 5, it was found that leadership has changed over time from a more deciding style to a more coaching style. In the last stage of development in the company, the management and its organisation have to be more professionalised and team-oriented (paper 5).

In summary, an entrepreneur is crucial for firm development and expansion. His background from earlier jobs is of great importance in Born Global companies. He is involved in most parts of the value chain. Over time, the management and its organisation have to be more professional and team-oriented. In all companies, entrepreneurs are very important. According to Spence and Crick (2009), managers must have a broad vision of what they want to reach in the future and flexible strategies for doing so.

Charismatic leadership, empowerment and entrepreneurial teams are very important parts in Born Global companies. Cogliser and Brigham (2004) find similarities between successful entrepreneurship and leadership, while Conger and Kanungo (1998) show that to empower employees a main factor is meeting effectiveness in the organisation. According to Andersson and Florén (2009), entrepreneurs in Born Global companies focus on strategic decisions and delegate other decisions. In Born Global companies, entrepreneurial teams are important. In the studied companies, we can see that there is strong leadership and a democratic relation between the entrepreneur/management and employees. Managers focus on the right questions and decisions and delegate to others. This is important because the main people have to travel a lot and cannot be present all the time.

McDougall et al. (2003) find a high level of international and industry experience in INVs. House (1977) claims that charismatic leaders dominate and that they have strong convictions in what they are doing. In accordance with Shamir et al. (1993), the vision is important for the charismatic leader. Conger and Kanungo (1998) suggest a change in focus to empowerment, from a motivational perspective. Pech (2009) claims that the recruitment department should prepare employees to be ready to meet changes in the organisation. This study found that strong entrepreneurial leaders build entrepreneurial teams and empower employees. Recruitment is important for entrepreneurs and management.

**Networks:** The entrepreneur’s network is important to understanding companies’ development and their implementation of strategies for global expansion (paper 2). Even before starting up the company, the entrepreneur builds networks from his earlier employment. Further, local networks,
both business and informal, are important, such as contacts with financiers. Building networks is the first part of a foreign market entry strategy (paper 3).

The entrepreneur is strongly involved in building and sustaining relations with customers and suppliers as well as building a powerful culture and strong alliances and networks. This is in line with Busbin et al. (2008) (paper 4) and Saino et al. (2011, p. 567), who state that “customer value is increasingly created through collaboration with partners and suppliers … there is a growing need for integration between the units responsible for these critical cross-boundary relationships”. It can also create value through cooperation with customers on new products. In paper 5, we can see that the founder’s networks are important from the beginning for finding distributors all over the world and establishing markets. Today, they are still important for the company when something happens. A new investor, such as the chairman of the board, uses his network to find the most important core recruits (paper 5).

In summary, networks are important, especially during the first period of the company’s life. The entrepreneur’s networks from his former jobs are important when establishing new markets. Later on, the chairman’s networks are important when looking for core and strategic recruits. This is in line with Coviello and Cox (2006), who find that a company’s network is a resource when it is working with acquisitions and important recruits. According to Kock et al. (2010), networks and relations are more and more important for the exploration and exploitation of international opportunities. Further, they emphasise co-opetitive relations when looking for potential resources.

Industry: In paper 1, it was found that CEOs have developed dynamic niches within an industry for global expansion. In a niche, the company can develop the advantages of global opportunities (paper 1), although it is still important to understand the industry since different laws and rules and national differences are very important (paper 2). The entrepreneur’s personal qualifications, such as international experience, industry knowledge and personal networks, are important when developing the company. This knowledge compensates for his lack of financial and organisational resources (paper 3).

In summary, the entrepreneur has to find niche markets and thus his knowledge of the industry from earlier jobs is important. However, he needs good personal networks to understand local laws and national differences to be able to establish new markets. Thus, the entrepreneur’s personal qualifications and experience are important.

There have been changes in the possibilities to internationalise. Knight and Cavusgil (2004, p. 137) find that “the traditional view of the large multinational corporation as the dominant international form might well be evolving. Born Globals are emerging in substantial numbers worldwide, and likely reflect an emergent paradigm, with the potential to become a leading species in the ecosystem of international trade”.

In general, the entrepreneur is the main person but he needs an empowered organisation and a deregulated environment for global market activities. The culture he builds is in accordance with his global strategies, and thus he needs a strong and self-governed organisation.
5 Summary of the papers and comments on the framework

5.3 A revised model for studying Born Global companies

The model in Figure 3 from Andersson and Wictor (2003, p. 254) has been fruitful for analysing the papers. However, some suggestions can be made to develop the model in accordance with the analysis above. The original conceptual framework for this study can be changed in a few ways.

![Diagram of revised conceptual framework](image)

Figure 5.1: Revised conceptual framework building on Andersson and Wictor (2003, p. 254)

In the studies, I found that the companies focus on their core production and outsourcing decisions if possible. To reach a high level of quality they must therefore have close relations with the suppliers of both outsourced products and important equipment suppliers. For example, a security company only outsources locally for surface treatment and another supports with equipment to their manufacturing department so that it can secure production using suppliers acting locally. “We also own the company that delivers our core production equipment” (CEO, 2011). It has built a “value-creating network” that is in accordance with Busbin et al. (2008) and what they found in their study of the value chain, focusing on the evolution of sustainable competitive advantages with outsourcing. These authors claim that the company has to find its core competencies and develop them. Other products could be outsourced to suppliers. Different networks could then be seen as value-creating networks because they add value to the company’s value chain. This is good for suppliers and the outsourcing parts in the value chain. It is also good to build value-creating networks together with your customers. This is in line with Awuah (2008, p. 45) that “close, regular and extensive interaction and exchanges with customers and third parties have enabled each of the firm in his study to win and retain important customers over the years”.

Companies such as Rubber, which have developed over many years and which are growing rapidly, have to change their management styles in accordance with this. This means that the entrepreneur is still important but that the rest of the management will have a more central role in the company. Therefore, both the entrepreneur and the management should be focused as parts of the model.
Entrepreneurial teams are important to mention here. First, the management team is the main entrepreneurial team and an important part of creating the ongoing process of building the culture. However, there are other important teams such as the Global Sales Team in the Rubber Company and different teams at a lower level. This means that there is ‘team thinking’ in these companies. Teams are used to transfer knowledge between individuals. In the Rubber Company, the Global Sales Team is used for this. At lower levels in the organisation, teams are used for discussing different situations that need to be solved. In these teams, you learn from others in a culture that is close in relation to the vision. According to Evers (2011b), the entrepreneur and entrepreneurial team is so important that other factors rest on them. We can also see in paper 5 that the chairman of the board has an important role when the company is in the industrial stage of development. The chairman transfers his knowledge to support CEO II. Then, the networks in the model should be seen as global, which is relevant to the main part of this study.

Another new part of this model is the central figure in the Born Global company combined with “local networks” in a “value-creating network”. In different companies, you can see that they work closely with customers and suppliers. This is a way to keep close control of production and still not have it in-house. Further, for the company to control the manufacturing process and secure the main suppliers of equipment, this is important.

In paper 5, the growth stages were studied. All companies were at different stages of development. These stages – the Entrepreneurial stage, the Expansion stage and the Industrial stage – are in line with other studies. The most interesting stage in this study is the Industrial stage, in which the company’s growth is breaking through and is increasing heavily although the company is still in the growth stage of the life-cycle curve (Smallbone and Wyer, 2006), because the company is very entrepreneurial. The Entrepreneurial stage is typical with a strong founder and entrepreneur. When the company is growing, distributors easily become ‘fat and happy’ and there is a need to continue with subsidiaries of your own to develop markets. The Expansion stage is critical because of the need for new management. However, it is not easy for the founder to go from a smaller company – where you control everything – to a middle-sized firm, where the management team has an important role in the company’s development.

Learning in the Rubber Company (paper 5) is important. In particular, during the Industrial stage the Global Sales Teams distribute information, knowledge and development through workshops at which salespeople have to give “lectures” to others so that they all have the best and equal information. This is one way of learning and transferring knowledge. If we compare this with the information in Figure 2, it is a combination of the single loop at the very beginning and the double loop, which has to be used from the beginning for the entrepreneur to transfer his knowledge. Employees start at the single-loop level but must quickly develop to the double-loop level or the entrepreneur does not have an organisation that can work independently. The recruited people in the management team have to be in the double loop from the beginning. Strategic recruiting is thus important at all levels. According to Crick (2009), the management has an important role to work with the individuals to facilitate learning. Entrepreneurial teams are important for learning (Cooney, 2009). Mutual learning can occur in a network context (Awuah, 2007).

The Born Global company is strongly affected by the entrepreneur’s vision and strong culture in the company. The entrepreneur’s leadership and building of a strong and effective organisation also characterise the Born Global situation. According to Müllern and Elofsson (2006), the vision is the base for charismatic leadership. To motivate employees it is important to change their views of their work and of how goals can be fulfilled in order to make the work
meaningful. The charismatic leader has to strengthen an employee’s self-esteem and intrinsic value to achieve this level of motivation.

The entrepreneur’s background with, in many cases, international experience and charismatic leadership in combination with strategic recruitment need a stronger focus on leadership and organisation, especially in an entrepreneurial company. This is in line with Kuemmerle (2002) and Westhead et al. (2001), who found a relation between the entrepreneur’s international background and the company’s development. Shamir et al. (1993) also support the importance of the vision in the company’s development, while Spence (2003) states that the vision is so important that it is part of a mental process starting in the entrepreneur’s mind. However, Evers (2010, 2011b) finds that entrepreneurs’ international experiences are ‘not the only and most important managerial characteristic, but the drive for growth and development was more important’.

Leadership in the studied companies is charismatic and empowering for employees. The entrepreneur delegates to employees and they feel free within their work tasks to plan and carry them out. There is an open atmosphere in which you can try different solutions. However, if you feel you are unsure how to solve a situation, you can always ask somebody in your team. The vision is strong from the inception of the company and the culture is normally very strong. In the security company, staff members at all levels know their roles in the organisation throughout the communicated vision. At an information meeting, different people provide information and the staff are once or twice a year invited to travel or play as a reward.

To understand Born Global companies, it is important to understand what happens within the Born Global box in this revised conceptual framework model and how the entrepreneur acts in accordance with the theoretical model for this study.
6. Concluding remarks

The research question was: which factors influence rapid international growth and how do these factors affect new ventures?

The main aim in this thesis was to describe and explain how different factors influence the rapid international growth of Born Global firms. This aim is answered in section 6.1.1 through the respective aims of the papers.

Globalisation is found to be important for the studied companies. In the first three papers, the entrepreneur’s importance for the company’s development and growth is shown. The management and teams are also important for continued growth, which is shown in the final two papers.

Born Global companies act in a dynamic and fast-changing environment and need to be able to make changes very quickly to rapidly expand. They can be studied from different angles such as globalisation, industry, networks and the entrepreneur. The entrepreneur is crucial for the company’s development. When a Born Global company establishes in the global market, no typical foreign entry mode choice could be found. Indeed, the companies seem to have very different market channel strategies.

Companies that have been working over many years seem to shift the life-cycle curve to new levels. This indicates an entrepreneurial behaviour with a visionary entrepreneur and market development with a clear international market strategy and a value-added pricing model.

The entrepreneur’s vision has an important role in the company. He creates value and motivates employees in their jobs. Born Global leaders display empowering leadership and share their power with subordinates. It is crucial for the entrepreneur to delegate operational decisions so that he can work on strategic issues that foster the firm’s international expansion. Entrepreneurs also motivate entrepreneurial intension among employees and create an empowering context. Important in his job is to work with strategic recruiting to make sure that the organisation can fulfil its obligations when expanding into the global market. This generates employee engagement. The entrepreneur’s charismatic leadership and social trust are important for building the empowered situation in the organisation and developing employees’ knowledge, improving their self-confidence and creating trust in the organisation so that they are ready to take controlled risks. The entrepreneur’s way of growing the company is a result of triggering the organisation and empowering it through his way of acting in the market.

6.1 Reflection on the contributions of the study

The different contributions of the study are now discussed from the perspectives of theoretical and managerial contributions. First, a summary of the contributions of the case studies according to their aims, types of methods used and conclusions.
## 6.1.1 The contributions of the papers/articles

In the different papers, the following information and performances can be agreed on.

### Table 6.1: The contributions of the papers and articles

<table>
<thead>
<tr>
<th>Paper</th>
<th>Aim of the study</th>
<th>Method</th>
<th>Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper 1</td>
<td>Test a set of relationships between contingent factors and international activities and whether these contingent factors can explain why some international small firms continue to expand, while others do not.</td>
<td>Survey of 135 companies and one Born Global</td>
<td>A dynamic and fast-changing environment may push firms to go abroad, while it seems that the experiences built up and a young CEO can explain why some small firms continue to expand their international activities. The entrepreneurs have found dynamic niches within the industry.</td>
</tr>
<tr>
<td>Paper 2</td>
<td>Explore why are they global shortly after their inception and which factors are important for understanding firm behaviour.</td>
<td>Four empirical case studies</td>
<td>We analyse a Born Global company from different angles such as globalisation, industry, networks and the entrepreneur. The entrepreneur and his network are crucial for the implementation of global strategies. However, the industry, such as rules and laws, are still important to understand different countries.</td>
</tr>
<tr>
<td>Paper 3</td>
<td>Examine the foreign entry modes choices of Born Globals and assess whether they develop similar foreign entry and market channel strategies.</td>
<td>Four empirical case studies</td>
<td>No single typical foreign entry mode choice is made by Born Globals. Instead, these companies seem to have different market channel strategies. The entrepreneur works to find new markets to establish in. Different networks, both business and informal, are important when the entrepreneur is building foreign market entry strategies. His personal qualifications and industry experience are also important.</td>
</tr>
<tr>
<td>Paper 4</td>
<td>Investigate how Born Global companies’ value chain activities are managed and organised.</td>
<td>Four empirical case studies</td>
<td>The entrepreneur’s vision strongly influences Born Global companies’ development. The entrepreneur and his management have an important role in organising the value chain, and the entrepreneur is especially involved in all parts. He is personally involved in building and sustaining relationships with both customers and suppliers. The entrepreneur has the capability to decentralise activities, while still controlling them. He builds a powerful culture through decentralisation and empowered</td>
</tr>
</tbody>
</table>
employees. The entrepreneur has a supply manager to act in those activities that are of special importance. He also works with the core manufacturing and outsourcing processes to secure the supply of equipment and products and builds a value-creating network that supports this.

| Paper 5 | Investigate how a Born Global company has developed from 1990 to 2007. Which growth stages can we identify over time? Which factors influence these stages? | Empirical case study of one company | The shifting in the life-cycle curve indicates visionary entrepreneurial behaviour and a clear international market strategy with a value-added pricing model. Leadership changes over time from a deciding style to a more coaching way of leading. Management and the organisation have to be more professionalised and team-oriented over time. Networks remain important but today it is more a question of how to recruit core individuals. The company works with entrepreneurial teams, whose importance was intensified during the spelling charge of CEO II. These teams are also used for transferring knowledge between individuals and countries. |

These different papers and studies provide a holistic view of what the Born Global company stands for. Born Global companies live in a dynamic and fast-changing environment that pushes them to go abroad. The model in Figure 3 was useful as a red thread for the thinking in the work around the other papers. The entrepreneur and his networks are crucial for the Born Global company's development and Born Globals have very different market channel strategies. The entrepreneur's vision is central to all this and the culture he builds permeates the organisation. The entrepreneur is involved in all parts of the value chain and builds strong relations with both customers and suppliers. In his organisation, he decentralises activities but still controls them. In the long run, the Born Global company can still be very entrepreneurial and manage to shift the life-cycle curve to new levels of income and profitability. This indicates the need for a visionary leader with a clear international market strategy.

6.1.2 Theoretical contributions to Born Global research

Born Global companies have been studied little compared with more traditional companies, which have been investigated in accordance with Johanson and Vahlne (1977). In some international studies, it has been shown that the international behaviour of Born Global companies does not follow the pattern that the Uppsala model suggests; see Knight and Cavusgil (1996); Lindqvist (1997); Madsen and Servais (1997); McAuley (1999); McDougall et al. (1994); Oviatt and McDougall (1994); Wolff and Pett (2000). Furthermore, Born Global companies have also been studied from a market perspective. In this study, the value chain, growth stages and
entrepreneur’s role were assessed. According to Knight and Cavusgil (2004, p. 137), “Born Globals pose an important new challenge to traditional views on the internationalization of the firm”. In the sample companies, it was shown that the entrepreneur must work with the appropriate strategies when building on the company’s strengths in several markets. This study contributes to the main part of the research on international entrepreneurship and Born Global companies. The entrepreneur, his vision and how he acts in the organisation to empower employees all have an important impact on the organisation and individuals’ development. The organisation must be able to work without ‘orders’ so that expansion can take place in different countries. Even if a smaller company has few resources to go abroad, if the entrepreneur has a strong vision and the capabilities, it can still do it (Knight and Cavusgil, 2004). Spence and Crick (2009) also find that managers should have a broad vision of the future so the company can reach its goal. For this, they need flexible strategies.

Andersson and Wictor (2003) find that a Born Global company adopts a global perspective from its inception. From the beginning, the entrepreneur is crucial for the company’s Born Global strategies and uses his networks to develop the company. These companies do not follow the stages of Johanson and Vahlne (1977). According to Andersson et al. (2004), experiential learning should be important for internationalisation but it is not. Later in the company’s internationalisation process, it is important that knowledge about internationalisation becomes an important part of the company’s strategy. Andersson et al. (2004) also find that personal networks built from the entrepreneur’s earlier jobs are important to understand Born Global companies’ market strategies.

In this study of Born Global Companies, the founders or entrepreneurs have been focused on. It is clear that the entrepreneur’s vision is very important for the Born Global company’s development when he forms the organisation, which is trained to work in a decentralised way. This study also shows the importance of using networks in Born Global companies and demonstrates their central role in expanding these companies. Personal networks are especially important when starting up Born Global companies because you normally have to establish in many markets in a short space of time. The importance of networks and relations has also recently been found by Kock et al. (2010).

The entrepreneur and his relation to the value chain is important in Born Global companies. From the beginning, he has to be very active in the strategic parts of it and also later on when the company is expanding, he must be very active in special parts of it. If not the responsible purchaser, he must have a customer view of the whole value chain, i.e. those people active at the beginning of the value chain should understand the consequences for the customer (Wictor, 2011). The ‘flexible global factory’ (Buckley, 2011) concept has been shown in this study to be useful in combination with Born Global companies to optimise production and outsourcing. Combining this concept with value-creating networking makes the Born Global company competitive. There is also a need to arrange “management teams to work with individuals to facilitate learning, i.e. overcoming perceived impediments that could affect further growth. This could, for example, involve help in overcoming perceived barriers on cultural and regulatory issues, those associated with locating partners, plus other matters deemed important to specific management teams” (Crick, 2009, p. 466).

In paper 5, the Born Global company was studied over time in line with the growth/life-cycle model of Churchill and Lewis (1987), as developed by Smallbone and Wyer (2006). An answer to the development of this Born Global company was that its leadership and organisation are kept entrepreneurial. In Andersson et al. (2004), it was found that smaller companies in a dynamic and
rapidly changing environment choose to internationalise. In the Rubber case, the firm has been able to continue its expansion through an internationalised organisation driven by a younger CEO with international experience and entrepreneurial thinking. The Rubber company works with entrepreneurial teams that have an important role in transferring knowledge between individuals and countries. Evers (2011b) finds that the entrepreneur and entrepreneurial teams are the base for other factors when the company internationalises in the early stage of its development. This study shows that the entrepreneur and entrepreneurial teams are also important in Born Global companies.

For many companies today, the strong competition in the domestic market from, for example, China can inspire them to see opportunities move into foreign markets. For them, internationalisation can “promote learning and accumulation of knowledge, skills and capabilities that SMEs need to survive and prosper” (Zahra et al., 2009, p. 81).

6.1.3 Managerial contributions

This study has made the interviewed entrepreneurs aware of their own situations and transferred information from this study to other entrepreneurs starting up or already working in Born Global companies. Born Global companies do not normally use the stage model by Johanson and Vahlne (1977). Instead, they aim to go into as many countries as possible to establish their markets. For this, they need a supporting organisation. To permeate their vision and an international culture entrepreneurs create “a company way of doing things” as a book for all staff.

This study indicates that if you have the right business concept, it is possible to start without a lot of money but it is important to have a good and nearby network with strong relationships. Expansion can be carried out without a lot of money if you can arrange interesting concepts to reach foreign markets. The entrepreneur has to have in most situations an international background or a close professional network of people helping him. He must be very involved in strategic questions in the value chain concerning the company as well as with customers and suppliers. For a long time, he must work with strategic recruitment to find the right people to fill the organisation. However, the entrepreneur must control the company and its different situations.

In this study, the entrepreneur’s background was found to be an important part for firm success. Evers (2010, 2011b) finds that entrepreneurs’ international experiences was “not the only and most important managerial characteristic, but the drive for growth and development was more important”. The entrepreneur’s drive in combination with building entrepreneurial teams at all levels of the organisation is important for the success of Born Global companies. International experience is important because of the need for networks, but entrepreneurial drivers are even more important, according to this study.

The study in paper 5 of the growth stages of development in a Born Global company gives researchers and practitioners interesting knowledge about what happens in a growing company and about how different entrepreneurs act during these stages. The company has managed over time to stay at the beginning of the growth stage curve because of the entrepreneurial situation, as discussed.

The Born Global company has different virtual units with suppliers organised in an effective way and with an entrepreneur as the orchestrator organising both local core production and outsourced products. An important strategic decision is to secure the total control of the
6 Concluding remarks

manufacturing process, which can be done by controlling the main suppliers. A locally organised network of suppliers can be used for outsourcing. The entrepreneur’s way of building value-creating networks is of great importance for the Born Global company. This study has shown the importance of this as a contribution to the research. For companies’ management, it is of interest to understand what happens in the value chain and of importance that the entrepreneur or someone in the management group is responsible for strategic questions.

In the conceptual framework model, the Born Global box was described. The entrepreneur, management and entrepreneurial teams have an important role in the box. The description of what happens in the box in relation to other parts of this model contributes to the research on Born Global companies. Here, we can also see the importance of the vision and culture built in these companies. According to Müllern and Elofsson (2006), vision is the base for charismatic leadership.

While this study has been going on, I have seen the importance of leadership in Born Global companies. Entrepreneurs have to be charismatic in their ways of acting and empowering employees to work in a self-governed way. For this, motivated individuals that are prepared to take decisions on their own are needed. Even more studies concerning leadership in these companies should be carried out in the future.

Entrepreneurs that want to start or are at the beginning of a Born Global company’s growth stage can learn a lot from this study, such as how they can act to expand into new markets and how to act as a leader in different situations. This also shows the importance of the decentralisation and empowerment of the organisation. For staff, it also shows that employees can feel free in a certain setting. Outside this setting, however, you should contact the entrepreneur for his decision.

6.2 Suggestions for further research

Further research in this field is important because Born Global companies are interesting. Important factors in understanding these companies are entrepreneurs’ behaviour, visions, strategic choices, personal networks and leadership. Theories concerning these factors can be developed and used to analyse the empirical findings. How can knowledge about Born Global companies be used to make the local business environment more competitive? It is also important to compare the presented findings with other studies in other countries. In particular, Born Globals with a high rate of change would be of interest to study.

This study has shown the importance of leadership, management and organisation for how the studied factors can affect the development of Born Globals. Entrepreneurial teams have been found to be important. It is therefore of interest to go on studying how entrepreneurial teams act and how important they are to the company’s performance and staff. This also means that leadership in Born Global companies has to be even more studied. Another thing to study is how entrepreneurs think and act in relation to local and global networks. The company’s strategic manufacturing and outsourcing model is another area of interest.

It would thus be of interest to further study empirically the linkages between the characteristics of entrepreneurs and the international activities of their companies. This could be done through a longitudinal study of the individuals in focus. Other powerful actors in the company will also be
important to follow. How does the team function? Westhead et al. (2001) suggest that individuals’ careers may also be followed through different companies.

For a better understanding of Born Global companies, their business models would be very interesting to penetrate, including how they are connected to important relations and networks. It is also important to focus on different innovation events.
Questionnaire for the case study 2000

(Author’s translation)

COMPANY BACKGROUND:

The history of the owner
The history of the company
The importance of entrepreneurship
Facts about the company
Company products
Market share in the domestic market
How large is their capacity utilisation
Existing management position structure and ways of communication

INTERNATIONALISATION:

I The history of internationalisation
   Who took the first step internally? Why?
   What did the organisation look like at that time?
   Level of language knowledge of employees?
   Employees’ supplementary knowledge?
   When was the board activated?
   What did the product look like?
   Did the company have any previous exports?
   Why were existing contacts in that country used?
   What were employees’ attitudes to starting exporting?
   Climate for changes?
   The control situation?

II What has happened over time? Internationalisation process.
   Who took the decision?
   Was any market investigation carried out?
   Which resources were used (financial and staff)?
   Choice of distribution channel?
   Were investments needed? Which sort?
   The price level in the new market?
   Networks?
   Did you use contacts in other Swedish companies?
   Have you used ”piggy-backing”?
   Have you had any other difficulties with deliveries over time?
   Problems with local approval?
   Has the executive group’s competences changed over time?
   The control situation?
III  What does it look like today?
What is your market share today?
What does your organisation look like today?
What does your domestic organisation look like today?
Has the staff’s competences changed?
In which networks are you now established?
Do you have any need to work with internal marketing?
How long did it take to make a profit in the new business?
The control and governance situation?

INFLUENCING CULTURAL FACTORS:

I  Domestic factors
   CEO’s own prejudices
   Employees’ own prejudices
   Views on women
   Knowledge of language?
   Competences in international marketing?

II  New country factors
   How was it in reality?
   Views on women?
   How to recruit in the new country?
   How to communicate?
   How to be the boss?

III  Experiences important for others in the future
    What have we learned?
    Cost to establish the business?
    Human resources needed for the establishment?
    How much time did it take?
    Have employees’ attitudes changed?

TENDENCY AND WILLINGNESS:

     CEO’s situation before internationalisation
     CEO’s situation after internationalisation
     Changes in the organisation?
Questionnaire for the case study 2003

(Author’s translation)

0. How did you build the business? Important steps?

1. Your personal background?
   - starting the business
   - the importance of networks
   - your personal background (experiences and education)

II. How did you prepare yourself before inception?
   - Your vision, business idea?
   - Your thoughts on how it would look in your neighbourhood market strategies, agents, distributors, subsidiaries, organisation board?
   - Critical factors in terms of financing and turnover

III. The founding itself?
   - what governed at the end?
   - ownership then and now

IV. How the business was built?
   a) The market
      - Vision?
      - Strategy?
      - Networks?
   b) Internal organisation
      - Vision?
      - Recruiting?
      who/which/competence /culture/formal qualification /personal qualities
      formal agreement /mental agreement?
      - The choice of manager /leadership?
      - characteristics for the organisation?
      Team feeling?

V. The company of today?

The Market?
   - What is guiding the market today?
   - Turnover, export percentage
   - Development in the US

The Organisation?
   - personnel/social/personal moves
   - Educational programmes
   - how can you describe your own style of leadership? has it changed?

The board?
   - structure and competences, etc.
Questionnaire for the case study 2004

(Author’s translation)

How has knowledge transfer been carried out in the company while it was establishing in all important markets? Is this because of the importance of the entrepreneur and his behaviour? The goal is to catch “that which is unique for what your company is representing”. How do you affect your business? You are building a culture over time! In reality, you have formed a business/organisation that is unique so that your organisation can work in an international environment. I would say that your company is different compared with a mechanics business that only operates in the domestic market. You are the important part in the business. I understand that you are the “Big Boss” but that there is a core of employees. Answer the questions that are relevant for your company.

How do you transfer your knowledge in the organisation? In particular, to your closest managers (level 2) and to levels 3 and 4 (other employees).

How do your colleagues receive this knowledge? Are they willing to learn?

Is it seen as a status symbol to work in your company?

Have you strategically recruited unit leaders so that your company grows internationally? Do they bring something with them from other employment?

Have you strategically recruited level 3/4 employees so that your company grows internationally? Do they bring something with them from other employment?

In what ways does the organisation learn? Through you or knowledge from former employment? Do you have a special driving force in your company?

Did you have any special starting points when you organised your business?

How important has the recruiting process of other people in the organisation been? Do you have any special demands?

What type of profile do recruited people have? Entrepreneurs, etc?

Has your leadership been important? In which ways?

How do you motivate your leaders? Bonuses, etc.?

How do you motivate others?

How independent are the people at different levels?

Your own?

Level 2
Questionnaire

Level 3
Level 4

How much education do leaders have?
- Executives
- Others at a qualified level
- Others at a lower level

What does their experience look like?
- Executives
- Others at a qualified level
- Others at a lower level

Have you organised the organisation in a special way to handle the different stages of the company’s development?

How many staff members have left to go to other companies in the past two years?

How do you work with education to develop your staff?

What do you think the communication at different levels is characterised by?

What was the role of the board when you were developing the company? At home and abroad?

What are their competences/education levels?

What has the board brought over time? Personal networks?

Which people were involved in establishing the company abroad?
Questionnaire for the case study 2006

(Author’s translation)

The construction of the value chain in the company

Inbound logistics:

How do you manage your purchases in general?
Which types of products do you buy and from where?

How have these contacts been built up? Has internationalisation affected these contacts? When will international purchases be more used over time?

What does the price level for these products look like in relation to the sales price in general?

Which costs must be added and by how much on average?

Where are products stored?

Operations:

What happens to products in your production process?

In which ways are products treated?

Which activities do you have in your manufacturing process?

Which product attributes are demanded to satisfy customer needs?

Are some products manufactured in one country and delivered to another where they are then delivered to distributors and subsidiaries?

Do you produce and distribute something locally?

Do you cooperate with suppliers? Does this affect your manufacturing?

Do you use expensive equipment in your manufacturing?

Outbound logistics:

How do you handle your products in stock for sales?

How do you handle the products for sale after manufacturing or purchase?

How much do you add in percentage terms to the product because of inventory costs?
To which countries do you deliver products?
How long do products stay in stock on average?
Do you buy products locally in certain countries?
Do you cooperate with customers in one or another way?

**Marketing and sales:**

**How do you work in your marketing department to sell products?**

How is the marketing department organised? What are the costs as a percentage of turnover for marketing and sales?

Which are the main costs for the department?

How do you market in different countries?

How did you build different markets? Which strategies have permeated this?

In which markets do you have subsidiaries?

Do you work with the same strategy for the subsidiaries or is it adjusted for the local market?

Do you work with a “Global Sales Team” in the market?

Have you had any help from networks when building different markets? Which types of networks have you used for this?

Under which conditions do distributors work in different countries?

What do competitors look like in different countries?

Do you cooperate with customers in marketing?

Will your way of working change over time?

**Service:**

**What are service and guarantees for you?**

What does your service look like? Does the customer have to pay? If not, what is the cost of it?

What are your guarantee costs as a percentage of turnover?

How do you handle your service in relation to distributors and subsidiaries?

Do you intend to change your way of offering service in the future?

How do your competitors work with service?
What does the company’s environment look like? Does it support the value chain? (Your way of working)

Firm infrastructure/general administration:

How have you built a strategic structure for your company?

The company vision/goals/culture

Strategic management
Strategic recruitment
Strategic marketing plan

Do you work with a strategic way of providing materials as raw materials, etc.?

Do you have a Management Information System or other overhead functions?

Human Resource Management (HRM):

What does your strategic model for HRM look like?

Strategic recruiting

Competence development

Career planning

Organisational learning

Technology development:

How do you work with product development in your company?

Effective product development in cooperation with customers

Procurement:

What does your strategic model for procurement look like?

Manufacture or purchase?

Why manufacture yourself? What is strategic? Customise?

Is it important for you to match currencies? Which level of service do you want to provide?
Questionnaire for the case study 2007

(Author’s translation)

**Goal:** How did the company develop between 1990 and 2007? Have there been any jumps during development?

“From an entrepreneurial driven company to a multinational company”

a) The company life-cycle
b) Growth over time
c) Entrepreneurship/leadership over time

**Growth:**
- Turnover
- Growth in market share
- Development in profitability
- Number of employees
- Focus on subsidiaries/alternative distributors

**Entrepreneurship/leadership:**
- What affects globalisation?
- How do you motivate your employees?

**The interval 2005–2007 (CEO II):**
- What important events happened during this interval?
- Market development
- Company structure
- Organisation development
- Global Sales Team

The importance of trust
The importance of networks
The founder’s role today
The role of the board for the past two years
How do the new investor and main owner interact and how does he govern?
How are you going to expand in the future?

**Differences today compared with established multinational companies:**
- Market
- Leadership
- Culture
- Organisation
- Policies

When did Rubber become a multinational company?
What is unique for Rubber today?
In which year did Rubber start to work with subsidiaries?
Growth model:
Personality dominated way of doing
Organisational development
Leadership dominated
Market leader

What has influenced development mostly:
The characteristics of the entrepreneur
Organisation
Environmental factors

Basis for the analysis:
Market channels
Governance
Leadership/teams
How do you communicate from the management team to the organisation?
Knowledge transfer
Recruiting
Education level
Questionnaire for the case study 2011

(Author’s translation)

How international value chain activities are managed and organised

How is the value chain organised for your company and which activities are important?

Does everybody in the value chain earn money? A win-win situation?

What is your opinion about the role of management in the international value chain?

How do you use the value chain to govern the company?

How do you look at the role of the value chain for customers and suppliers? What do these relations look like? What is the goal for them? Alliances?

Why do you place activities in Sweden compared with other countries?

Why place all production in Sweden?

Who makes important decisions about the value chain? Are you involved in important decisions about outsourcing and suppliers?

How are you involved?

Do you influence the work internationally?

How are you affected by multiple activities in the value chain?

Where do you make your purchases?

How do you outsource? Which strategy?

Why do you still have some production in-house?

In which part of the value chain do you have core competences?

Do you have a supply manager? If not – why?

How much knowledge do your staff have about the value chain in the company?
References


References


References


References


References


References


Part II  Appended papers

Paper I
*International activities in small firms; Examining factors influencing the internationalization and export growth of small firms.*

Paper II
*Innovative international strategies in new firms – Born Globals the Swedish case.*

Paper III
*Born Global’s foreign market channel strategies.*

Paper IV
*The Management of Value Chain Activities in Born Global Companies.*
The paper is submitted to the Journal European Business Review.

Paper V
*A Born Global Company’s Way to Growth.*
Paper I

International activities in small firms; Examining factors influencing the internationalisation and export growth of small firms
