

# Factors Influencing the Success of the Internationalisation Process of Born Globals

A Literature Review



(CF Global Trading)

Lars Richters

BSc Thesis

Wageningen University & Research

BSc Management and Consumer Studies

Registration number: 970503692080

Chair group: Business Management & Organisation (BMO)

Supervisor: Dr. E.F.M. Wubben

Date & Place: 08/04/2019, Wageningen, the Netherlands

## Abstract

The phenomenon of born global firms has received increasing attention by scientific research over the past decades. Born globals are small firms pursuing rapid internationalisation from inception, meaning they have had no prior activities on the domestic market. Scientific literature on the internationalisation process of born globals is still underdeveloped. Existing literature is especially inconclusive regarding the factors that influence the success of the internationalisation of born globals. The purpose of this research is to fill this literary void, by answering the following research question: *What factors influence the success of the internationalisation process of born globals?*

This research is performed as a literature review, analysing and integrating existing literature available in scientific databases. Throughout the research, a comparison is made between conventional- and born global internationalisation. First, born globals and their characteristics are defined. Next, conventional- and born global internationalisation is described and compared. Lastly, influential factors for both conventional- and born global internationalisation are discussed, proving that some factors are generic and others mark a clear distinction between the two paths of internationalisation.

Research results describe the identification of four factors influencing the success of the internationalisation process of born globals. These factors are: the product or service, the industry, the network, and the entrepreneur. Other factors influencing conventional internationalisation were also considered, but proved to be not applicable to the born global concept. Some of the four identified success factors for born global internationalisation appeared to be interrelated, which is briefly discussed. Based on these discovered interrelationships and the accumulated knowledge in the rest of this report, some suggestions for further research are proposed.

**Key words:** born global, internationalisation, success factors

## **Acknowledgements**

This thesis is part of the Management specialisation of the Bachelor degree Management and Consumer Studies at Wageningen University & Research. This research was conducted under supervision of the Business Management & Organisation (BMO) chair group.

First, I would like to express my gratitude to my supervisor, Emiel Wubben. His useful feedback and comments significantly improved the quality of this thesis. Also, his time efforts, enthusiasm and continuous guidance helped me a lot. Second, I would like to thank my friend and fellow student Sander Dominicus for his advice and motivational words at times. Last but not least, I would like to thank my girlfriend Kiki and my family for their support.

Enjoy reading this thesis,

Lars Richters

Wageningen, April 2019

## List of Figures

Figure 1: Dimensions for identification of internationalising firms (Zahra and George, 2002)

Figure 2: Terminologies in literature, *Sources and terms* (Svensson, 2006) elaborated

Figure 3: SME classifications (European Commission recommendation 2003/361)

Figure 4: Incremental internationalization, adapted from Forsgren and Johanson (1975)

Figure 5: The Basic Mechanism of Internationalization – State and Change Aspects (Johanson and Vahlne, 1977)

Figure 6: The network model, four variants of internationalisation (Johanson and Mattson, 1988)

Figure 7: Comparison of the Uppsala model and born global theory, adapted from Pereira (2015)

Figure 8: Theoretical framework: Factors influencing the success of the internationalisation process of born globals, and interrelationships.

# Table of Contents

Abstract	2
Acknowledgements	3
List of Figures	4
Table of Contents	5
1. <u>Introduction</u>	
1.1. Introduction to the topic	6
1.2. Research objective	7
1.3. Research questions	7
1.4. Definition of key concepts	8
1.5. Methodology and data set	9
2. <u>Born globals</u>	
2.1. Origin of ‘born globals’	10
2.2. Born global terminology	10
2.3. Definitions and characteristics of born globals	13
2.4. Difference between born globals and internationalising SME’s	15
3. <u>Conventional- and born global internationalisation models</u>	
3.1. Conventional internationalisation models	17
3.1.1. The Uppsala model	17
3.1.2. The Transaction Cost Analysis model and the Eclectic Paradigm	20
3.1.3. The Network Model	21
3.2. Internationalisation models for born globals	24
3.2.1. Born globals and the usefulness of conventional internationalisation models	24
3.2.2. Born global internationalisation models	26
4. <u>Influencing factors for conventional- and born global internationalisation</u>	
4.1. Factors influencing the conventional internationalisation process	28
4.2. Factors influencing the born global internationalisation process	30
4.3. Theoretical framework: success factors and interrelationships	35
5. <u>Conclusion and discussion</u>	
5.1. Conclusion	38
5.2. Discussion: further research recommendations	39
Appendices	40
References	45

# 1. Introduction

## 1.1. Introduction to the research topic

The term ‘born global’ was first mentioned in an article published in The McKinsey Quarterly in 1993 (Rennie, 1993). It describes a study conducted by McKinsey exposing a growing group of Australian firms that were able to compete in the global market without having a solid foundation on the domestic market (AMC and McKinsey and Company, 1993). These firms were said to be born global. A later study defines born globals as enterprises that, from inception, strive to obtain ‘*significant competitive advantage from the use of resources and the sale of outputs in multiple countries*’ (Oviatt and McDougall, 1994), referring to them as international new ventures (INVs). Although minor differences exist between these two definitions (Crick, 2009), which will be discussed, the two are commonly used in conjunctive fashion. In this paper ‘born global’ will be used to refer to the topic.

Conventional internationalisation theories, like the Uppsala model (Johanson and Vahlne, 1977), have been used to try to explain the internationalisation process of born globals. However, these theories mostly fail to explain the process, as they emphasize on building a strong position in the domestic market first, a characteristic which born globals do not comply with (Rennie, 1993., Oviatt and McDougall, 1994., Knight and Cavusgil, 1996).

Following the problematic usefulness of conventional internationalisation theories for explaining born globals, research shifted to explanations that focus on the internationalisation process, characteristics and behaviour of born globals (Madsen and Servais, 1997., Sharma and Blomstermo, 2003). Existing studies appear to focus on the factors that influenced the choice of going international. However, there is scarce literature discussing the factors that influence the actual success of the internationalisation process of born globals. Moreover, this small pool of studies focusses on specific influences, like industry factors (Taylor & Jack, 2016) and the entrepreneurial skillset (Sultan and Wong, 2011). However, there are more factors influencing the internationalisation process, like relationships with other firms (Madsen and Servais, 1997), which need to be considered when analysing the success of the internationalisation process. Additional factors have to be derived from conventional- and born global internationalisation literature, in order to identify all influential success factors.

This literature review discusses conventional- and born global internationalisation. Influential factors for both internationalisation processes are compared. From this, specific success factors for born global internationalisation are deducted. Resultingly, a theoretical framework is created, outlining the success factors for the internationalisation process of born globals and their potential interrelationships.

## 1.2. Research objective

Based on the problem analysis (see 1.1), this research aims to identify what factors influence the success of the internationalisation process of born globals. This is done by means of a literature review. Existing scientific research on the topic is gathered and reviewed. By doing so this research strives to add relevant information to the topic of strategic management, internationalisation of companies and born globals.

## 1.3. Research questions

General research question:

*What factors influence the success of the internationalisation process of born globals?*

In order to answer the general research question a theoretical framework is created outlining all of the identified factors influencing the success of the internationalisation process of born globals. Potential interrelationships are also described. To aid the creation of the theoretical framework the following research questions have been developed. They are answered in separated chapters leading up to the final chapter, in which research question 3 and consequently the general research question are answered.

Research questions:

1. *What are born globals and what characteristics differ systematically from internationalising SME's?*

The phenomena of born globals is defined using available scientific literature. A literature based definition of the term 'born global' is developed. Lastly, a small comparison is made between born globals and regular internationalising SME's.

2. *According to literature, what is the conventional internationalisation process, and the internationalisation process of born globals?*

Conventional internationalisation theories available in contemporary literature are discussed. Scarce literature on internationalisation theories of born globals is also reviewed. Creating an understanding of existing theories will aid the identification of influencing factors.

3. *According to literature, what factors influence the conventional internationalisation process, and what factors are known to influence the internationalisation process of born globals?*

Factors influencing the conventional internationalisation process are listed and defined. This will help identify success factors for born globals, because some influencing factors could prove to be generic. Next, influencing factors for the internationalisation process of born globals are reviewed. Conventional internationalisation factors are evaluated on their applicability to born global internationalisation and then added to the list of born global internationalisation success factors. Resultingly, a comparison is created between conventional- and born global internationalisation. Since born globals are the topic of this research, focus will remain on them. Influencing factors for their internationalisation process will be translated to critical success factors, which are then used for the creation of the theoretical framework, visualizing all influencing factors for born global internationalisation and their potential interrelationships, in turn answering of the general research question.

#### **1.4. Definitions of key concepts**

In order to have a clear and common idea of the relevant concepts in this research the following, often used in literature, abstract definitions have been chosen to describe them. Logically, detailed explanations of the concepts are provided in this research.

##### Born globals

*'A business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries.'* (Oviatt and McDougall, 1994)

##### Small and medium-sized enterprises (SME's)

An enterprise that does not have more than 249 employees, has an annual turnover that does not exceed 50 million € or has a balance sheet total of less than 43 million €. (EU-recommendation 2003/361)

This definition was created by the European Commission. It is important to note that different definitions are used around the world, mainly in the USA and in Japan. Because SME's are not the main focus of this research, further details will not be described. The preceding definition will be used when referring to SME's.

##### Internationalisation

*'The process of increasing involvement in international operations.'* (Welch and Luostarinen, 1988)

## 1.5. Methodology and data collection

This study is performed as a literature review. Available scientific literature on the topic of born globals and internationalisation is analysed with the intend to answer the research questions. This report takes on a descriptive study design. A descriptive study aims to answer the fundamental question of *what* is going on (De Vaus, 2001). This report attempts to systematically describe the present literary situation of born global research and provide information about the topic. This is done via the collection of qualitative data. Key findings from existing research are identified. The findings are then reviewed and combined, leading to the answering of the defined research questions. Additionally, this report is partly written from an exploratory viewpoint. The general research question is undertaken with the objective of exploring an area of knowledge where little is known (Kumar, 1999).

Respectively chapter 2, 3 and 4 aim to describe the concept of born globals, internationalisation and the influencing factors relating to the success of the internationalisation process of born globals. Throughout the research a comparison is made between conventional- and born global internationalisation, in an attempt to create a clear distinction between the two processes and their relative influential factors. Conventional internationalisation theory is not the main focus of this research and this therefor merely used to gain additional evidence for the born global concept.

In order to perform a literature review on these topics data was collected from scientific databases, namely Scopus, Web of Science and Google Scholar. Key words were identified and used to perform searches through the use of Boolean operators. Google Scholar was used for preliminary searching, due to its ease for finding relevant literature. The quality of the obtained literature via Google Scholar was checked and additional sources were sought for in the academic databases Scopus and Web of Science. This was done to ascertain scientific quality. In the academic databases Scopus and Web of Science search results were sorted by 'relevance'.

Due to the absence of a commonly accepted terminology of the concept of born globals several different search strings were performed, using altering terms to describe the concept. This was done because it proved to be virtually impossible to demarcate all relevant academic literature within only a few search strings. For example, search strings yielding 200 results often proved to contain more relevant academic literature than search strings yielding 12 results.

Appendix I provides a precise overview of the accessed databases, performed search strings and consequent number of results, separated per chapter.

## 2. Born Globals

### 2.1. Origin of 'born globals'

Empirical evidence of companies having the majority of their sales exported within the first two years of operation was first published as an article in the early 1990s (Rennie, 1993). The article, published in *The McKinsey Quarterly*, describes a research project commissioned by the Australian Manufacturing Company (AMC). The research, nowadays seen as foundational literature, examines 310 Australian companies, dividing them into two groups (AMC and McKinsey and Company, 1993). The first group entails companies that have a strong domestic base before beginning to export their products. They have been active on the domestic market for 27 years on average prior to exporting. These exports accounted for 20% of their sales. The second identified group consists of companies exporting 76% of their total sales within the first two years of operation, completely contrasting the first group. These companies are described as small, averaging only \$16 million sales. However, they show the capability of successfully competing against larger established companies on the global market. On the basis of the above characteristics the latter group companies are named 'born globals' (Rennie, 1993), introducing this term to the field of scientific research.

### 2.2. Born global terminology

Since the article of Rennie (1993) research in the scientific domain of born globals has received increased attention (Cavusgil, 1994., Crick, 2009., Knight and Cavusgil, 1996., Knight and Liesch, 2016., Madsen and Servais, 1997). Several distinctive terms were developed to define similar concepts like born globals. Popular terms in literature include 'international new ventures' (Oviatt and McDougall, 1994), from now on referred to as INV's, 'early internationalizing firms' (Rialp et al., 2005) and 'global start-ups' (Jolly et al., 1992., Oviatt and McDougall, 1995). Among scholars a high degree of consensus has been reached when referring to the concept (Madsen 2013), using the following definition when describing born globals: Enterprises that, from inception, strive to obtain '*significant competitive advantage from the use of resources and the sale of outputs in multiple countries*' (Oviatt and McDougall, 1994). Although born globals can be seen as the preferred term in academic literature, the term INV's is also used considerably. It is evident that still no commonly accepted terminology for the phenomenon is present. Similarities and differences between born globals and INV's will briefly be addressed below, with the intend of creating a common understanding for the rest of this report.

In an attempt of closing the literary void Madsen (2013) examined similarities and differences between classifications of the phenomenon, based on original literature on born globals

(Rennie, 1993., Knight and Cavusgil, 1996) and INV's (Oviatt and McDougall, 1994). Definitions for different types of internationalising firms are developed on the grounds of three dimensions, being extent, speed and scope of the th process (figure 1). These three dimensions were first suggested by Zahra and George (2002). The dimensions are used to identify distinction and overlap that classify born globals and INV's.

Speed	Length of time between inception and first international sales
Extent	Percentage of foreign sales and foreign sourcing
Scope	Number of foreign countries in which sales are generated and number of value chain activities

Figure 1: Dimensions for identification of internationalising firms (Zahra and George, 2002)

First, 'speed' is concluded to be used as a classification dimension for both born globals and INV's (Madsen, 2013). Both concepts apply a 3 year time frame for entering foreign markets. This time frame was chosen because it is most in line with the contemporary global market conditions (Knight, 2007). A firm is classified as a born global firm, but also as an INV, if it conducts international activities within the first 3 years of business (Madsen, 2013).

Second, 'extent' is used as a classification dimension. Extent is used when identifying born globals. Extent is concerned with the quantity of international activity (Madsen, 2013), also described as the percentage of foreign sales. A firm is classified as born global if at least 25% of its foreign sales are outside of its continent. Additionally, a firm is also classified as born global if at least 25% of its foreign sourcing activities are outside of its continent (Knight, 2007., Madsen, 2013). Building on this, logically, a firm agreeing with both these parameters is also seen as a born global. In all cases, the explained time frame of 3 years set by the dimension 'speed' is taken into consideration.

Third, born globals and INV's classification is different by the use of 'scope'. Scope is used when identifying INV's, referring to the number of foreign markets entered and the amount of international value chain activities (Madsen, 2013). Value chain activities include sourcing-, production-, sales and marketing, and service activities (Oviatt and McDougall, 1994). When a firm has entered 4 or more foreign markets and has 3 or 4 of its value chain activities conducted internationally it is seen as an INV (Madsen, 2013). Similar to the classification of born globals using 'extent', the classification of INV's also has to take into consideration the time frame of 3 years set by the dimension 'speed'. Madsen (2013) concludes that although different dimensions are used for the classification of born globals and INV's the two concepts are very similar. The overall internationalisation process of both is equal. A definition of the phenomenon using all three dimensions is therefore recommended (Madsen, 2013). This strengthen the assumption that academic literature of both concepts is applicable for this literature review.

As mentioned before, next to born globals and INV's several other terms are used to describe the concept: global start-ups (Jolly et al, 1992), born-again start-ups (Bell et al, 2001), small

firms' internationalisation (Jones, 1999) and high-technology start-ups (Jolly et al, 2013). A review of existing literature on businesses that strive to be international at founding was done by Rialp et al (2005). They coined the term 'early internationalising firms' as a collective label for the concept. Although research on the topic has become extensive, disharmony and disagreement between researchers is still present (Svensson, 2006). Terms are used interchangeably, when in fact they are conceptualizing the same phenomenon (Coviello and Jones, 2004., Rialp et al., 2005., Svensson, 2006). Figure 2 portrays different terminologies and their usage by researchers, originally created by Svensson (2006) and expanded by this research.

Source	Term
e.g. McDougall (1989) Schader et al. (2000), Zahra et al. (2000)	New venture(s)
e.g. Oviatt and McDougall (1994, 1997), McDougall et al. (1994), Servais and Rasmussen (2000), Acedo and Jones (2007), Crick (2009)	International new ventures (INV's)
e.g. Ripolle's et al. (2002), Zahra et al. (2003)	Internationalisation of new ventures
e.g. Oviatt and McDougall (1995)	New venture internationalisation
e.g. Rennie (1993), Autio and Sapienza (2000), Madsen et al. (2000), Rasmussen et al. (2001), Aspelund and Moen (2001), Wickramasekera and Bramberry (2001), Moen (2002), Moen and Servais (2002), Andersson and Wictor (2003), Sharma and Blomstermo (2003), Kuivalainen et al. (2007), Crick (2009), Gabrielsson et al. (2007), Knight (2015)	Born global(s)
e.g. Knight and Cavusgil (1996), Knight (1997), Bell and McNaughton (2000)	Born global firm(s)
e.g. Bell et al. (2001)	Born-again start-ups
e.g. Mamis (1989), Jolly et al. (1992), Oviatt and McDougall (1995)	Global start-ups
e.g. Jones (1999), Bell et al. (2001), Fillis (2001)	Small firms internationalisation
e.g. Rialp et al. (2005)	Early internationalising firms

Figure 2: Terminologies in literature, *Sources and terms* (Svensson, 2006) elaborated

This report continues to refer to the concept as born globals. The reason is that the term born globals appears to be used most commonly in scientific literature. Scientific literature about INV's, early internationalizing firms, global start-ups and other terms will be used to explain born globals and their internationalisation process, because valid and applicable theory can be derived from it when pursuing the goal of this research.

### 2.3. Definitions and characteristics of born globals

The foundational literature on born globals describes them as companies competing on value, emphasizing on product quality, high technology and differentiated product design (Rennie, 1993). After this initial definition the topic gained momentum in the world of scientific research. Altering definitions for the concept were formulated and research was done on the characteristics of born global firms. Over the years, research developed in line with our globalising world. A summary of empirical evidence and definitions is provided in this section. A summarizing definition will be formulated on the basis of discussed literature.

The first operational definition, outlining measurable characteristics, was developed a few years after Rennie's (1993) research. Born globals are described as small sized, having less than 500 employees and annual sales of under \$100 million (Knight and Cavusgil, 1996). They rely on '*cutting edge technology*' for the creation of unique products of process innovations. International markets are considered as one combined global marketplace, which is served immediately from the first day of existence of a born global (Knight and Cavusgil, 1996). Most born globals are founded by active entrepreneurs, often following a technological or process breakthrough in a particular industry. Furthermore, products sold by born globals are often produced for industrial use and have major value added to them (Knight and Cavusgil, 1996).

Next, empirical research on born globals concludes that approximately 70% of sales have to be foreign sales in order to be seen as born global (Madsen et al, 2000). This conclusion was derived from a large scale study of 272 Danish exporting firms. Out of the 272 firms 47 were categorized as born global. Additionally, descriptive characteristics were given. The 47 firms showed to be internationally oriented exporters, having specialized production and a wide geographical scope (Madsen et al, 2000). A major drawback to this study is that no definitive time frame is given for achieving a total of 70% foreign sales. Nevertheless, the derived value of 70% was the first in empirical literature at the time, giving it some value as a baseline to use for further research. Following shortly after Madsen et al. (2000) their primal empirical research, a more precise definition including a time frame became popular in scientific literature. Multiple researches state that born globals should establish international operations within three years of inception, obtaining at least 25% of sales from these foreign markets (Moen, 2002., Kuivalainen et al., 2007., Gabrielsson et al., 2007). Although this definition uses a relatively small percentage of foreign sales compared to Madsen et al. (2000), it does bound the aspect of time to three years, making it a more operational definition.

Furthermore, conceptual definitions have been made. Born globals tend to be dependent on networks (Sharma and Blomstermo, 2003). They are engaged in multiple weak ties, which are less cumbersome and less expensive to manage. Through these ties born globals develop

knowledge of foreign markets. Theory based research on the nature of born globals argues that born globals possess high amounts of knowledge and have employees with extensive scientific knowledge (Sharma and Blomstermo, 2003). Knowledge is the key factor for their competitive advantage. Born globals trade in products and services which are '*totally new or radically different from existing products*' (Sharma and Blomstermo, 2003), conforming to the idea of technological or process breakthroughs (Knight and Cavusgil, 1996). However, in the earliest stages born globals have little international business and institutional knowledge. They also experience the downsides through 'liability of newness' (Hannah and Freeman, 1984). Due to focussing on international markets from inception (Rennie, 1993., Oviatt and McDougall, 1994) born globals lack domestic experience and network connections, causing limited referrals (Sharma and Blomstermo, 2003). This results in concerns voiced by potential customers during the initial phases of the company.

A recent article examining the evolution of scholarly literature on born globals (Knight, 2015) combines most of the established scientific evidence on the phenomenon. The article provides an extensive description of born globals. In combination with preceding literature the following description of born globals is formulated, answering the first part of research question 1: Born globals are firms that internationalise at or near their founding (Rennie, 1993). They are small sized (Knight and Cavusgil, 1996) and have limited tangible and financial resources (Knight, 2015). Within three years from inception (Madsen, 2013), at least 25% of sales should be achieved through foreign markets (Moen, 2002., Kuivalainen et al., 2007., Gabrielsson et al., 2007). Born globals are adaptable, innovative and are focussed on exploiting process and/or technological breakthroughs (Crick, 2009., Knight and Cavusgil, 1996). They possess high amounts of knowledge (Sharma and Blomstermo, 2003) and have access to resources and knowledge through their networks (Sharma and Blomstermo, 2003., Acedo and Jones, 2007., Rialp et al., 2005). This is all powered by the innovative organisational culture of born globals (Knight and Cavusgil, 2004., Kuivalainen et al., 2007). Other characteristics of born globals include: managers with international experience (Rialp et al., 2005), the offering of high-value goods (Knight and Cavusgil, 1996), strong market orientation, strong customer focus and possession of unique intangible assets within the company (Rialp et al., 2005).

The description is an extensive combination of operational and conceptual characteristics found in scientific literature. In short, this report defines born globals as small firms pursuing rapid internationalisation from inception, meaning they have had no prior activities on the domestic market. This definition is referred to when discussing born globals in the rest of this report.

## 2.4. Differences between born globals and internationalising SME's

Next to the idea of born global companies there are also companies that focus on domestic markets and neglect international markets at first. These companies might still decide to internationalise at a later stage in the development of the company. Companies conforming to this are described by the term 'internationalising small- and medium enterprises' in academic business literature, from now on referred to as 'internationalising SME's'. Synonyms include 'born-again globals' (Bell et al., 2001) and 'incremental internationalizers' (Sheppard and McNaughton, 2010). This section will briefly discuss characteristics of internationalising SME's. A comparison between born globals and internationalising SME's will be made.

In principle, internationalising SME's are regular SME's before they initiate their internationalisation. The exact definition of a SME is dependent on who is defining it. Around the world different definitions are used in different regions, mainly using parameters like the number of employees, annual sales, assets or a combination of these three. Additionally, this might vary between industries. In this research SME's will be defined using the guidelines of the European Commission. Figure 3 portrays SME classification.

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small-sized	< 50	≤ € 10 m		≤ € 10 m
Micro-sized	< 10	≤ € 2 m		≤ € 2 m

Figure 3: SME classifications (European Commission recommendation 2003/361)

The SME internationalisation process has been heavily researched. Multiple theories exist, which are discussed in chapter 2. The internationalisation process is also what forms the major difference between internationalising SME's and born globals. Typically, SME's are established to a high degree in the domestic market, before suddenly embracing internationalisation (Bell et al., 2001). Internationalising SME's and born globals differ in size and the latter is often younger of age (Sheppard and McNaughton, 2010). This is to be expected, because internationalising SME's have had years of growing time within the domestic market. Furthermore, born globals spend proportionally more of their revenue on R&D compared to internationalising SME's. Lastly, born globals tend to sell their products and/or services to more countries than internationalising SME's (Sheppard and McNaughton, 2010). This is in line with the gradual internationalisation of SME's described by Bell et al. (2001), stating that internationalisation often occurs first in one or more geographically close countries.

In short, answering the second part of the research question 1, internationalising SME's and born globals are very different. The two concepts differ in their initial state when commencing

their internationalisation, having different backgrounds and strategic intentions. Next, the internationalisation process itself is different. Some research argues that conventional internationalisation models can partly be used to describe born globals, essentially saying that the internationalisation process of the two is rather similar (Madsen and Servais, 1997). However, significant amounts of dominant scientific literature contradict this idea (Gabrielsson et al., 2007., Weerawardena et al., 2007., Sultan and Wong, 2011). It is argued that born globals require their own unique model describing their internationalisation. This topic will be discussed in chapter 3.

### **3. Conventional- and born global internationalisation models**

#### **3.1. Conventional internationalisation models**

Scientific research has produced many different theories explaining the internationalisation process of firms. In very short terms, internationalisation can be described as *'the process of increasing involvement in international operations'* (Welch and Luostarinen, 1988).

However, this description is extremely abstract. Globalising economies and changing market conditions have resulted in the creation of different detailed internationalisation theories, each explaining the process in different fashion. Among the more established theories (Whitelock, 2002., Hollensen, 2007) are the Uppsala Model (Johanson and Wiedersheim-Paul, 1975., Johanson and Vahlne, 1977), the Transaction Cost Analysis model (Coase, 1937), elaborated by the Electic Paradigm (Dunning, 1988, 1993), and the Network Model (Johanson and Mattsson, 1988). This sub-chapter will describe and examine these three models in detail. Doing so will aid the understanding of the internationalisation process and in turn aid the identification of influencing factors.

##### **3.1.1. The Uppsala Model**

The Uppsala Model was developed in the 1970s by Swedish researchers at the University of Uppsala. Research was performed on the internationalisation of Swedish manufacturing firms (Johanson and Wiedersheim-Paul, 1975), resulting in preliminary findings laying the foundations for the Uppsala model (Johanson and Vahlne, 1977). Through continued development the Uppsala model still holds it ground in modern days (Johanson and Vahlne, 2017), despite changing conditions like increased globalisation and technology advances. Since its first publication, the Uppsala model has been one of the most widely acknowledged theories in internationalisation literature (Reid and Rosson, 1987., Calof and Beamish, 1995).

The initial research leading up to the Uppsala model was performed on four Swedish manufacturing firms, being Sandvik, Atlas Copco, Facit and Volvo (Johanson and Wiedersheim-Paul, 1975). At the time, these firms obtained more than two-thirds of their turnover from foreign sales and had production facilities in at least one foreign country. Due to already having an international presence these companies could be analysed by the researchers on their entire internationalisation process since their founding. It was assumed that internationalisation occurred through incremental decisions, starting with development in the domestic market. Furthermore, it was assumed that lack of knowledge and resources formed the main barrier to internationalisation. Expecting a *'stepwise extension of operations'*, the researchers proposed four different stages of internationalisation, the so-called establishment chain. (Johanson and Wiedersheim-Paul, 1975):

1. No regular export activities  
The firm has invested no resources to foreign markets and lacks ways of achieving knowledge about foreign markets.
2. Export via independent representatives (agent)  
The firm has access to sporadic information about foreign markets and knows the factors influencing sales on the particular market. This also means the firm has a some degree of commitment to foreign markets.
3. Foreign sales subsidiary  
The firm possesses '*controlled information channels*' to foreign markets. The firm also experiences factors influencing the usage of resources.
4. Foreign production and sales subsidiary  
During the fourth stage the firm takes on an even larger resource commitment, heavily investing in foreign markets.

The establishment chain can be seen as subsequent stages with increasing degrees of market commitment.

Next to the establishment chain, another pattern in the internationalisation process of the four Swedish firms was noticed. The firms seemed to be entering new markets with successively greater psychic distance (Johanson and Wiedersheim-Paul, 1975). Psychic distance is defined as the factors that limit the information flow between a firm and the market. Examples of such factors are language, culture and political systems (Hollensen, 2007). The concept of psychic distance argues that firms internationalise first to markets that are similar to their own domestic market (Johanson and Wiedersheim-Paul, 1975).

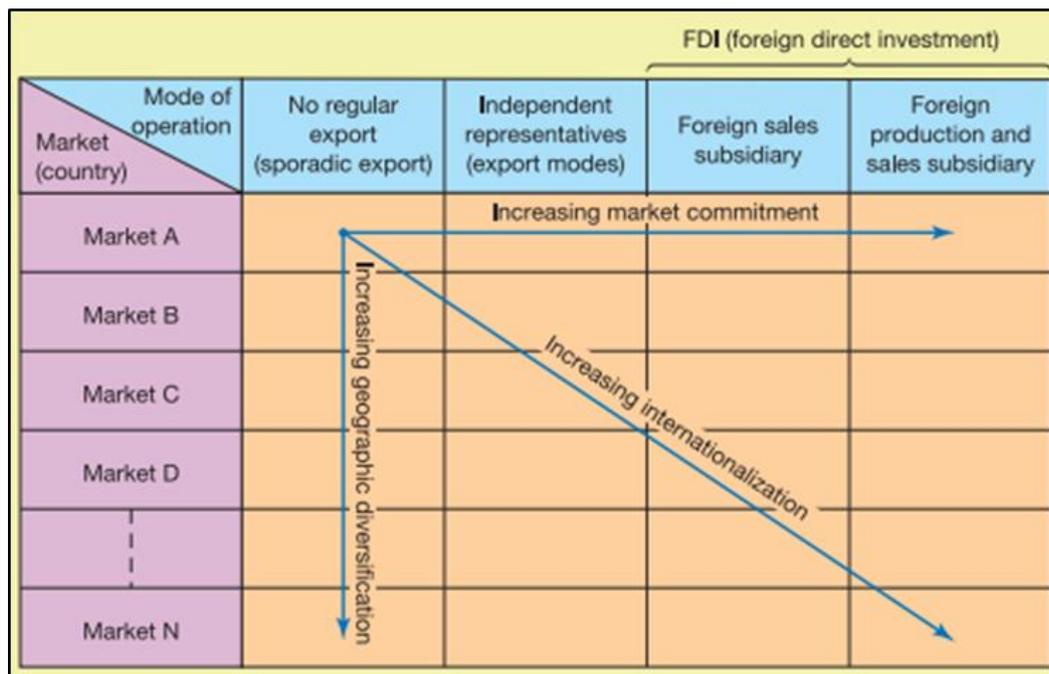


Figure 4: Incremental internationalization, adapted from Forsgren and Johanson (1975)

Building on the establishment chain and the concept of psychic distance, Forsgren and Johanson (1975) developed a matrix illustrating the internationalisation process in a two-dimensional manner (figure 4). The axes represent increasing market commitment (the establishment chain) and increasing geographic diversification. In the context of internationalisation, geographic diversification is described as the dispersion of business activities across geographic regions (Vachani, 1991). This should not be confused with increasing commitment to markets the firm is already operational on. Geographic diversification is influenced by the psychic distance of unconquered markets (Hollensen, 2007). By increasing the perceived degree of similarity between markets the psychic distance is reduced, leading to increased geographic diversification.

The observed patterns of increasing market commitment and increasing geographic diversification were later explained by new academic literature, expanding the theory on the Uppsala model. A dynamic model explaining all stages of the internationalisation process using the same basic mechanism was created (Johanson and Vahlne, 1977) (figure 5). A dynamic model portrays a cycle of events that affect the input of the next, mechanically wise identical, cycle. The model created by Johanson and Vahlne (1977) is capable of explaining every stage of increasing internationalisation, defining each stage in more abstract terms. The model differentiates state and change aspects. State aspects include market knowledge and market commitment, whilst change aspects include commitment decisions and current business activities. The model visualizes the idea that state aspects affect change aspects, and vice versa. The process can be seen as a causal cycle (Johanson and Vahlne, 1977), evolving as time passes and the firm grows older.

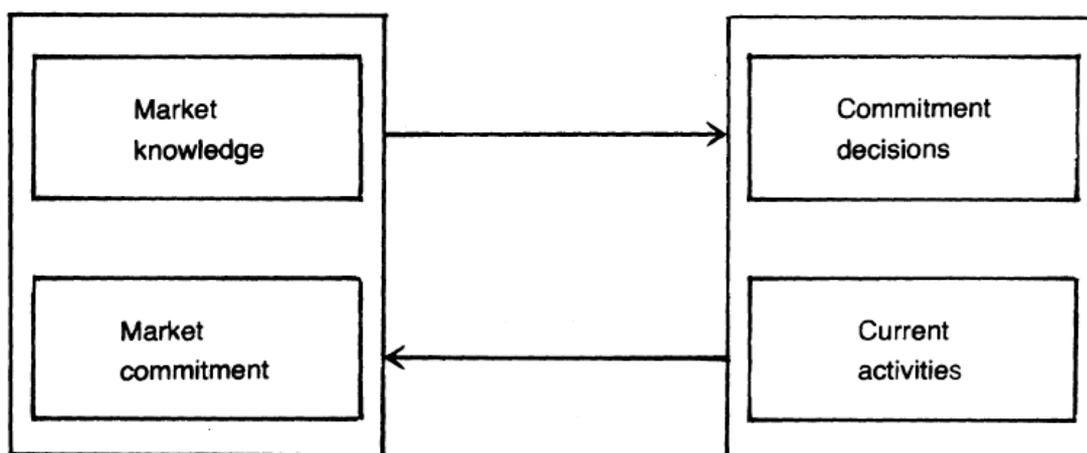


Figure 5: The Basic Mechanism of Internationalization – State and Change Aspects (Johanson and Vahlne, 1977)

Already early on there were three exceptions found on the Uppsala model (Johanson and Vahlne, 1977). First of all, firms that have high amounts of resources are less susceptible to

failures. The consequences of their commitments are smaller. Because these firms perceive less risk their internationalisation steps might be relatively larger. Secondly, when market conditions are constant and homogeneous market knowledge could be obtained via other ways than actual experience. Thirdly, if a firm has been operating in a similar market before it might be able to transfer this experience on the newly entered market (Hollensen, 2007).

In short, the Uppsala model is seen as the process in which firms expand their operations to geographically and psychic nearby markets first, before internationalising to more distant countries. The model assumes that the internationalisation occurs gradually, through increasing market commitment and increasing geographic diversification (Johanson and Wiedersheim-Paul, 1975., Johanson and Vahlne, 1977).

The Uppsala model has received substantial criticism since its publication. The model is said to be too deterministic (Reid, 1983., Turnbull, 1987). It is argued that firms are not set to follow the stages of the established chain, and are actually able to make strategic choices for entry and expansion themselves (Johanson and Vahlne, 1990). This strategic choice is dependent and influenced by market conditions. Because of this, a model taking transaction costs into consideration is considered by other researchers as more appropriate when explaining internationalisation behaviour of a firm (Reid, 1983).

### **3.1.2. The Transaction Cost Analysis model and the Eclectic Paradigm**

The Transaction Cost Analysis (TCA) model was founded by Coase (1937). It was one of the first theories explaining the firm in relationship to the market. The TCA model is the most commonly adopted market entry mode theory (Canabal and White, 2008), in other words internationalisation theory. The TCA model states that if the transaction costs of production through market contracts exceeds organising production internally, the firm will internalise its production (Coase, 1937). The TCA model shows that structural decisions are influenced by cost minimization (Hollensen, 2007). In order to reduce transaction costs firms will internalize (Hollensen, 2007). This is often done through vertical integration (Whitelock, 2002), using the TCA model when evaluating '*whether or not to establish a manufacturing subsidiary in a market abroad*' (Erramilli and Roa, 1993). The TCA model is most relevant for multinational corporation (MNC) internationalisation (Whitelock, 2002). Reasoning for this is that the TCA model considers internationalisation as an economic decision and MNC's are expected to choose the option that '*offers the highest risk-adjusted return on investment*' (Anderson and Gatignon, 1986) (Schellenberg et al., 2017).

The eclectic paradigm (Dunning, 1988) is a theory that builds upon the TCA model. It is the second most used theory for explaining market mode entry (Canabal and White, 2008) and has arguably become '*the dominant paradigm in international business studies*' (Eden, 2010).

It aims to explain the extent and pattern of internationalisation (Dunning, 1988), arguing that not only transaction costs are important when internationalising. The word eclectic means *'taken from various sources'* (Pedersen, 2003), relating to the paradigm borrowing various theories from other schools. The eclectic paradigm states that ownership (O), location (L) and internationalisation (I) advantages should be considered in internationalisation theory (Dunning, 1988, 1993). Hence, it is often referred to as the OLI-paradigm. Ownership refers to advantages in control and inter-firm relationships (Canabal and White, 2008), and trademarks, production techniques and entrepreneurial skills (Twomey, 2000). Location factors include similarities in culture, strong infrastructure (Dunning, 1993) and labour advantages like low wages or special taxes and tariffs (Twomey, 2000). Lastly, internationalisation factors refer to advantageous transaction and coordination costs (Schellenberg et al., 2017) and benefits from licensing or joint ventures (Twomey, 2000). Overall, the eclectic paradigm has a higher explanatory power compared to the TCA model. It is also more suited for explaining the internationalisation of firms that have experience in multiple regions worldwide (Johanson and Vahlne, 1990).

However, the TCA model (Coase, 1937) and the eclectic paradigm (Dunning, 1988, 1993) have also been criticised. Just like the Uppsala model (Johanson and Wiedersheim-Paul, 1975., Johanson and Vahlne, 1977), they focus on *'the autonomy of the firm in developing its international marketing strategy'* (Whitelock, 2002., Ratajczak-Mzorek, 2012). It is believed that the preceding theories neglect certain features of both the firm and the market that could be of importance for the internationalisation process (Johanson and Mattson, 1988). Also, the eclectic paradigm is disapproved for having a broad and loose structure (Pedersen, 2003). Critiques claim that the predictive value of the paradigm is basically zero, due to the high amount of explanatory variables (Dunning, 2001). On the other hand, falsification of the paradigm is hard due to its broad structure. Furthermore, both the TCA model and the eclectic paradigm appear to have a *'one-sided focus upon the activities of the manufacturer together with the intermediary in the flow of goods and services to the customer'* (Turnbull, 1986). Research has shown that firms are actually strongly influenced by their social relationships (Granovetter, 1985), and cannot be seen as individual actors on the market (Johanson and Mattson, 1986). For this reason, a model considering network relationships is proposed (Turnbull, 1986).

### **3.1.3. The Network Model**

The network model (Johanson and Mattsson, 1988) argues that networks are influential for the internationalisation of firms. Although most research investigates internationalisation by looking at entry mode selection, the development of relationships with business partners is crucial (Holm et al., 1996). Relationships between firms will cause networks to appear. Networks are defined as industrial systems in which firms are engaged in production,

distribution and use and goods of services (Johanson and Mattsson, 1988). Networks also refer to strategic links, for example family-, community- and business alliances (Johnsen and Johnsen, 1999). Connections with governments and agencies are also referred to as the ‘network’ (Welch and Welch, 1988). Contrasting the market model, the network model describes firms as actors mediating their needs and capabilities via interactions that exist due to the presence of relationships (Hollensen, 2007). In a network a division of work is present, causing firms to be dependent on each other, in turn resulting in the need for coordination. This coordination occurs through interactions in the network and is not based on ‘*a central plan or an organizational hierarchy*’ (Johanson and Mattsson, 1988). The networks in which firms operate are evolving through the establishment of new relationships and the abandonment of old relationships. Through networks firms can acquire international knowledge (Holm et al, 1996).

The internationalisation of a firm can be divided into four categories, combining micro and macro levels. The different variants are created based on the degree of internationalisation of the firm itself and the degree of internationalisation of the domestic market, also referred to as the network internationalisation (Ratajczak-Mrozek, 2012). The four variants are: the early starter, the late starter, the lonely international and lastly the international among other (figure 6). The four variants describe the internationalisation of a firm on the basis of its position in its network and its relative relationships (Hadley and Wilson, 2003).

		Degree of internationalisation of the domestic market (network internationalisation)	
		Low	High
Degree of internationalisation of the firm	Low	The early starter	The late starter
	High	The lonely international	The international among other

Figure 6: The network model, four variants of internationalisation (Johanson and Mattsson, 1988)

The first variant is the so-called ‘early starter’. If a firm starts internationalising as an early starter it will have no notable international relationships. Additionally, competitors, customers, suppliers and other firms will neither have international relationships (Johanson and Mattsson, 1988., Hollensen, 2007). Both the firm and the market, or network, are ‘*in a state of low internationalisation*’ (Ratajczak-Mzorek, 2012). An early starter cannot rely on its network, due to lack of experience of other firms on the market. A possible path of action is to conduct business through an agent on the foreign market. This will increase knowledge

of the market and reduce risk (Ratajczak-Mzorek, 2012). As knowledge, resources and foreign sales increase an early starter might decide to make a foreign direct investment (Johanson and Mattsson, 1988).

By becoming more established on international markets the early starter evolves into a 'lonely international'. A firm does not have to evolve organically into a lonely international, but could also be highly internationalised from the outset. As a lonely international the firm is gaining substantial experience on international markets and adjusts its resources accordingly (Ratajczak-Mzorek, 2012). Relationships with new, possibly more distant, foreign markets can be made through the network, often in exchange for knowledge of the home market of the firm (Ratajczak-Mzorek, 2012). As a result of the internationalisation of the firm, the production net of the firm might be stimulated to internationalise as well. Competitors, customer, suppliers and other firms on the domestic market might exploit the international relationships of the lonely international and use it as a bridge to gain access to these foreign markets (Hollensen, 2007). In that case, the lonely international would transition into becoming an 'international among others', which will be discussed later.

Similar to the early starter, the 'late starter' is characterised by a low degree of internationalisation. However, this time around the domestic market of the firm is actually heavily internationalised (Johanson and Mattsson, 1988). Consequently, oppositely to the lonely international, the late starter can take advantage of its network. Research argues that the '*knowledge of other actors in the network can influence a firm's decision making*' (Hadley and Wilson, 2003) (Johanson and Mattsson, 1988). The late starter undergoes the internationalisation process quicker than the early starter, due to the level of knowledge available through its internationalised network (Hadley and Wilson, 2003). However, in principle the situation of a late starter is disadvantageous, because its competitors have particular knowledge which is absent in the late starter itself (Ratajczak-Mzorek, 2012).

Lastly, a firm position in its network can be described as the 'international among others'. This implies that the firm has a degree of internationalisation, combined with a high degree of internationalisation of its network (Johanson and Mattsson, 1988). Being in this position requires strong coordination of activities on all its foreign markets. To do so, relationships with agents in foreign networks have to be continuously maintained (Ratajczak-Mzorek, 2012). For an international among others the internationalisation process has become about increasing international integration, via merges, acquisitions and strategic alliances (Persson et al., 2004). The firm can use its position '*in one net to bridge over to other nets*' (Hollensen, 2007). This is applicable for both market extensions and penetration. Increasing penetration of each foreign market is important as an international among others (Persson et al., 2004).

In short, academic research states that a network and network relationships are a key factor in the development of a firm and the achievement of its goals (Johanson and Mattsson, 1988). Successful internationalisation can only be done through a network of relations, which could be called the internationalisation degree of the firm. Next to this, the home market has to be internationalised. The network model argues that these two criteria strongly influence internationalisation (Johanson and Mattsson, 1988., Holm et al, 1996).

The network model as an internationalisation theory has not yet been fully discovered in academic literature (Canabal and White, 2008). The theory itself has proven its relevance, but in-depth research on the practical workings is still scarce. Also, the *'extent of the interaction of the actors in the networks (...) remains under researched in literature'* (Schellenberg et al., 2017). However, these are both points for further research and do not debate the network model. In general, academic literature appears to be contend with the theory of the network model, presenting no disprove. In conclusion, the network model is successfully able to analyse and explain the internationalisation process of a firm (Ratajczak-Mzorek, 2012).

This sub-chapter has answered part of research question 2, by describing conventional internationalisation theories. Three established theories have been discussed, namely the Uppsala model, the transaction cost analysis model and the eclectic paradigm, and the network model. Each model has proven to have its unique characteristics, strengths and weaknesses. Although academic literature has not crowned one model to be best for explaining the internationalisation process, the network model seems to hold its ground most firmly. Moreover, a model combining the key elements of each individual model has been recommended as it would provide a more realistic and comprehensive view of in the internationalisation process (Whitelock, 2002).

## **3.2. Born global internationalisation**

Born globals, a contemporary phenomenon, and their unique characteristics have challenged the conventional internationalisation models (Knight and Cavusgil, 1996., Hollensen, 2007). This section will first identify why all three of the discussed conventional internationalisation model are not appropriate to be used when explaining the internationalisation process of born globals. Next, born global specific internationalisation models will be discussed.

### **3.2.1. Born globals and the usefulness of conventional internationalisation models**

The first conventional internationalisation model discussed was the Uppsala model. It focusses on the individual firm, assuming the firm initiates its own internationalisation. The process is described as slow, envisioned by the establishment chain (Johanson and Wiedersheim-Paul, 1975). The concept of born globals fully contrasts the Uppsala model,

because born globals are clearly dependent on co-operation and relationships to achieve growth (Sharma and Blomstermo, 2003). Furthermore, and most importantly, born globals do not follow the idea of gradual internationalisation, but instead focus on international markets from their first day of existence (Oviatt and McDougall, 1994). The Uppsala model and the born global theory have many more differences, which are listed below in confined fashion (figure 7).

	The Uppsala model	Born global theory
Firm characteristics	Old firms, mostly large sized	Young firms, small sized
Speed of internationalisation	Slow and incremental	Rapid
Domestic market	Strong domestic base before internationalisation	Non-existent or very small
Psychic distance	Internationalise to market with short psychic distance	Psychic distance plays no role in internationalisation
Role of networks	Only used in early stages of establishment chain	Crucial for internationalisation

Figure 7: Comparison of the Uppsala model and born global theory, adapted from Pereira (2015)

Next, the TCA model was described. The model states that a firm will internalise its production if the transaction costs of production through the market exceed internal production costs (Coase, 1937). Autonomy of the firm in its market is assumed. Further research into the model found that the underlying theory is not applicable to resource constrained firms (Burgel and Murray, 2000). Since born globals are resource constrained and dependent on their network when accessing resources (Sharma and Blomstermo, 2003), making them not autonomous, it can be argued that the TCA model is not applicable to born globals. Later, the TCA model was expanded by the publication of the eclectic paradigm (Dunning, 1988). It is a broad paradigm, describing ownership, location and internationalisation (OLI) factors. The theory has strong explanatory power. However, it assumes that the firm has experience in multiple foreign regions upon internationalising (Johanson and Vahlne, 1990), which born globals do not have. OLI-factors might however be transferable to born global theory, neglecting the assumption regarding experience.

Lastly, the network model for internationalisation was described. The network model argues that business networks are a key factor in the internationalisation process of firms (Johanson and Mattsson, 1988). Firms in a network are dependent on each other, resulting in the need for coordination (Hadley and Wilson, 2003). The network model further assumes that a firm is initially participating in a network on the domestic market (Johanson and Mattson, 1988). Although the network model is successful in explaining born global internationalisation by emphasizing the importance of (foreign) networks, the theory is unable to explain why born globals internationalise without a domestic business network. Also, the network model is unable to explain why born global internationalisation occurs at such a rapid pace (Freeman et al., 2009). Due to these limitations, the network model is deemed insufficient for explaining

born global internationalisation. However, some aspects of the network model might be transferable to the born global context.

### 3.2.2. Born global internationalisation models

Conceptual models describing the internationalisation process of born globals are hardly available in contemporary literature as theory and practice are still evolving (Gabrielsson et al., 2008). Existing research often examines individual aspects from conventional internationalisation theories, mainly the network model, when trying to explain born global internationalisation (Madsen and Servais, 1997). Other studies identify completely new aspects that are unique for born global internationalisation (Sultan and Wong, 2011). In turn however, these studies only investigate factors that lead to and influence the internationalisation of born globals, but not the actual theory behind the internationalisation process of born globals (Weerawardena et al., 2007). Although born globals have been studied ever since Rennie's (1993) first mentioning of the term, this report has identified only one model in scientific literature abstractly outlining internationalisation process, which will be briefly described.

A phase model has been proposed in order to conceptualize the internationalisation of born globals (Gabrielsson et al., 2007). The model explicitly states the contrasting of conventional models. The model identifies three phases; the *introductory phase*, the *growth and resource accumulation phase* and the *break-out and required strategies phase* (Gabrielsson et al., 2007). Each phase contains numerous important steps and key aspects, like financing, networking and learning.

In the introductory phase the born global firms has '*limited resources and an underdeveloped organisational structure*' (Gabrielsson et al., 2007). The founder of the born global and other creative members are the main resources available. Their knowledge and skills results in often unique products that have a global potential. Financing is needed to achieve successful internationalisation, which is sometimes problematic. During phase 1, the chosen *channel* strategy is a key driver for internationalisation. According to the phase model, a born global has multiple channels that it can take to achieve rapid internationalisation. The available channels are (Gabrielsson et al., 2007):

1. MNEs acting as systems integrators or global customers
2. MNEs distributing or licensing born global products/services
3. Networks of supportive firms and/or business associates
4. Internet
5. Some combination of two or more of the above channels

Networks are of notable importance during phase 1, which is indicative of the usefulness of the conventional network model (Johanson and Mattsson, 1988). This corresponds to

Madsen and Servais (1997) their study of born global evolution, in which they state that *'the born global phenomenon can partly be understood and analysed by existing theories'*, specifically mentioning the network model.

Phase 2 is defined as the growth and resource accumulation phase. At the start of this phase the born global firm is fully operating in global market or industry. A global industry is characterised by economies of scale, *'made possible by homogenous demand patterns and through optimisation of localisation advantages (Dunning, 1988)'*. Localisation advantages are described in Dunning's (1988) eclectic paradigm, one of the most renowned conventional internationalisation models, and used by Gabrielsson et al. (2007) when explaining born global internationalisation. Again, theory is borrowed from research on conventional internationalisation. In phase 2 the born global is obtaining knowledge from partners and other connections made through one (or more) of the channels. The channels are also used for obtaining resources. The born global usually has little competition, because it offers innovative products (Crick, 2009). As a result, born global performance during this phase is dependent on the product or service itself (Gabrielsson et al., 2007). Lastly, organisational learning occurs during phase 2. The born global firms learns from its partners and initial customers.

In the third and final phase of the phase model proposes that the born global has a choice to make after the planning and strategy development in phase 2. Now that the born global has developed with the help of its network and industry (phase 1 and 2), it could chose to *'become a small satellite in the network of the global player'* (Gabrielsson et al., 2007) or it could decide to initiate a break-out strategy. A break-out strategy implies obtaining an independent global market position. A born global could do this if they believe they are superior to the global player in their network. The firm will need additional resources, for which it might have to go to financial markets. If the break-out strategy is successful, the born global will continue to develop rapidly, eventually becoming a MNE (Gabrielsson et al., 2007).

This sub-chapter has described born global internationalisation, answering part of research question 2. The phase model was the only conceptual model identified in scientific literature that explains born global internationalisation. It uses several aspects from conventional internationalisation models, like the network model and the eclectic (OLI) paradigm. Although research has been done on individual factors influencing the internationalisation process of born globals, theories regarding the internationalisation process itself are scarce. This further portrays the difficulty of explaining the phenomenon of born globals and the questions they oppose to existing scientific research.

## **4. Influencing factors for conventional- and born global internationalisation**

Contemporary scientific literature struggles to explain born global internationalisation. Researchers appear to use parts of conventional internationalisation models, building on- and altering them to fit the concept of born globals. Taking this into consideration, it may be assumed that some factors influencing conventional internationalisation are transferrable to born global internationalisation. On this note, this chapter will review influencing factors for the conventional internationalisation process. These factors will be analysed whether or not to also influence born global internationalisation. Next, unique factors specifically influencing born global internationalisation will be reviewed. Consequently, a theoretical framework outlining born global influencing factors and their potential interrelationships is created.

### **4.1. Factors influencing the conventional internationalisation process**

This study has described three dominant internationalisation models, from which factors influencing the process can be derived. Literature on other influences is also used for additional evidence. This study has aggregated all identified influences and assembled them into seven main factors.

#### Firm size

Quantitative studies have shown that the size of the firm when commencing internationalisation plays an influential role (Andersson et al., 2004., Calof, 1994). Specifically the Uppsala model (Johanson and Vahlne, 1977) assumes that firms build a strong domestic base prior to internationalising, in other words suggesting that the firm should be of substantial size. The Uppsala model regards resources as the main barrier to internationalisation. Since small firms suffer from resources constraints (Stinchcombe, 1965) and disadvantages from economies of scale, internationalisation is difficult for them. Therefore, it is argued that larger firms can internationalise easier. This leads to the conclusion that internationalisation is positively influenced by larger firm size (Anderson et al., 2004., Calof, 1994).

#### Firm age

Next, the age of a firm influences the internationalisation process (Andersson et al., 2004). Younger firms suffer from the liability of newness (Stinchcombe, 1965) and are vulnerable due to not having developed routines and a strong network (Sapienza et al., 2006). Firms appear to be most fragile in their earliest days. The Uppsala model (Johanson and Vahlne, 1977) focusses on building a strong domestic base first, which can often take several years to establish. Only then successful, yet gradual, internationalisation can occur. Furthermore, the

network model (Johanson and Mattsson, 1988) assumes networks are created over time, in turn stating that an older firm has a more developed network. As the firm ages, it enforces its position on the market and in the network. A more developed network is beneficial to internationalisation. In summary, according to conventional internationalisation theory, the older the age of the firm the more successful its internationalisation.

#### Market culture (of domestic- and international markets)

According to the Uppsala model (Johanson and Vahlne, 1977), the psychic distance of international markets influences internationalisation. Culture is one element of psychic distance. It is argued that firms will internationalise first to markets which have a comparable culture to the domestic market, in order for the firm to fit in and adapt easily to the newly entered market. The OLI-paradigm (Dunning, 1988) strengthens this idea, stating that similarities in market culture will aid the internationalisation process of a firm (L-factors of the paradigm). Conclusively, culture of both the domestic- and international markets influence internationalisation.

#### Product or service

Although no conventional model describes product or service characteristics and sales performance in relation to internationalisation, it can be assumed that the product or service sold by a firm influences the internationalisation process. For example, if sales in newly entered markets are lower than expected, internationalisation might slow down or even be stopped. If sales are thriving, additional resources might become available to invest in the internationalisation process. This assumption is endorsed by research (Aggarwal, n.d.) stating that the level exports, in other words internationalisation, is positively correlated with performance indicators like return on assets (ROA). Studies also show that the number of foreign direct investments (FDI), or the scope of internationalisation, has a positive relation to firm performance (Lee et al., 2010). It appears that a successful product- or service will increase performance, in turn benefiting the internationalisation process.

#### Industry

Empirical examination shows that domestic market growth rate and relative size of the domestic market compared to the international market (Elango, 1998) influence the internationalisation process. Conventional internationalisation models also argue that the stage of the domestic industry is important, describing internationalisation to occur as an industry becomes more mature. The network model (Johanson and Mattson, 1988) states that successful internationalisation is dependent on the level of internationalisation of the domestic market, or the industry. Furthermore, location factors of international markets described in the OLI-paradigm (Dunning, 1988), such as strong infrastructure and labour cost advantages like low wages and special tariffs, are considered as industry influences. This research has aggregated above influences together as 'industry' factors. Industry factors are a broad

concept and not strictly defined by conventional internationalisation models, but do indeed influence the internationalisation of traditional firms.

### Network

The network of a firm is considered to be one of the most influential components of the internationalisation process. Especially the network model (Johanson and Mattsson, 1988), logically, revolves only around the network of the internationalising firm. Through the network a firm can obtain knowledge of international markets (Holm et al., 1996), likely making the internationalisation process more successful. Strategic alliances can be made, making international market entry easier. The OLI-paradigm also explains advantages of inter-firm relationships (Canabal and White, 2008) and benefits from joint ventures (Dunning, 1988., Twomey, 2000) to arise via the network. On the contrary, the Uppsala model never mentions network influences. Since the Uppsala model is highly respected, one might question if network influences are really that present in ‘traditional’ firm internationalisation.

### Management of the firm

The management of firms is hardly considered by models explaining conventional internationalisation. Only the OLI-paradigm (Dunning, 1988) mentions entrepreneurial skills as an influence. Established firms appear to be influenced during the process mostly by other factors, which are independent of the actions of the management at that time. For example, the size of the firm has been fixed prior to the internationalisation process and is not likely to change heavily during it. The same holds for the network of relationships of the firm. Managerial actions during internationalisation will not impact these factors. Furthermore, the strategy for internationalisation has been decided beforehand. Although managing is required during the process, the main strategy has been set. Concluding, the management of the firm is not very influential during the process of internationalisation. This section is therefore merely written to highlight an influential factor that could portray a major difference between conventional and born global internationalisation.

This section has described all the factors influencing the conventional internationalisation process, retrieved from the reviewed scientific literature on the conventional internationalisation process. Consequently, this section has answered part of research question 3.

## **4.2. Factors influencing the born global internationalisation process**

This section will list all influences on the internationalisation process of born globals. First, previous explained factors influencing conventional internationalisation will be reviewed, assessing their applicability to born global context. Next, specific born global influences identified through the born global literature review and additional research will be described.

### Firm size

Contrary to conventional internationalisation, the born global internationalisation is not influenced by firm size. Born globals do not have to be of any particular size in order to successfully internationalise. Moreover, born globals are small sized (Knight and Cavusgil, 1996) and have little or no presence on the domestic market (Oviatt and McDougall, 1994). Their activities are not dependent on firm size and having more employees, for example, will not directly influence their internationalisation. Born globals are able to succeed internationally without a strong domestic base. They obtain knowledge and resources through their networks (Acedo and Jones, 2007), causing no need to possess these things internally. This leads me to conclude that firm size is irrelevant for the internationalisation process of born globals.

### Firm age

The age of a firm is not a large influence for the success of the internationalisation on born globals. Born globals internationalise from their first day of existence (Rennie, 1993) and do not require years of gaining experience, building a domestic base and a network, in order to internationalise. However, due to their young age born globals lack referrals (Sharma and Blomstermo, 2003), possibly causing initial customers to question the abilities of born global firms. This could hamper the internationalisation process to some degree. I do not consider this problem to be of major influence for the internationalisation process. The issue can be resolved through strong entrepreneurial skills (discussed later). Concluding, firm age does not influence the success of the internationalisation process of born globals.

### Market culture (of domestic- and international markets)

Internationalisation of born globals is not influenced by the culture of the domestic and/or international markets. Born globals do not internationalise to psychically close markets first, but take on a global vision straightaway, viewing the world as one big marketplace (Knight and Cavusgil, 1996). They possess an international orientation and are not influenced by domestic market culture, because the firm has had no presence on this market. Born global are adaptable and innovative firms (Crick, 2009) and have a strong market orientation (Rialp et al., 2005), resulting in a smooth entry on new international markets. Therefore, I conclude that market culture, of both the domestic- and international market, is not an influence for the internationalisation process of born globals.

### Product or service

Unlike conventional internationalisation theory, born global theory discusses the role of product- or service characteristics and performance a lot more. In order to internationalise successfully the product(s) of service offered by the firm has to perform on the international markets. The phase model identifies the product or service as an indicator for the success of

born global internationalisation during its growth phase (Gabrielsson et al., 2007). Due to the limited resources of born globals their products have to be innovative [1] (Knight and Cavusgil, 2004). As a result the born global is dependent on the performance of the product or service during the growth stage. Born globals possess unique intangible assets (Rialp et al., 2005). Through technology competence (Crick, 2009) and unique product development the born global firm produces high-value products of services [2] (Knight and Cavusgil, 1996) that have major value added to them. Born globals trade in products and services which are developed through process- or technology breakthroughs, enabling '*totally new or radically different*' products or services to be offered (Sharma and Blomstermo, 2003). Consequently, the products or services have a competitive advantage embedded in them, which is enforced by strong customer focus [3] and close customer relationships (Rialp et al., 2005). This will lead to positive sales performance, in turn positively influencing the internationalisation process of the born global firm. Overall, the product or service offered by a born global is influential for the internationalisation process of born globals.

### Industry

Although the culture of the domestic market plays no role for the internationalisation of born globals, industry factors do. Research shows that born globals initiating their operations from a very internationalised domestic industry [1] tend to follow global industry trends (Taylor and Jack, 2016). This allows the born global firm to imitate previously successful internationalisation strategies used by other established international players, increasing the chance of successful internationalisation. If the domestic industry is not very internationalised, the born global firm will use internationalisation strategies that are more in line with their own vision.

Furthermore, the level of global integration [2] of the industry influences the pace of internationalisation. If high global integration is present, and thus global competition, the born global firm will realise its internationalisation process faster in order to survive (Taylor and Jack, 2016).

Also, industry conditions of international markets influence born global internationalisation. Cost advantages are important when initially internationalising, especially if the foreign industry is in its maturing stage (Xue and Zhou, 2007). Also, a high degree of demand on the international markets and global integration of these markets are considered as influential industry factors (Evers, 2010). Government policies [3] on international markets can also influence internationalisation, such as taxes, laws and high levels of regulation (Andersson et al, 2015). However, this dependent on the particular country and also on the type of product or service offered by the born global. Achieving successful internationalisation can only be done if the product of service is offered on the right industry on the international markets, highlighting the importance of industry conditions. Becoming acquainted with the right international industry and entering it can be difficult for a born global, as it lacks international

experience. Nevertheless, finding the right industry and handling these influences is detrimental for the success of the internationalisation process.

### Network

Reviewing scientific literature on born globals, conventional- and born global internationalisation strategies and integrating this knowledge has shown the dominant importance and influence of the network of a born global on its internationalisation. Born globals are dependent on their networks (Sharma and Blomstermo, 2003). Through these networks they obtain access to resources and knowledge [1] (Acedo and Jones, 2007., Rialp et al., 2005). Because of this, born globals do not require a domestic business network. The phase model (Gabrielsson et al., 2007) also identifies networks as important drivers during the internationalisation process. Supportive firms, business associates and strategic alliances (defined as inter-firm relationships [2]) form a network around the born global, making international market entry easier. The network is also used for organisational learning [3] (Gabrielsson et al., 2007), from partners and initial customers, during the growth stage of the born global. Concluding, the network plays a very important role in the internationalisation process of born globals.

### Entrepreneur

Researching born globals and their internationalisation has shown the dominant importance of the entrepreneur (Knight and Cavusgil, 2004., Rialp et al., 2005., Gabrielsson et al., 2007., Sultan and Wong, 2011., Andersson et al., 2015)), which can be compared to the factor ‘management team’ of conventional internationalisation (see 4.1). The entrepreneur of the born global is the driving force behind the development of the firm and forms the main resource during the introductory phase (Gabrielsson et al., 2007). The entrepreneur often forms a unique intangible asset for a born global firm (Rialp et al., 2005). This research has aggregated several factors with an entrepreneurial perspective, identified in born global literature, as the factor ‘entrepreneur’.

First, international experience [1] of the entrepreneur influences the success of the internationalisation process (Rialp et al., 2005). A high degree of international experience benefits the early internationalisation. Embedded in experience is knowledge regarding the use of international relationships, communication skills and globally varying market cultures (Andersson et al, 2015). Also, experience in relevant industries, previous life experiences abroad and international marketing experience are advantageous during the early life stages of born globals (Chen et al., 2009). Lastly, judged less important, is the ability of the entrepreneur to communicate in foreign language(s) (Zuchella et al., 2007). This ability might be gained from international experience, hence it is accommodated in this factor.

Second, entrepreneurial cognition [2] contributes to the success of the internationalisation (Sultan and Wong, 2011). Elements of the entrepreneur's skillset that prove to be important are for example the assessment of opportunities, the ability to develop a network and the intelligence to acquire knowledge of foreign markets. Entrepreneurial cognition has shown to positively influence born global strategic performance (Sultan and Wong, 2011). Furthermore, entrepreneurial cognition relates to the desire for success, the initial sensitivity for opportunities, risk-taking ability and the will to overcome difficulties, which in turn all benefit the internationalisation of the born global firm (Zhu, 2010., Andersson et al, 2015).

Third, the entrepreneur's vision [3] is an important influence for successful internationalisation. The vision of the entrepreneur determines the strategic direction of the firm and enables the creation of a strong organisational innovative culture (Knight and Cavusgil, 2004., Kuivalainen et al., 2007). Especially when deciding to internationalise a strong vision is important. However, during the process it is also essential for providing guidance and a clear goal. A clear vision can provide motivation (Sultan & Wong, 2011).

Last, the personal network of the entrepreneur [4] is influential for born global internationalisation. Personal relationships can be extremely valuable during the early stages of internationalisation. The personal network of an entrepreneur is closely linked to (international) experience. For example, industry experience has resulted in useful contacts that might help with business expansion and acquiring financial support (Andersson et al., 2015), or finding strategic business partners. From this evidence, it can be deduced that the network of the entrepreneur is closely related, or sometimes even equal, to the network of the born global itself. This relationship will be described in more detail when discussing the theoretical framework.

In short, this research has identified four factors found in scientific literature that are known to influence the success of the internationalisation process of born globals. These factors are; the entrepreneur, the network, the product or service, and the industry. By identifying these four factors research question 3 has been answered. Each factor contains specific characterising elements, which have been described above. Firm size and firm age, identified as influencing factors for conventional internationalisation, appear to not influence the born global process. This finding portrays the primary distinction between the two internationalisation processes. Also, born globals are heavily affected by the entrepreneur. In comparison, regular internationalising firms are hardly influenced by the management (see 4.1).

### 4.3. Theoretical framework: success factors and interrelationships

An extensive literature review of existing scientific evidence has yielded four distinct factors influencing the success of the internationalisation process of born globals. Building on the literature review, the following theoretical framework is created (figure 8). This theoretical framework answers the general research question of this research.

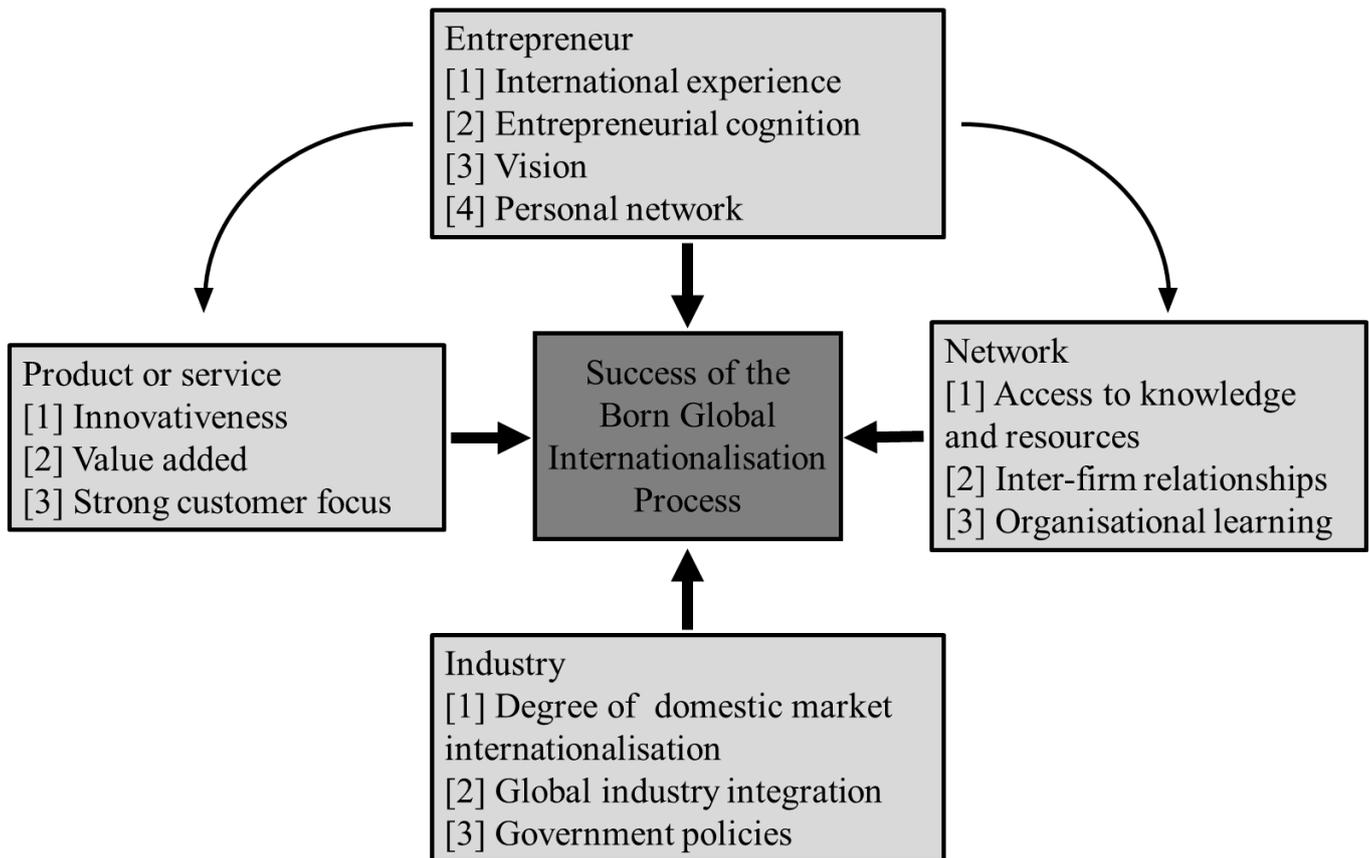


Figure 8: Theoretical framework: Factors influencing the success of the internationalisation process of born globals, and interrelationships.

The theoretical framework consists of the four previously identified factors (see 4.2) influencing the success of the internationalisation process of born globals. The essence of this research was the identification of these success factors. However, as the scope of the literature review grew two interrelationships became more apparent. Specifically, interrelationships seem present between the entrepreneur and the product or service, and between the entrepreneur and the network. The entrepreneur appears to not only directly influence the internationalisation process, but to also affect both the network- and product or service factor. These interrelationships are briefly described below, because they, although important, are not the key focus of this research and their existence only became evident during the research.

### Entrepreneur – product or service relationship

The relationship between the entrepreneur and the product or service offered by a born global firm is very evident. A born global is a young firm, founded by an entrepreneur. Research shows that born globals often offer innovative and high-value products or services (Knight and Cavusgil, 1996., Crick, 2009). A born global is powered by the entrepreneur and his experience, skillset and network (see 4.2), especially in the early stages of its life. Combining these observations, it can be deduced that the entrepreneur will have a large influence on the product- or service offered. In most cases, the entrepreneur will probably have initialized the idea(s) for the product or service themselves. This assumption is confirmed by the research of Gabrielsson et al (2007), who state that the founder of the born global is the main resource available during the introductory phase when the firm has to work with limited resources (see 3.2.2). The knowledge and skills of the entrepreneur, possibly gained from international experience [1] result in unique products that have a global potential (Gabrielsson et al., 2007), which is exactly in line with the global vision described in the definition of born globals (see 2.3). Furthermore, aspects of entrepreneurial cognition [2], like the assessment of opportunities and risk-taking ability, will influence the product or service development. Other evidence confirming the interrelationship is the fact that the entrepreneur creates a strong innovative culture within the organisation via their strong vision [3] (Knight and Cavusgil, 2004., Kuivalainen et al., 2007). This will aid the development of innovative products of services. Preceding evidence clearly portrays the influence of the factor entrepreneur on the described product or service factor.

### Entrepreneur – network relationship

The other identified interrelationship is between the entrepreneur and the network factor. Born globals are small companies when commencing and are, as described, very dependent on the entrepreneur. The entrepreneur forms the main resource and could be seen as the core of the born global (Gabrielsson et al., 2007). In turn, at inception, the personal network [4] of the entrepreneur is equal to the network of the born global firm. To expand its network and gain new inter-firm relationships the born global will need a starting point, an entry point into new networks. This initial connection is provided by the entrepreneur of the born global. Related to this is the entrepreneurial cognition [2] of the entrepreneur. Research shows that entrepreneurial cognition is positively related to the network of the born global firm (Sultan & Wong, 2011). The entrepreneur's ability to develop a network and skills to find and acquire resources, which is also done via networks (Sharma and Blomstermo, 2003., Acedo and Jones, 2007), are clearly influential for the state of the described network factor developed by this research. Based on above evidence I conclude that the factor entrepreneur not only influences successful internationalisation directly, but also influences the network factor.

Although sufficient evidence was found for the creation of a second theoretical framework visualizing influencing factors for the conventional internationalisation process, it was not

created. The primary reason for this is the fact that born globals are the main focus of this research. Comparison of conventional- and born global internationalisation was not a research objective, but naturally occurred through the development of the research questions. Conventional internationalisation theories and deduced influencing factors were only used for aiding the development of the born global theory, because some evidence, like product- and service, industry- and network factors, appeared to be somewhat generic.

## 5. Conclusion and discussion

### 5.1. Conclusion

This research has contributed to the scientific literature domain of born globals and their internationalisation. Via conducting a literature review this report aimed to answer the question: *What factors influence the success of the internationalisation process of born globals?*. This was done by formulating and answering three distinct research questions, building knowledge on the topic and eventually enabling the creation of a theoretical framework answering the general research question.

First, born globals and their characteristics were discussed. Varying definitions found in literature were summarized and aggregated. This report defined born globals as small firms pursuing rapid internationalisation from inception. Also, systematic differences between born globals and internationalising SME's were described, answering research question 1.

Next, the conventional internationalisation process was explained by examining contemporary literature on the topic. Namely, the Uppsala model, the TCA model and the eclectic paradigm, and the network model were discussed. Their applicability for born global internationalisation was also discussed. Following this, born global specific internationalisation theory was researched, yielding only one model clearly outlining the phenomenon, which was the phase model. By creating an understanding of conventional and born global internationalisation research question 2 was answered, benefiting the identification of influencing factors.

Lastly, research question 3 was answered by examining the factors influencing conventional internationalisation as well as factors influencing born global internationalisation.

Conventional internationalisation influences were discussed because some factors could prove to be generic. The literature review showed that firm size, firm age, market culture, product or service, industry, network and management of the firm were influential for the conventional internationalisation process. Born global literature and deduction from literature from research question 1 and 2 showed that born global internationalisation influences are different. Born globals internationalisation is influenced by the product or service, the industry, the network and the entrepreneur of the born global. These four factors appeared to be factors influencing the success of the internationalisation process.

On the basis of these success factors a theoretical framework was created, clearly visualizing the relationships. Interrelationships discovered during the literature review, between the entrepreneur- and the network factor and the entrepreneur- and product or service factor, were also shown and briefly explained.

Concluding, this research has identified four factors influencing the success of the internationalisation process of born globals, which are the product or service, the industry, the network of the born global and the entrepreneur of the born global.

## **5.2. Further research recommendations**

During this research several implications occurred, resulting in the following recommendations for further research.

First of all, scientific researchers on the topic of born globals should focus on unifying the terms used to describe the phenomenon of rapidly internationalising firms. As it stands, many distinct terms are used for depicting a similar concept. With this problematic terminology comes the absence of a clear operational definition for born globals. Contemporary literature uses differing indicators and measurements to define born globals. A unified definition would benefit further research on the topics.

Second, it would be interesting if more theoretical frameworks outlining the actual internationalisation process of born globals were developed. This would also benefit future research, because new hypothesis could be tested.

Third, empirical research on the factors influencing the internationalisation process of born globals is recommended. This research is purely a review and integration of existing literature, on the basis of which a theoretical framework was created. The created theoretical framework should become subject to empirical research in order to confirm its usefulness.

Last but not least, the discovered interrelationships (see 4.3) should be researched in more detail.

## Appendices

### Appendix I: Data collection of academic literature

#### Chapter 1: Introduction

<i>Database</i>	<i>Search string</i>	<i># of results</i>
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" )	329
Scopus	( TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" ) ) AND ( evolution )	144
Scopus	( TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" ) ) AND ( ( evolution ) ) AND ( history )	26
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND evolution )	15
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND factors )	89
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND factors OR influenc* OR determinants )	123
Scopus	( TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND factors OR influenc* OR determinants ) ) AND ( success )	67
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND factors OR influenc* OR determinants AND success )	12
Google Scholar	(internationalisation born globals)	5020
Google Scholar	(internationalization process born globals)	24300

Google Scholar	(internationalisation models born globals)	19800
----------------	--	-------

## Chapter 2: Born globals

<i>Database</i>	<i>Search string</i>	<i># of results</i>
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" )	329
Scopus	( TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" ) ) AND ( evolution )	144
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND evolution )	15
Scopus	( TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" ) ) AND ( characteristics )	135
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND characteristics )	43
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND strategy )	87
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND process )	153
Scopus	( TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND process ) ) AND ( ( strategy ) ) AND ( evolution )	70
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND process AND strategy )	40
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND process AND strategy AND characteristics )	6

Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND origin )	7
Scopus	TITLE-ABS-KEY ( internationali* AND inv OR "international AND new AND ventures" AND "born AND globals" )	86
Scopus	TITLE-ABS-KEY ( internationali* AND inv OR "international AND new AND ventures" AND "born AND globals" ) ) AND ( differen* )	57
Scopus	TITLE-ABS-KEY ( internationali* AND sme )	486
Scopus	( TITLE-ABS-KEY ( internationali* AND sme ) ) AND ( characteristics )	186
Google Scholar	(born globals)	10700
Google Scholar	(born globals and sme's)	6070
Google Scholar	(born globals or sme)	6060
Google Scholar	(born global phenomenon)	861000
Google Scholar	(born global characteristics organisational structure)	93300
Web of Science	TOPIC: (internationalising SME)	60
Web of Science	TOPIC: (internationali* AND sme AND "born global")	55

### Chapter 3: Internationalisation models

<i>Database</i>	<i>Search string</i>	<i># of results</i>
Scopus	TITLE-ABS-KEY ( internationali?ation )	16326
Scopus	TITLE-ABS-KEY ( "internationalization AND models" OR "internationalisation AND models" )	2694
Scopus	TITLE-ABS-KEY ( "internationalization AND models" OR "internationalisation AND models" AND theories )	582
Scopus	TITLE-ABS-KEY ( "internationalization AND strategy" OR "internationalisation AND strategy" )	3465

Scopus	TITLE-ABS-KEY ( "internationalization AND strategy" OR "internationalisation AND strategy" ) AND ( LIMIT-TO ( SUBJAREA , "BUSI" ) )	1964
Scopus	TITLE-ABS-KEY ( "internationalization AND strategy" OR "internationalisation AND strategy" AND uppsala' )	48
Scopus	TITLE-ABS-KEY ( internationalization OR internationalisation AND "eclectic AND paradigm' )	56
Scopus	TITLE-ABS-KEY ( internationalization OR internationalisation AND diamond AND model )	5
Scopus	TITLE-ABS-KEY ( "eclectic AND paradigm" AND internationali* )	60
Scopus		
Scopus	TITLE-ABS-KEY ( internationali* AND network )	2647
Scopus	TITLE-ABS-KEY ( internationali* AND "network AND approach" )	620
Scopus	( TITLE-ABS-KEY ( internationali* AND "network AND approach" ) ) AND ( internationalization ) AND ( johanson)	224
Google Scholar	(internationalisation theories)	79500
Google Scholar	(internationalisation theories born globals)	22400
Google Scholar	(internationalisation models theories views)	39900
Google Scholar	(strategies internationalisation sme's)	17500
Web of Science	TOPIC: (uppsala model AND 1977)	13

#### Chapter 4: Influencing factors

<i>Database</i>	<i>Search string</i>	<i># of results</i>
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND success AND factors )	9
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND factors OR influenc* OR determinants AND success )	12
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND performance )	46
Scopus	TITLE-ABS-KEY ( internationali?ation AND "born AND global" OR "born AND globals" AND influenc* )	58
Scopus	TITLE-ABS-KEY ( internationali* AND sme AND influence )	102
Scopus	( TITLE-ABS-KEY ( internationali* AND sme AND influence ) ) AND ( factors )	82
Scopus	( TITLE-ABS-KEY ( internationali* AND sme AND influence ) ) AND ( key AND factors OR determinants )	27
Google Scholar	(internationalisation born globals success factors)	22900
Google Scholar	(successful internationalisation born globals)	19800
Google Scholar	(factors influencing sme internationalization)	26800

## References

- Acedo, F., Jones, M. (2007). Speed of internationalization and entrepreneurial cognition: Insights and a comparison between international new ventures, exporters and domestic companies. *Journal of World Business*, 42(3), 236-252.
- Aggarwal, A. n.d. Impact of Internationalization on Firm Performance: A Literature Review. *Journal of Business and Management*, 1-8.
- Anderson, E. Gatignon, H. (1986). Modes of foreign entry: A transaction cost analysis and propositions. *Journal of International Business Studies*, 17(3), 1-26.
- Andersson, S., Gabrielsson, J., Wictor, I. (2004). International Activities in Small Firms: Examining Factors Influencing the Internationalization and Export Growth of Small Firms. *Canadian Journal of Administrative Sciences*, 21(1), 22-34.
- Andersson, S., Danilovic, M., Hanjun, J. (2015). Success Factors in Western and Chinese Born Global Companies, *iBusiness*, 7(10), 25-38.
- Bell, J., McNaughton, R., Young, S. (2001). Born-again global firms: an extension of the born global phenomenon. *Journal of International Management*, 7(3), 173-189.
- Boeijs, H., Scheepers, P., Tobi, H. (2016). *Onderzoeksmethoden*. Amsterdam, Nederland: Boomuitgevers.
- Burgel, O., Murray, G.C. (2000). The International Market Entry Choices of Start-Up Companies in High-Technology Industries. *Journal of International Marketing*, 8(2), 33-63.
- Calof, J.L. (1994). The Relationship between Firm Size and Export Behaviour Revisited. *Journal of International Business Studies*, 25(2), 367-387.
- Calof, J.L., Beamish, P.W. (1995). Adopting to Foreign Markets: Explaining Internationalization, *International Business Review*, 4(2), 115-131.
- Canabal, A., White, G.O. (2008). Entry mode research: Past and future. *International Business Review*, 17, 267-284.

Chen, X., Hu, Z.H., Zhao, P. (2009). Characteristics and Driving Forces of Chinese Born Globals - Evidence from Comparative Studies of Four SMEs Case. *China Soft Science*, 4, 125-139.

Coase, R. (1937). The Nature of the Firm. *Economica*, 4(16), 386-405.

Coviello, N.E., Jones, M.V. (2004). Methodological issues in international entrepreneurship research. *Journal of Business Venturing*, 19, 485-508.

Crick, D. (2009). The internationalisation of born global and international new venture SMEs. *International Marketing Review*, 26(4/5), 453-576.

De Vaus, D. (2001). *Research Design in Social Research*. London, United Kingdom: SAGE Publications.

Dunning, J.H. (1988). The eclectic paradigm of international production: A restatement and some possible extensions. *Journal of International Business Studies*, 19(1), 1-31.

Dunning, J.H. (1993). *The theory of transnational corporations*. London, United Kingdom: Routledge.

Dunning, J.H. (2001). The Eclectic (OLI) Paradigm of International Production: Past, Present and Future. *International Journal of the Economics of Business*, 8(2), 173-190.

Eden, L. (2010). Rethinking the O in Dunning's OLI/Eclectic Paradigm. *Multinational Business Review*, 18(2), 13-34.

Erramilli, M.K., Rao, C.P. (1993). Service firms' international entry-mode choice: A modified transaction-cost analysis approach. *Journal of Marketing*, 57, 19-38.

Evers, N. (2010). Factors Influencing the Internationalization of New Ventures in the Irish Aquacultural Industry: An Exploratory Study. *Journal of International Entrepreneurship*, 8, 392-416.

Freeman, S., Hutchings, K., Lazaris, M. and Zyngier, S. (2009). A model of rapid knowledge development: the smaller born-global firm. *International Business Review*, 17, 384-401.

Forsgren, M., Johanson, J. (1975). *International företags ekonomi*. Stockholm, Sweden: Norstedt.

- Gabrielsson, M., Gabrielsson, P., Laanti, R. (2007). The globalization strategies of business-to-business born global companies in the wireless technology industry. *Industrial Marketing Management*, 36(8), 1104-1117.
- Gabrielsson, M., Kirpalani, V.H., Dimitratos, P., Solberg, C.A., Zuchella, A. (2008). Born globals: Propositions to help advance the theory. *International Business Review*, 17, 385-401.
- Granovetter, M.S. (1985). Economic action and social structure: The problem of embeddedness. *American journal of Sociology*, 91, 481-510.
- Hadley, R.D., Wilson, H.I.M. (2003). The network model of internationalisation and experiential knowledge. *International Business Review*, 12, 697-717.
- Hannan, M., Freeman, J. (1984). Structural inertia and organizational change. *American Sociological Review*, 49, 149-164.
- Hollensen, S. (2007). *Global Marketing*. Pearson Education Limited
- Holm, D.B., Eriksson, K., Johanson, J. (1996). Creating value through mutual commitment to business network relationships. *Strategic Management Journal*, 20(5), 467-486.
- Johanson, J., Mattson, L.G. (1988). Internationalisation in industrial systems – a network approach. *International Journal of Management and Organization*.
- Johanson, J., Vahlne, J. (1977). The Internationalization Process of the Firm – A Model of Knowledge Development and Increasing Foreign Market Commitments. *Journal of International Business Studies*, 8(23), 23-32.
- Johanson, L., Vahlne, J. (1990). The Mechanism of Internationalisation. *International Marketing Review*, 7(4)
- Johanson, J., Wiedersheim-Pau, F. (1975). The Internationalization of the Firm: Four Swedish Cases. *Journal of Management Studies*, 12(3), 305-323.
- Johnsen, R.E., Johnsen, T.E. (1999). International Market Development Through Networks: The Case of the Ayrshire Knitwear Sector. *International Journal of Entrepreneurial Behaviour and Research*, 5(6), 297-312.
- Jolly, V., Alahuhta, M. and Jeannet, J.P. (1992). Challenging the incumbents: how

high-technology starts-ups compete globally. *Journal of Strategic Change*, 1, 71-82.

Jones, M.V. (1999). The internationalization of small high-technology firms. *Journal of International Marketing*, 7(4), 15-41.

Knight, G.A. (2015). Born Global Firms: Evolution of a Contemporary Phenomenon. *Entrepreneurship in International Marketing*, 25, 3-19.

Knight, G.A., Cavusgil, S.T. (1996). The born global firm: A challenge to traditional internationalization theories. *Advances in International Marketing*, 8, 11-26.

Knight, G.A., Cavusgil, S.T. (2004). Innovation, Organizational Capabilities, and the Born Global Firm. *Journal of International Business Studies*, 35, 124-141.

Knight, G.A., Liesch, W. (2016). Internationalization: From incremental to born global. *Journal of World Business*, 51, 93-102.

Kuivalainen, O., Sundqvist, S., Servais, P. (2007). Firms degree of bornglobalness, international entrepreneurial orientation and export performance. *Journal of World Business*, 42(3), 253-267.

Kumar, R. (1999). *Research Methodology: A Step-by-step Guide for Beginners*. London, United Kingdom: SAGE Publications.

Lee, T., Chan, K., Yeh, J., Chan, H. (2010). The Impact of Internationalization on Firm Performance: A Quantile Regression Analysis. *International Review of Accounting, Banking and Finance*, 2(4), 39-59.

Madsen, T.K. (2013). Early and rapidly internationalizing ventures: similarities and differences between classifications based on the original international new venture and born global literatures. *Journal of International Entrepreneurship*, 11(1), 65.

Madsen, T.K., Servais, P. (1997). The internationalization of born globals: An evolutionary process? *International Business Review*, 6(6), 561-583.

Madsen, T.K., Rasmussen, E., Servais, P. (2000). Differences and similarities between born globals and other types of exporters. *Advances in International Marketing*, 10, 247-265.

McKinsey and Company, Australian Manufacturing Council. (1993). *Emerging exporters: Australia's high value-added manufacturing exporters: final report of the study*. Melbourne, Australia. Australian Manufacturing Council.

Melén, S., Nordman, E. (2009). The Internationalisation Modes of Born Globals: A Longitudinal Study. *European Management Journal*, 27(4) , 243-254.

Moen, Ø. (2002). The Born Globals: A new generation of small European exporters. *International Marketing Review*, 19(2), 156-175.

Oviatt, B.M., McDougall, P. (1994). Explaining the formation of international new ventures: The limits of theories from international business research. *Journal of Business Venturing*, 9(6), 469-487.

Pedersen, K. (2003). The Eclectic Paradigm: A New Deal? *Journal of International Business and Economy*.

Pereira, M.C. (2015). *Uppsala Model vs. Born Global theory: the case of Bind's internationalization* (MSc thesis). Retrieved from <http://www.easybib.com/guides/citation-guides/apa-format/how-to-cite-a-thesis-dissertation-apa/>

Persson, S.G., Öberg, C., Mattson, L. (2004). Has research on the internationalization of firms from an IMP perspective resulted in a theory of internationalization?. *IMP Journal*, 9(2), 208-226.

Ratajczak-Mrozek, M. (2012). The network model of internationalisation (Fonfara, K.). In *The development of business networks in the company internationalisation process* (30-36). Poznan, Poland: Poznan University of Economics Press.

Reid, S. (1983). Firm internationalization, transaction costs and strategic choice, *International Marketing*, 1(2), 44.

Reid, S., Rosson, P. (1987). *Managing Export Entry and Expansion: An Overview*. New York, United States: Praeger.

Rennie, M.W. (1993). Global competitiveness: born global. *The McKinsey Quarterly*, 4, 45-52.

Rialp, A., Rialp, J., Knight, G.A. (2005). The phenomenon of early internationalizing firms: what do we know after a decade (1993-2003) of scientific inquiry? *International Business Review*, 14, 147-166.

Sapienza, H.J., Autio, E., George, G., Zahra, S.A. (2006). A Capabilities Perspective on the Effects of Early Internationalization on Firm Survival and Growth. *The Academy of Management Review*, 31(4), 914-933.

Schellenberg, M., Harker, M.J., Jafari, A. (2017). International market entry mode – a systematic literature review. *Journal of Strategic Marketing*, 26(7), 601-627.

Sharma, D.D., Blomestermo, A. (2003). The internationalization process of Born Globals: A network view. *International Business Review*, 12(6), 739-753.

Sheppard, M., McNaughton, B.R. (2010). Born global and born-again global firms: A comparison of internationalization patterns.

Stinchcombe, A. (1965). *Social structure and organizations*. In *Handbook of organizations*. Chicago, United States: Rand McNally.

Sultan, P., Wong, H.Y. (2011). The success of born global firms: A conceptual model. *Journal for Global Business Advancement*, 4(3), 224-241.

Svensson, G. (2006). A quest for a common terminology: the concept of born locals. *Management Decision*, 44(9), 1311-1317.

Taylor, M., Jack, R. (2016). Born Global Firm Internationalisation: The Influence of Industry Factors. *Contemporary Management Research*, 12(3), 289-308.

Turnbull, P.N. (1987). Interaction and international marketing: an investment process. *International Marketing Review*, 7-19.

Turnbull, P.W. (1986). Tri-partite interaction: the role of sales subsidiaries in international marketing. *Research in International Marketing*.

Twomey, M.J. (2000). *A Century of Foreign Investment in the Third World*. Routledge.

Vachani, S. (1991). Distinguishing between Related and Unrelated International Geographic Diversification: A Comprehensive Measure of Global Diversification. *Journal of International Business Studies*, 22(2), 307-322.

Weerawardena, J., Mort, G.S., Liesch, P.W., Knight, G. (2007). Conceptualizing accelerated internationalization in the born global firm: A dynamic capabilities perspective. *Journal of World Business*, 42, 294-306.

Welch, L., Luostarinen, R. (1988). Internationalization: Evolution of a Concept. *Journal of General Management*, 14(2), 155-171.

Welch, D.E., Welch, L.S. (1998). The Internationalization Process and Networking: A Strategic Management Perspective. *Journal of International Marketing*, 4(3), 11-28.

Whitelock, J. (2002). Theories of internationalization and their impact on market entry. *International Marketing Review*, 19(4), 342-347.

Xue, Q.Z., Zhou, J. (2007). The Formulation Mechanism of International New Venture's Competitive Advantage. *Foreign Economics and Management*, 29, 1-8.

Zahra, S.A., George, G. (2008). International Entrepreneurship: The Current Status of the Field and Future Research Agenda. *Strategic Entrepreneurship: Creating a New Mindset*, 255-288

Zhu, J.Q. (2010). Research on the Driving Forces of New Ventures Internationalization - from the Entrepreneur Perspective. *Shanghai Management Science*, 32, 13-17.

Zucchella, A., Palamara, G., Denicolai, S. (2007). The Drivers of the Early Internationalization of the Firm. *Journal of World Business*, 42, 268-280.