The Internationalization Process within Born Global Companies

How Swedish Born Globals Utilize Resources in the Internationalization Process

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Abstract

The purpose with this thesis is to explain and explore how born global companies utilize important resources in the internationalization process. The globalized world that we live in today has increased the information sharing and new technologies have changed the way companies approach the international market. Evidence in previous literature has revealed that companies have a faster approach to the international market and tend to skip the incremental internationalization process that the traditional Uppsala internationalization model supports. These companies have instead been defined as born global companies that set up their activity targeting a market that is either global by nature or within a niche field that has a very limited potential on the domestic market. We have based on the existing literature of born global companies found a research gap that this thesis aims to fill, and that is to contribute with new understandings about which resources that are utilized during the internationalization process. In order to find an answer to this research gap, a research question was formed as follows: which resources are important for the born global company and how are resources utilized during the internationalization process?

A framework has been created from the previous literature and we could see that much of the existing research was conducted on the born global company’s networks, knowledge and the lack of financial capital. We could moreover see that the characteristic of the founder was seen as important but that not much of the literature actually dealt with the importance of the resources at different stages in the internationalization process. In our methodology, we have used a point of departure in where the world is socially constructed and that every situation incorporates some elements of interpretive judgments. We have furthermore used an inductive approach and collected the data from qualitative case study interviews, in order to reveal new findings rather than to test existing theory.

Our empirical data consists of findings from nine born global companies as well as three Incubator centers from the northern part of Sweden. The reason to include the Incubator centers in this thesis is to give the thesis a dimension of which resources experts within the field of start-ups companies believe are important for born global companies to possess in the internationalization process. All our companies are moreover located in the northern part of Sweden and can be seen as technology driven companies.

The research reveals interesting findings about which resources that were utilized and when in the internationalization process resources were seen as important. The technological knowledge was found to be important early on in the internationalization process while competence of market and sales were seen as missing in the initial stage. The amount of financial capital was moreover often perceived as adequate in the early internationalization phase but inadequate in a later stage when the company wanted to expand and thus acquire more resources. Resources related to networks were seen as the most important resources and it tends to be personal networks early on in the internationalization process. These networks were seen as shifting more towards the company’s networks, as contacts with resellers, distributors as well as collaborations with partners were created during the internationalization process.
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1. Introduction

This section will provide the reader with a brief historical insight on the internationalization before it will shed light to the concept of born global companies. It will explain the importance of born global companies and factors surrounding this concept before it deals with the problematization underlying this thesis. A purpose and a research question that explicitly state the focus of this study will be presented followed by our contributions, delimitations and a brief structural overview.

1.1 Background

Internationalization as a subject has been discussed by many authors throughout the years (e.g. Brennan & Garvey, 2009; Knight & Cavusgil, 1996; Johanson & Vahlne, 1977; Madsen & Servais, 1997). The history of the traditional internationalization theory goes back to 1963 and the research done by Cyert and March on the theory of the firm (Cyert & March, 1963). This theory departs from the basic assumptions that the company does business on a market with perfect competition and with the purpose to maximize its profits. Cyert and March (1963, p. 5, 9) however criticized and further developed this view with arguments that the manager can affect decision making with some personal motives that differs from profit maximization. Some examples that were mentioned as more important than profit maximization were; food, sex, care about others, maximize sales and long-run survival of the firm.

The behavioral theory by Cyert and March (1963) was further developed within many areas of business, not at least the Uppsala model (Johanson & Vahlne, 1977, p. 23), which has served as a reference within the area of internationalization for many years. The Uppsala model was founded 1977 by Jan Johanson and Jan-Erik Vahlne at the University of Uppsala and hence the name Uppsala model. The purpose of the model was to support businesses that are in the phase of internationalization and to develop the understanding of this process. The assumption in this model is that a company goes international incrementally, starting from their domestic market and follow similar procedures in order to deepen the commitment. The degree of internationalization has been depicted as a sequential process with a step-by-step development. However, evidence has emerged that companies started to follow another pattern which could be explained by the environmental changes in the 1970s-1980s, nationally as well as globally. A common factor was that companies more frequently excluded the stage of incrementally deepening the commitment towards the international market, in order to make a faster progress. (Welch and Luostarinen, 1988, p. 92) Companies exhibiting this pattern are characterized as born global companies, thus; companies that focus on internationalizing at an early stage and have major activities abroad near inception (European Commission, 2003, p. 53; Harveston et al., 2000; Moen, 2002, p. 156).

To compare born globals is however difficult due to the inconsistency in definitions (Lopez et al., 2009, p. 1230). Eurofound (2012, p. 9) argues that no single, generally accepted definition exists regarding born global companies, which has been further confirmed by Rasmussen and Madsen (2002, p. 12). By merging previous definitions of born global...
companies Eurofound (2012, p. 11) could define born global companies as; “enterprises that, mainly within their first five years […] start intensive international activities. […] Moreover, they generally have, from the outset, a plan for engaging in intensive international activities […]”. We wish to define born global companies in a similar way by adopting the European Commission’s definition (2003, p. 24) “as companies that set up their activity targeting a market that is either global by nature or within a niche field that has a very limited potential on the domestic market. They often begin exports within the first five years of existence”.

Born global companies are known for excluding the process of incremental internationalization and have by previous researchers been described as, for instance, international new ventures or early internationalizing firms (Kaur & Sandhu, 2014, p. 101-102). Born global companies have moreover been characterized as Small Medium Enterprises (Henceforth; SMEs) (see Cavusgil et al., 2012, p. 49) and in 2011, one in every fourth Swedish SME had a business that was internationalized (Tillväxtverket, 2014). The concept of SMEs is defined and described by the European Union as follows. A medium size company has less than 250 employees and a turnover with less than 50 million euro and/ or a balance sheet with less than 43 million euro. A small enterprise is further described as a company with less than 50 employees and an annual turnover and/ or balance sheet with less than 10 million euro. They finally also categorize micro companies, which have less than 10 employees and an annual turnover and/ or balance sheet with less than 2 million euro. (EU, 2003, p. 14)

The importance of born globals can be derived from an understanding of the role of SMEs in society. SMEs are important in order to promote competitiveness and to enhance the innovativeness within the entrepreneur. More jobs are created and these SMEs are driving factors of the European economy. (Verheugen, cited in EU, 2003, p. 3) This has been further confirmed by Eurofound (2012, p. 1) which explains that these innovative and growth oriented companies can be the European solution to the previous financial crisis. As 99 % of all enterprises in Europe are classified as SMEs, they play an important role in order to contribute to economic growth and to increase the creation of jobs. Barriers that affect SMEs are foremost related to scarce financial capital which limits their capabilities in the start-up process. (EU, 2003, p. 5) Financial capital has moreover been confirmed as a barrier by other researchers (see Beck et al., 2006, p. 948). Beck et al. (2006, p. 948) further developed this by explaining that companies’ financial barriers are related to its size, age and ownership.

While on the foreign market, born global companies tend to take market decisions faster and achieve commitment to the international market more easily (Madsen & Servais, 1997, p. 569-570). To manage a born global company is nevertheless demanding due to their special characteristics in size, geographical presence and as being active in a niche industry (Madsen et al., 2001, p. 264). The human side of the company is therefore an essential factor behind the born global company and an entrepreneur in possession of a geocentric worldview will more likely perceive the internationalization process in terms of an unexplored opportunity rather than an obstacle (Madsen & Servais, 1997, p. 566-567). To summarize, the internationalization process has changed from being conducted incrementally as in the traditional Uppsala model and tend today to be done faster, at an
earlier stage and without regard to the psychic distance, as can be seen in the concept of born globals. Recent developments, due to the globalized world have contributed to an increased cross-border trade which has increased the number of SMEs that are internationally active (Cavusgil et al., 2012, p. 68-69). Born global companies are important in today’s society by, for instance, increasing competitiveness, enhance innovativeness and in contributing to economic growth. The born global company needs to be in possession of resources which can provide a competitive advantage (Cabrera-Suárez et al., 2001, p. 38) and Freeman (2006, p. 33) argues that knowledge, networks and financial capital will determine the level of success in the internationalization process. Resources and capabilities are seen as key drivers behind born global companies (Laanti et al., 2007, p. 1114-1115) and the phenomenon of globalization facilitates the internationalization process for companies by making the world more interconnected (Levitt, 1983, p. 1).

1.2 Problematization
Born globals is a fairly new concept in international business (Brennan & Garvey, 2009, p. 120; Cavusgil et al., 2014, p. 97; Eurofound, 2012, p. 9) and although prior research has been undertaken regarding born globals and their internationalization process, further research is suggested (Brennan & Garvey, 2009, p. 131). To create a common understanding on the concept of born global companies is difficult and further research is needed to make the born global company attractive in policy discussions (Eurofound, 2012, p. 63).

Halldin (2012, p. 6) further argue that new policies would compensate the situation on the market and give born global companies a better position. The first action is to provide support for the internationalization process at an earlier stage, since this support system is based on the old Uppsala model and gives born global companies with a faster expansion a disadvantage. The second action is to provide the entrepreneur with better financial capital due to the reason that this is seen as the single biggest barrier for born global companies. Different acts are suggested to deal with this issue, all with the purpose to reduce the risk for the investor that comes when investing capital in a recently established company that internationalizes. The third action that is mentioned is to facilitate establishment of international networks and thereby spread knowledge at an early stage. This is also supported by the argument that the risk will be reduced by more information about the foreign market. (Halldin, 2012, p. 6-7) This has further been seen in previous research (see Welch & Luostarinen, 1988, p. 94) that a lack of knowledge regarding the unfamiliar location tends to increase the risks and uncertainties and to decrease the level of trust.

Freeman et al. (2006, p. 33) moreover identified a similar pattern that born globals lack financial resources related to economic of scale, but were also missing out on knowledge which affected their aversion to take risk. Networks have however been utilized to mitigate these barriers and have been proved to better support born globals in their rapid growth and business success on the international market (Andersson & Evangelista, 2006, p. 656; Gertsen, 2012, p. 113). Researchers have called for a more thorough qualitative research regarding resources and more specific how knowledge and networks relate at an organizational level in a born global company (Freeman et al., 2010, p. 82). International activities are suggested to increase when knowledge spreads across national borders, but
many companies are today limited to a traditional view on how the internationalization process should proceed and new efforts are needed in order to change this view (Halldin, 2012, p. 38). Based on this, as resources have been seen as the key driver behind the internationalization process (see Laanti et al., 2007, p. 1114-1115), the present study is motivated by the need to fill the gap surrounding which resources born global companies are utilizing during the internationalization process.

1.3 Purpose and research question
This thesis will investigate the importance of resources, and in particular how networks and knowledge will affect the internationalization process. The purpose of this research is; to explain and explore how born global companies utilize important resources in the internationalization process. It will be focused on when and how resources are utilized during the internationalization process in order to reveal potential patterns. This research will contribute to shed light on born global companies’ internationalization process by increasing the understanding of how resources are utilized. It will create new knowledge regarding born global companies and on how resources are utilized on both a practical, managerial level as well as on a more theoretical basis which will be further explained in 1.4 contributions.

Based on this, the research question will be as follows:

*RQ: Which resources are important for the born global company and how are resources utilized during the internationalization process?*

This research question will further be narrowed down into five objectives that are interrelated to our research question. These objectives will be presented systematically in our literature review and ease the process of answering the research question. It will create a more detailed explanation on how different factors are incorporated in the internationalization process, for instance, resources, risk, uncertainty and trust, and thus provide the reader with a better understanding on these issues. We will moreover be in a better position to answer our research question as each objective is created in order to generate value adding information surrounding our research problem. A summary of these objectives will be provided in section 2.7 Objectives.

1.4 Contributions
A brief overview in terms of theoretical, societal and practical contributions will now be presented and a further elaboration will be conducted in the conclusion. This research will be focused at the organizational level and on the importance of resources, and in particular on knowledge and networks in the internationalization process. We wish to provide insights into factors affecting born global companies and theoretically contribute in refining the internationalization process. The societal contribution from SME’s and thus born globals is done through decreasing unemployment rates, changing environments and in raising the GDP. This research will contribute by providing new understandings that will facilitate the internationalization process for born global companies and thus make more companies prosper. It will raise the awareness of these companies and to provide information on how to assist the born global company. A practical contribution will be done in illustrating resources essential to possess as a born global company during the internationalization.
process. It will raise the awareness on which factors that are important to take into consideration during the process and it will moreover create new knowledge on how to successfully conduct the internationalization process.

### 1.5 Delimitation

The delimitations made are some due to circumstances out of our control, for instance, access to time and money while other delimitations were made with regard to aspects of feasibility. The focus has been on some specific resources, i.e. the access to knowledge and networks and this research will be conducted around a framework based on previous research. We will however not be solely focusing on these aspects and unexpected organizational resources may arise which will contribute with interesting findings to our thesis.

Except the chosen definition of born globals (see European Commission, 2003, p. 24) we will delimit this research on born globals that are characterized as SMEs and founded during a similar time period (not older than 15 years). The reason behind this is due to the changing environment on the international market, with for instance technological advancements. This research was moreover limited to companies located in the northern part of Sweden but no further delimitations were made to specific cities or sectors.

### 1.6 Comments on key terms

- **Born globals:** Have earlier taken different names depending on the context, we have recognized concepts such as; international new ventures, born international, instant international, instant exporters, global start-ups or early internationalizing firms.

- **Uppsala model:** The Uppsala model is also called; stage model, U-Model, Uppsala internationalization model and the internationalization model.

- **Resources:** Resources can act as a competitive advantage if you possess them but can as well work as a barrier if you do not possess them. E.g. financial, human, network, knowledge and material.

### 1.7 Structure overview

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*Figure 1: Structure overview*
2. Literature review

The literature review chapter will deal with the concept of globalization and underlying reasons behind companies’ internationalization. Both the traditional Uppsala model as well as the concept of born globals will be incorporated. We will elaborate upon why internationalization takes place and discuss the importance of resources in a born global company. This chapter will be concluded by a framework of factors connected to born global companies, e.g. risk, uncertainty and trust, that have been brought up as important in the internationalization process before summarizing the different objectives.

2.1 Globalization

2.1.1 The emergence of globalization

The emerging markets have witnessed a remarkable growth and the results of these developments are an increased cross-border trade and a higher rate of SMEs that are internationally active due to recent technological developments (Cavusgil et al., 2012, p. 68-69). Levitt (1983, p. 1) shed light to the concept of globalization and argued that previous differences in domestic and regional preferences were gone. Companies instead distributed and sold the same product or service in the same way everywhere, as if the world was shaped as one unit. The increased international activities by companies have developed a globalized market and companies trade all over the world. International business has however been present for hundreds of years but the way international business is done today has changed rather fast over the last three decades. Companies tend to see the value of the international market and international activities in the daily life are today more popular than ever before. (Cavusgil et al., 2014, p. 38) The concept of globalization can thus be considered as an essential factor in born global companies’ internationalization process and worth emphasizing in this thesis.

The concept of globalization has gradually increased its complexity and four phases of globalization can be seen in which each initialized worldwide trends and revolutionary technological developments (Cavusgil et al., 2012, p. 67-69). From the first phase in 1830 to the third phase in 1970s, technological developments were made by improving transportation, access to electricity and access to steel. The last phase of globalizing, which is still in progress today, has revolutionized technologies related to information, communication and transportation. The increased access to cross-border trade will facilitate the internationalization process for the born global companies and enable each company to distribute their specific product all over the world. Based on this, the emergence of the globalization is an important factor behind the development of born global companies.

2.1.2 Effects of globalization

The concept of globalization creates boundless interconnectedness between countries and country borders are no longer seen as a threat to companies. Developments due to globalization has increased the exchange of resources and contributed to economic growth around the world. (Cavusgil et al., 2014, p. 66-67) The emerging globalization has resulted in a more equal market where companies can benefit from opportunities easier, no matter
what size of business. The degree of collaboration between countries has increased and a wider variety of sectors are today a part of global activities. (Cavusgil et al., 2012, p. 40) The globalization has made it easier for companies to develop their business and to enter the international market. The technological evolution has lowered the barriers in achieving a global strategy and IT development has increased the options of communications on the market. Companies can control their business in foreign countries while working from their home market, with for instance distributors instead of subsidiaries. This change has increased the flexibility for rapid change and growth on the international market. Companies will still experience differences between countries when it comes to language, culture, etc., but that these differences can be mitigated by organizing and for instance hiring people or cooperate with alliances (networking), which have the right knowledge of the foreign market. (Andersson & Wictor, 2003, p. 263-264) The increased access to global resources is a source which can, if correctly utilized; integrate markets, enhance relationship building and create more efficient knowledge sharing.

The relationship between globalization and an increased open market resource exchange can be seen to be a factor underlying economic prosperity. Cavusgil et al. (2012, p. 76-78) argue that the reduction of barriers worldwide is seen as one of the most important trend in promoting trade and investments. More markets are accessible to foreign companies and regional markets are becoming more integrated which is essential in the globalization of markets worldwide. Cavusgil et al., (2014, p. 68-73) further emphasized other factors as promoting globalization, for instance; economic development, modernization, industrialization and advances in technology. Technological improvements are reported to be the single most important factor to globalization during the last decades. The process of gathering information today is more efficient and the process of communicating is faster than ever before. Moreover, the process of manufacturing can be done at a lower cost due to technological improvements and transportation is accessible by more cost efficient methods. (Cavusgil et al., 2014, p. 68-73) This process can be seen as interrelated where globalization promotes industrialization and industrialization in turn promote globalization and Lau (2003, p. 847) moreover argues that the process of industrialization is a strong factor behind internationalization. What can be seen is thus that the world market is more integrated than ever and that globalization has made the international market more easily accessible.

The globalization of the world is still progressing which will create a world that is perceived as boundless interconnected. Globalization involves the development of technologies, communication and transportation, and has increased the access to resources worldwide. Processes are conducted faster and more efficient, and the globalized world has contributed to an increased productivity, competitiveness as well as revealed new market opportunities for companies around the world. The effects of the globalization will enable more SMEs to enter the international market and facilitate the internationalization process to become a born global company.
2.2 Internationalization

2.2.1 The concept of internationalization

While the concept of globalization is associated with a growing economic interconnectedness among countries worldwide, the concept of internationalization is associated with a systematic increase in international business activities (Cavusgil et al., 2014, p. 38). To be an international company can be described as having an attitude towards the foreign market or by being present abroad (Johanson & Wiedersheim-Paul, 1975, p. 306). The term “theory of internationalization” has however been seen as difficult to depict due to its lack of a clear definition. The term has been used to some extent to describe larger groupings or individual firm’s outward movement in its international operations. This can be further defined as “the process of increasing involvement in international operations”. (Welch & Luostarinen, 1988, p. 84)

The internationalization process relates to the development in the dimensions of; how to increase foreign operation methods, what are the sales objects, and where the target market is. Although not directly related to the foreign market activity, other dimensions such as organizational capacity, personnel, finance, and organizational structure will work as an internal foundation to reflect the level of internationalization and to leverage the internationalization process. However, it has historically been seen that once the internationalization process has started, there is no guarantee that it will continue and a reverse internationalization process, de-internationalization, can initialize at any stage. (Welch & Luostarinen, 1988, p. 85-88) To summarize, as a clear definition of internationalization is difficult to find, we found the definition from Cavusgil et al. (2014, p. 38) of internationalization as “a systematic increase in international business activities” to be suitable. The internationalization process can be done through many ways which will be further elaborated upon in section 2.2.2 The Uppsala model and in section 2.3 Born globals.

2.2.2 The Uppsala model

The internationalization process has historically been conducted through a series of step-by-step decisions and which was done after gaining growth and experience on the domestic market (European Commission, 2003, p. 24; Johanson & Vahlne, 1990, p. 23). Johanson and Vahlne (1990, p. 23) further argued that internationalization involves all the activities such as exploring possibilities to start exporting to a new country, set up own exporting channels, start its own subsidiary, etc. which will all affect the forthcoming internationalization. Incremental expansion has been done in order to cope with uncertainties and insufficient knowledge and this internationalization process is further known as the Uppsala model. The further a company progresses in this stepwise expansion the larger its resource commitment will be (Johanson & Wiedersheim-Paul, 1975, p. 307). This model thus emphasizes that resources, especially resources related to knowledge are gradually acquired during an incremental process on the markets where the company internationalize.

Higher market knowledge is also considered to lead to a higher commitment with regard to that specific market and is considered as a competence that the company possesses. Market knowledge is in comparison to general operational knowledge hard to transfer between
national markets and need to be acquired through international operations. (Johanson & Vahlne, 1977, p. 28) The knowledge about foreign markets and its operations is moreover crucial in the development of international operations (Andersson, 2006, p. 61; Johanson & Vahlne, 1977, p. 23). A series of incremental decisions are therefore underlying the internationalization process and the necessary knowledge will be acquired mainly through its operations abroad (Johanson & Vahlne, 1977, p. 23). The essential outcome of this progressive process is to spread the investments and risks required at a given time. In general, the internationalization will progress by exporting to closely connected markets at an early stage while gradually expanding as the experience increases. (European Commission, 2003, p. 24)

One critical aspect in this model is the amount of experiential knowledge that the entrepreneur possesses. The experiential knowledge is much harder to acquire than the lifelong long objective knowledge that one can build in the domestic market. It is also easier to predict which business opportunities will work in the foreign market if one possess the experiential knowledge from the inception. This experiential knowledge is also closely related to market knowledge, which is described as; specific knowledge of the national market which you are doing business within, the culture, the business climate and not to forget the individual or the company that you are doing business with. (Johanson & Vahlne, 1977, p. 28) These factors are also explained as the psychic distance between the firm and the market, which is considered as one of two important factors in this model. The extension of activities to emerging markets will be affected by the psychic distance which may result in perceived barriers between the market and the firm in the flow of information. The psychic distance is often related to geographical distance but there are however exceptions. Previous historical events or political beliefs might affect the internationalization by either creating closer relationships or barriers between countries. (Johanson & Wiedersheim-Paul, 1975, p. 308) What we could see is that the experiential knowledge of the international market is thus considered to be very important. To acquire this market knowledge is moreover seen as both difficult and time consuming which explain the historically reason of entering closely related markets first.

Although psychic distance is important in the internationalization process, it cannot be perceived as the most critical factor when going international. The potential market size will also play an essential role in the internationalization process in order to seize market opportunities (Johanson & Wiedersheim-Paul, 1975, p. 308). Andersson (2004, p. 868-869) further argues that the psychic distance is only a concept and that different industries will require different analytical concepts of psychic distance. Previous research done on psychic distance (see Evans et al., 2000, p. 166-167) neither confirm nor reject its effect on organizational performance as a general assumption. Perceived distances and differences between home and foreign markets in cultural and businesses related issues, such as for instance; business practices, education, economic development and languages, could not be found as significantly contribute or worsening organizational performance.

What can be seen is that the environment is rapidly changing due to the globalization of the world. The Uppsala model has therefore been criticized for its validity and the assumption that companies follow the same structure in the process internationalization (Knight & Cavusgil, 1996, p. 15). The market is today seen as more interconnected which has
shortened the perceived distance and opened up opportunities for companies with an international mindset. Based on this, new markets are emerging for born global companies and how to utilize these unexplored opportunities will be a central question surrounding the development of born globals.

2.3 Born global

2.3.1 The definition

The concept of born globals differs from the traditional Uppsala model. Born global companies take on a global approach and start their international expansion either at the outset of their business-entry or shortly afterwards (Andersson, 2006, p. 46). Born global companies tend to leapfrog stages of internationalization and are characterized as departing from traditional assumptions by utilizing the advantages of the internationalized market. These companies (born globals) internationalization process is therefore difficult to explain by using traditional theories. (Kaur & Sandhu, 2014, p. 124) Increased globalization has improved the conditions for born global companies and made it easier to implement born global strategies. Nevertheless, even though the concept of born global companies is seen as contradicting the traditional Uppsala model, some born globals might have a gradual internationalization process, although it will progress at a fast pace (European Commission, 2003, p. 25).

The concept of born globals was according to Gabrielsson and Pelkonen (2008, p. 49) first discussed by Rennie 1993, but different definitions of born globals exist and have been brought up by researchers within this field. Some definitions are more general while others can be seen as too specific to fit our research. Table 1 will show some of the most recurrent definitions regarding the concept of born globals.

<table>
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<th>Source</th>
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| McKinsey & Co., 1993, cited in Knight, 1997, p. 1. | “From or near its founding, seeks to derive a substantial proportion of its revenue from the sales of its products in international markets […] origins and fundamental orientation are strongly international […] [and the world is] a single, borderless marketplace”.
| Oviatt & McDougall, 1994, p. 49. | “[…] 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”.
| Knight & Cavusgil, 1996, p. 12. | “[…] Small size typically less than 500 employees and annual sales under $100 million-and reliance on cutting edge technology in the development of relatively unique product or process innovations. […] entrepreneurial visionaries who view the world as a single, borderless marketplace from the time of the firm’s founding”.
| Harveston et al., 2000. | “The emergence of “born global” companies (firms with substantial international activities at or near inception) […]”.
| Rasmussen, et al., 2001, p. 77. | “[…] Born Globals was defined as firms […] [that] have reached a share of foreign sales of at least 25% after having started export activities within three years after their birth […]”.
| Andersson & Wictor, 2003, p. 254. | “A Born Global is a company that has achieved a foreign sales volume of at least 25% within 3 years of its inception and that seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries”.
| European Commission, 2003, p. 24. | “Born globals are defined as companies that set up their activity targeting a market that is either global by nature or within a niche field that has a very
limited potential on the domestic market. They often begin exports within
the first five years of existence”.

Cavusgil et al., 2014, p. 96. “[… ] born globals usually internationalize within three years of their
founding and may export to twenty countries, generating over 25 percent of
their sales from abroad”.

Table 1: Description of born global definitions

The choice of definition depends to a great extent on the context of the study and in what
the authors want to investigate (Andersson & Wictor, 2003, p. 253). We decided to follow a
definition set by the European Commission (2003, p. 24) “as companies that set up their
activity targeting a market that is either global by nature or within a niche field that has a
very limited potential on the domestic market. They often begin exports within the first five
years of existence”. As our purpose is to explain and explore how born global companies
utilize important resources in the internationalization process, we find this definition as
most suitable. It has been revealed by previous researchers (e.g. Cavusgil et al., 2014, p. 96)
that born global companies tend to internationalize instant or early on from its inception
and we wanted a definition that incorporates a time frame for this process, thus the choice
of the European Commission. To conclude, due to a lack in a clear time frame within
definitions made by others, except Andersson and Wictor (2003), we argue that this
definition was most suitable. Moreover, the definition states that the born global company
either targets a market that is global by nature or concentrated at a niche field, and we argue
that this would not put any major constraints on our research as born globals are assumed to
target specialized markets (compare Knight & Cavusgil, 1996, p. 21-22).

2.3.2 Characteristics

Based on previous research, a clear pattern can be seen on how born globals differ from
traditional internationalizing companies. Although born globals tend to possess weaker
financial resources, they are more likely to have better adaptability to new changing
environments due to its specific characteristics. Tanev (2012, p. 6-7) has emphasized eight
main characteristics found in a born global company (see table 2). Born globals tend to
have a lack in financial, human and tangible resource, which confirms previous studies (see
Knight & Cavusgil, 2004, p. 137) and they tend to focus on superior quality products in its
own niche market which partly confirms Knight and Cavusgil (1996, p. 21-22) and their
view on born globals. Moreover, as they leverage technological advantages and utilizes
external market partners it reveals that they take advantages of the concept of globalization
in the interconnectedness of the world.

| * "High Activity in international markets from or near the founding" | Start exporting and doing businesses on the international market close to the inception of the company, with help of the founders’ global vision. |
| * “Limited financial and tangible resources” | Small born global companies possess limited human, financial and tangible resources in comparison to traditional MNCs. |
| * “Present across most industries” | Companies have moved beyond the technology industry and are represented across a wide range of industries. |
Managers have a strong international outlook and international entrepreneurial orientation

Managers with a proactive mindset that are willing to take risk and be innovative in order be present on the international market.

* “Emphasis on differentiation strategy”

Target a niche market that does not attract large MNC. They provide a unique design, product or solution that meet customer needs.

* “Emphasis on superior product quality”

These companies are founded to supply the market with a new product or service that has a function or quality that is currently not available.

* “Leveraging advanced information and communication technology (ICT)”

Use ICT to set up an effectively working communication that enables them to communicate with partners and customers worldwide.

* “Using external, independent intermediaries for distribution in foreign markets”

Uses external partners as a way to be flexible on the market, which makes it possible to rapidly change market if the environment requires it.

Table 2: Characteristics of born globals (Created by the authors based on Tanev, 2012, p. 6-7)

To further the argumentation on specific characteristics regarding born globals, Freeman et al. (2006, p. 33) identified that small born globals have some perceived barriers when it comes to economics of scale, financial capital, knowledge resources, and the aversion to take risk. Networking competencies through collaborative partners can however be a way for the company to handle this lack in resources and meet the changing needs in a rapidly growing international market (Andersson & Wictor, 2003, p. 249). Prior research (e.g. Andersson, 2006, p. 61; Gertsen, 2012, p. 113) has revealed that networks will provide a better support for the born global company. The personal network is critical when attracting financial support and finding partners that are needed when expanding abroad (Andersson & Evangelista, 2006, p. 656). Moreover, the born globals tend to utilize already established multinational companies’ (Henceforth; MNC) channels and networks frequently and by doing so, lower the risk and enter the market faster (Gabrielsson & Kirpalani, 2004, p. 568).

Born globals have, according to Knight and Cavusgil (2004, p. 137) the advantage that they can enter the international market early and with the support of the entrepreneur’s visionary beliefs implement a strategy and an organizational culture that facilitates the establishment. The globalization, evolving technology and increased access to information were further mentioned as sources for the success of born globals and the importance of their role in the society is constantly evolving.

To summarize, born globals tend to internationalize instant or early on and perceives the world as boundless interconnected. Born globals are characterized as having barriers related to limited resources in comparison to traditional MNCs but that they tend to utilize and leverage on other factors, for instance, the entrepreneurs’ visionary beliefs or technological improvements. They utilizes advantages on the market due to the globalized world but a single definition of a born global company is however hard to find. These characteristics (see table 2) are generally found among born global companies but they may differentiate due to the different definitions that exist (see table 1).
2.3.3 The internationalization process

Businesses and consumers are currently offered products from around the world and small companies must niche their business and potentially go abroad. Improvements within technologies and communications have led to a higher efficiency of international operations and made the process to go international both easier and faster. The small size of born global companies will make them more flexible in adapting to new markets further away and the globalization of the world facilitates the collaboration on the foreign market. (Knight & Cavusgil, 1996, p. 21-22) The importance for born globals, due to their limited resources, is to be first on the market with a product or service that is perceived as significantly value-adding (Oviatt et al., 1995, p. 36). Therefore, born global companies tend to be present in emerging markets that are difficult to predict (Andersson, 2011, p. 631).

A first mover-mover advantage can be gained by early internationalized companies and the extent of born globals is affected by characteristics surrounding the industry as well as the concept of globalization (Andersson, 2006, p. 46). The creation of born globals can therefore be supported by the concept of globalization (Andersson, 2006, 46; Andersson & Wictor, 2003, p. 249) and the interconnectedness of the world is a likely denominator to why companies tend to cross the national border more frequently and at an earlier stage than before. Gabrielsson et al. (2008, p. 398) further argue that born global companies tend to have a direct learning process from the international market instead of learning prior entering it and are more likely to possess a higher commitment towards the international market close to its inception. The early commitment is created by the entrepreneur and his vision to go global with the company and cannot be derived from for instance; activities on the market, knowledge or experience within the company. This view is further illustrated in figure 2.

![Figure 2: Comparison of the Uppsala model and the born global (Source: Gabrielsson et al., 2008, p. 398)](image)

The level of commitment is the factor that differ the most in the internationalization process between the Uppsala model and born globals. Commitment tends to be achieved much faster in the born global model while it increases incrementally in the Uppsala model. The concept of born globals has changed the way companies enter the international market, with an entrepreneur in possession of a global perspective of where he or she wants to take the company. (Gabrielsson, et al., 2008, p. 398)
Andersson and Wictor (2003, p. 266-267) described that differences exist between industries and used the medical sector as an example in where laws, regulations and national differences are important to understand. Born global companies tend however not to see these knowledge factors about the industry as crucial for their decisions. Born globals often search for growing opportunities in markets where they can specialize and go under the radar of the market leader in order to avoid being outcompeted. The authors (Andersson & Wictor, 2003, p. 266-267) also claim that it is of importance to choose an area with high technology know-how and at the same learn from others within the industry. It is argued that companies within different industries do not show the same international pattern when they enter a foreign market due to cultural differences that exists (Andersson, 2004, p. 868). This is furthered by Nordman and Melén (2008, p. 184) who argue that born globals need to be seen exclusively as a case by case assessment rather than as a homogeneous group, and that no single theory can provide an universal understanding regarding how each born global company behave in the internationalization process.

A general agreement exists between born globals regarding the importance to internationalize and grow immediate (Madsen & Servais, 1997, p. 565). The psychic distance is once again stated to be less important which has emerged as general factor in the internationalization process (Brennan & Garvey, 2009, p. 131). Born globals further have a niche market strategy in order to avoid direct contact with rivals (Knight, 1997, p. 85) and this is in line with our definition of born companies as being focused on a niche field and barriers are instead related to the industry rather than psychic distance. To conclude, each born global company is to be seen as a single case which furthers the fact that no general conclusion concerning this concept can be made. Each company will act according to their own context, in terms of being present in a niche market or in a market that is global by nature.

2.3.4 Motives to internationalize

A company can have different motives to go international, as described by Cavusgil et al. (2014, p. 50-51). Some companies do it because of a reactive motive in order to cope with changes in the environment while other companies have a proactive strategy. A reason to go abroad can be due to a better market opportunity that will yield higher profits, but it can also be seen as a way to extend the life cycle of the existing product. Further reasons to internationalize can be related to establishing a better contact with key customers, suppliers and to invest in relationships and networks. The motive for born globals to go international can thus both be proactive and reactive and it depends on the situation. A reactive motive can be that born globals need to supply a market that does not exists domestically and are therefore more or less forced to go international. A proactive motive on the other hand is when the initial strategy is to go international in order to explore new opportunities, and the entrepreneur's motives can affect where he or she wants to take the company. Both the proactive motive but foremost the reactive motive is related to finding its own niche market where the company can yield the greatest benefits of its specialization, which is in line with earlier research (see Madsen & Šervais, 1997, p. 573; Oviatt et al., 1995, p. 36).

But the demand on the domestic market together with the characteristics of the product will also play a significant role, which is in line with having a proactive or reactive approach discussed by Cavusgil et al. (2014, p. 50-51). The reactive and proactive motive for
internationalization can moreover be described with push and pull triggers. A company that internationalize due to push factors will likely perceive the domestic market as unfavorable whereas pull factors trigger the company to leverage favorable opportunities abroad (Cavusgil et al., 2014, p. 391). A more proactive approach is further suggested by utilizing and benefit from technological knowledge and networking when reaching towards foreign markets (Freeman et al., 2012, p. 450-451). This international proactive behavior is also supported by Knight (1997, p. 85) who argues that born global companies have a culture that motivates international actions and to seek opportunities abroad. But the reasons underlying the internationalization might be multiple. The increased specialization in emerging markets has caused companies to go international very fast and this has been seen as a factor underlying the increased number of born global companies. (Madsen & Servais, 1997, p. 565; Madsen et al., 2001, p. 249) However, as the environment is changing and the characteristics among born globals tend to differ, the internationalization process as well as the reasons behind it might reveal new findings beyond previous research. With this in mind our first objective was established. The underlying reason behind this objective is to reveal the process and to investigate how the decisions made at different stages will affect the outcome. As each born global company is to be seen in its own context, the purpose of Objective 1 is to shed light to different patterns among our cases.

- **Objective 1:** To investigate how the internationalization process within a born global company looks like and why it does take place.

To summarize, drivers behind the internationalization in born global companies may be due to proactive and reactive motives. Born globals tend to see the opportunity in foreign markets (Andersson & Wictor, 2003, p. 267; Knight, 1997, p. 85) and both proactive motives but foremost reactive motives are seen as relevant when searching for a niche market that can yield the greatest benefits. Push and pull factors will affect the company and companies that internationalize due to pull factors will more likely internationalize with the purpose to capture an unexplored opportunity rather than due to a lack in its domestic market which forces the company to push the product out on the international market.

### 2.3.5 Characteristics of the founder

The entrepreneur can be seen as fundamental in creating the culture of a born global company (Andersson & Wictor, 2003, p. 264; Wictor & Andersson, 2012, p. 22; Kaur & Sandhu, 2014, p. 123) and the founders or the managers will play an essential role in the internationalization process (Nordman & Melén, 2008, p. 173). Organizations have been defined by Aharoni (1966, p. 3) as a system of individuals grouped into specific roles with continuous interactions through a mutual process. Each individual is moreover not only a part of the organization but also a part of other systems which cannot be denied. These individuals and the organization as a whole are furthermore subordinate to a greater system; the community, the industry and its cultural environment. The main factor in the process of decision making is mainly related to the organization and the environment where it operates. Madsen and Servais (1997, p. 570) further explained that the interrelationship between the decision maker (the entrepreneur), the company, and the environment was also seen as relevant during the research of born globals. This is known as the pre-export behavior model and the attitude of the decision maker will yield explanations in the path of
the internationalization. With this in mind, the individual can thus be seen as a part of something greater in which he or she needs to be subordinated.

The set of interactions between internal personal traits and external environment perceptions are underlying factors behind an individual's entrepreneurial orientation. Risk propensity, thus the aversion of taking risks, achievement motivation and locus of control are personal traits commonly used when describing entrepreneurship. (Persinger et al., 2007, p. 78) What is special with entrepreneurs in born global companies is their desire to do business on the foreign market. Further characteristics that are common, and that all entrepreneurs in the research by Andersson and Wictor (2003, p. 265) showed were; the possession of international experience from earlier work abroad, studies conducted abroad or existing informal networks. Their research however revealed that it was hard to define one role-model of which characteristics a successful entrepreneur should have. These individual factors, for instance, a higher level of education and prior experiences tend moreover to decrease the impact associated with a lack of experience possessed by a born global company (Kaur & Sandhu, 2014, p. 123).

The founders and managers’ international experiences in born global companies make them adapt a geocentric view of the world, thus they reject the establishments of regions and acknowledge the world as one unit. (Persinger et al., 2007, p. 80) Situational forces will likely not put a constraint on personalities conceived as proactive as they are triggers to changes in the environment (Bateman & Crant, 1993, p. 105). The rational planning view has been seen dominant in prior studies on born globals but the proactive personality of the founder is changing this condition (Andersson, 2011, p. 637). A proactive personality will thus be important for entrepreneurs due to its presence in a developing market (Persinger et al., 2007, p. 79).

All in all; to be globally oriented, have a personality that is proactive and possess a need for achievements are seen as important factors that the founder of a born global company need to possess (Persinger et al., 2007, p. 80). The background can differ as long as the entrepreneurs have a global vision and a purpose to practice a global strategy that can convince surrounding actors (Andersson & Wictor, 2003, p. 265). Chetty and Campbell (2004, p. 62) found that experience and knowledge tend to derive from having experienced entrepreneurs that knows the risks on the international market and it can be an incentive for the born global company to go international both earlier and faster. Born global companies are likely to have a higher willingness to expose themselves to the risk and uncertainty on the international market, and previous experience and knowledge tend reduce some of the perceived risks.

2.4 Resources

2.4.1 The possession of resources

A lack in knowledge and resources are problems that have been emphasized by previous researchers (see Andersson, 2006, p. 61; Freeman et al., 2006, p. 33) and different options to internationalization are possible to take which depends on the nature of the company. Yli-renko et al. (2002, p. 299) and their study on international growth revealed that knowledge is seen as a central determinant factor in a company's growth and
internationalization process. A lack in resources were found as a critical factor to the internationalization process (see Johanson & Wiedersheim-Paul, 1975, p. 306) and have been eased through obtaining foreign market knowledge and make decision in an incremental way. These are reasons for why companies historically started their internationalization by exporting to geographically closely connected countries, or countries with similar characteristics. This in turn provided opportunities in cooperation between companies with similar businesses practices, which enabled the company to handle the limited market knowledge and to avoid uncertainty related to unknown markets.

Although risk and uncertainty tend to mainly relate to the possession of knowledge and networks there are one more aspect that need to be taken into consideration in the internationalization process. Many entrepreneurs lack the necessary wealth to exercise profit opportunities and will be dependent on financial support. Having a secure financial support eliminates barriers related to financial resources and it will also increase the risk aversion. (Gifford, 2010, p. 305-306) Financial resources are earlier mentioned in the text and while some authors (e.g. Andersson & Wictor, 2003, p. 264; Knight & Cavusgil, 2004, p. 137) argue that born globals tend not to prioritize financial resources, other authors wish to emphasize the financial resources as barrier for born globals (Freeman et al., 2006, p. 33; Halldin, 2012, p. 6).

In order to succeed, a company needs to be in possession of resources that are seen as creating a distinctive competitive advantage against its competitors (Cabrera-Suárez et al., 2001, p. 38). To be in possession of resources is seen as an important driver for born global companies and the most recurrent resources found in previous literature are the possession of knowledge and networks acquired through experiences (Laanti et al., 2007, p. 1114-1115). This is further confirmed by Freeman (2006, p. 33) who argues that the level of success in the internationalization process tends to be associated with the availability of, for instance, knowledge, networks and financial capital.

Moreover, many companies suffer from limited resources which make it difficult to leverage on the existing opportunities (Gifford, 2010, p. 305-306). The internationalization process will be facilitated by utilizing unique company resources (Kaur & Sandhu, 2014, p. 123) which also tend to affect the level of success in the internationalization process (Cabrera-Suárez et al., 2001, p. 38; Freeman, 2006, p. 33). We therefore found a need to investigate how resources were utilized, which resulted in Objective 2. This objective was created as resources are seen as key drivers for the born global company (see Freeman, 2006; Kaur & Sandhu, 2014; Laanti et al., 2007). In addition to this, it (Objective 2) is closely connected to our research question as well as the purpose of the research and will thus facilitate the process of answering our research question.

- Objective 2: To investigate how resources were utilized in the internationalization process in order to overcome barriers on the international market.

2.4.2 Resource and knowledge based perspectives
The importance of resources and especially the resource based view has been discussed for a long time (Penrose, 1959; Rubin, 1973; Panzar & Willig, 1981, in Wernerfelt, 1984). Resources can take both the shape of tangible and intangible resources, and some examples
that have been brought up are; knowledge, skilled personnel, trade contacts and financial capital (Wernerfelt, 1984, p. 171-172). Kraaijenbrink et al. (2010, p. 350) continue this discussion and emphasize the importance of sustainable competitive advantage on the market and that there are some resources that a company need to acquire and control. We however argue that neither the resource based view nor the resource based theory can be seen as perfectly suitable for our study, due to the characteristics of strong emphasize on long-term sustainable advantage. Our study will focus on the born globals specific entry decision into a new market and the internationalization process itself, not the long term survival of the company. We can although understand that the long term survival is important and wanted therefore to acknowledge this theory since it is a core theory within the perspective of resources.

We have moreover recognized knowledge as important to possess in the internationalization process and especially the knowledge based view. The knowledge based view has emerged from the resource based view but is seen, in comparison to the resource based view, as focusing on intangible resources rather than physical. The knowledge based view is suitable in analyzing born global companies and born globals tend to utilize the intangible resources when seeking competitive advantages and to mitigate delimitations against MNCs. (Gassmann & Keupp, 2007, p. 353) To utilize intangible resources such as knowledge is seen as especially common in the early stages of the company (Knight & Cavusgil, 2004, p. 127). Knowledge is according to the knowledge based view not limited to the entrepreneur, and intangible resources have been mentioned as a key resource in order for born global companies to succeed (see Freeman et al., 2010; Gassmann & Keupp, 2007).

The knowledge based view is according to Grant (1996, p. 135-136) a set of ideas underlying the existence of the company in which knowledge is seen as fundamental. It should thus not be considered as a theory of the company but more as a set of assumptions in the nature of knowledge inherited in the company. This was further emphasized by Eisenhardt and Santos (2002, p. 161) as they found the knowledge based view neither as a theory of strategy nor a theory of the organization, but it was instead seen as contributing with valuable insights on the social process of knowledge and how it is sourced, shared and integrated in organizations. Cabrera-Suárez et al. (2001, p. 39) explained that explicit knowledge and tacit knowledge are seen as most fundamental in the knowledge based approach. Explicit knowledge is knowledge that easily can be transferred within the organization and no specific linkages are needed in order to put meaning behind it. On the contrary, tacit knowledge is context specific and is created by the situation in which the individuals interact, thus tacit knowledge is seen as difficult to depict. As already brought up (see Gassmann & Keupp, 2007, p. 353) the primary company inputs are intangibles resources rather than physical resources and the concept of globalization has contributed to a new knowledge economy which is best explained as boundless (Grant, 1996, p. 134).

The importance of understanding knowledge sharing is vital at the company level and can therefore be seen as essential in a born global company. Born globals tend to utilize resources that are intangible and to be in possession of resources that are yielding a competitive advantage against competitors. Nevertheless, the knowledge based view per se was however not seen as sufficient in explaining competitive advantages and a network
perspective was suggested to be used as a compliment in order to reveal how these findings can be turned into actual business performance (Gassmann & Keupp, 2007, p. 362). An early mover advantage can be created by coexisting networks on the market which facilitate relationship creation and thereby stimulate growth (Mtigwe, 2006 p. 15). This network perspective has together with the knowledge based view been used by Freeman et al. (2010, p. 73) to elucidate the concept of organizational structure in born global companies and to increase relationships, trust and knowledge sharing. In conclusion, as the knowledge based view is to be seen as a set of assumptions rather than a theory, this research will not be grounded solely around this view. The reason to illustrate this view is nevertheless fundamental as it will be incorporated in the born global company in terms of for instance, explicit and tacit knowledge. The knowledge and networks within born global companies can be seen as vital and we will now proceed by further elaborate upon the importance of knowledge within the born global company.

2.4.3 Knowledge

A lack of knowledge is seen as a common limitation among entrepreneurs (Freeman, 2006, p. 33; Johanson & Wiedersheim-Paul, 1975, p. 306; Madsen & Servais, 1997, p. 565; Madsen et al., 2001, p. 249) during the internationalization process. Knowledge can be seen as a basic resource that one needs to acquire in order to be successful in international operations. This was already mentioned by Johanson and Vahlne (1977, p. 23) as vital in the internationalization process and it has kept its importance. The increased speed of the internationalization process today can be seen as a faster way to acquire knowledge about the market but many studies however forget the important knowledge that the entrepreneur possesses (Weerawardena et al., 2007, p. 303).

The knowledge within a born global company is important from the outset and it is the knowledge that creates the strategy in where the company will go in the future. The team within a born global company is rather small at the inception and consists of a few employees with high knowledge within the business field. The company culture will therefore to large extent be created around the tacit and explicit knowledge that this team possess and it is often a creative culture aiming for international expansion and growth. (Wictor & Andersson, 2012, p. 23) The importance of experience is further emphasized as an asset that can be acquired through hiring individuals in possession of prior knowledge of the internationalization process which can facilitate the adaptation into new environments (Nordman & Melén, 2008, p. 184).

An international market can be new and uncertain for the company but at the same time familiar to the entrepreneur. It is therefore important to know the background of the entrepreneur in order to understand his or her personal traits. (Rasmussen et al., 2001, p. 80) The normal way to acquire knowledge has been by the method learning-by-doing on the international market and more specific on the market where the entrepreneur aims to conduct businesses (Welch & Luostarinen, 1988, p. 94). Nordman and Melén (2008, p. 172) emphasize the importance of foreign market knowledge possessed by the manager or the founder due to the emerging characteristics of born globals. They further argue that both technological knowledge as well as international knowledge is essential factors to possess for a born global company.
Previous research on born global companies indicated that 71% of born globals rely on previous experience in making strategic decision, compared to 45% in other exporting firms (Madsen et al., 2001, p. 253). This can according to Madsen et al. (2001, p. 253) be explained by their relatively small size compared to its dispersed geographical market and its scarce resources, for instance in financial or human resources, which make previous experiences important. Nevertheless, prior international knowledge is not seen as a prerequisite to start a born global company and some individuals tend instead to rely on their high level of technological competence (Nordman & Melén, 2008, p. 183).

A research conducted by Gertsen (2012, p. 113-114) revealed that cross-cultural training was not practiced prior to internationalization of born globals, but the authors however found that the willingness to learn from cultural differences was high and that born globals were educated from the market. Traditional MNCs are often practicing the traditional learning system that learning should start at the headquarters and be learned downwards to subsidiaries and other agents working for the company. Born globals however takes another approach of spreading the knowledge by learning directly from the market itself and can benefit from advantages of the cultural differences that exist. Based on this, knowledge is seen as a basic resource that each born global company need to acquire in order to be successful and Nordman and Melén (2008, p. 184) argue that previous decisions that were proven successful are likely to be repeated. Thus, knowledge will be central in the internationalization process and explicit knowledge as well as tacit knowledge are both core functions in a born global company. Based on this, Objective 3 was created as there is a need to further explore which role knowledge has in born global companies’ internationalization process. As different kinds of knowledge exist (e.g. market knowledge, technological knowledge, etc.) this objective was established with the purpose to investigate which type of knowledge that is needed during the internationalization process. It will furthermore reveal when a certain type of knowledge is needed and how the born global acquire the knowledge needed to conduct the internationalization process.

- Objective 3: To investigate which role knowledge has for the born global company in the internationalization process.

2.4.4 Networks

The importance of networks in the internationalization process should not be neglected (Freeman et al., 2006, p. 58; Kaur & Sandhu, 2014, p. 125). The network perspective is explained by Tikkanen (1998, p. 111) as the exchange that exists on the market and is created by relationships between individuals. The network model approach facilitates communication between participants in the internationalization process and networks are further a source that will spread knowledge faster between international partners (Halldin, 2012, p. 14). Networks are therefore seen as something that is natural on the market and will facilitate rapid internationalization for born globals in the fast moving environment. This is also supported by the argument that the internationalization process never occurs alone, it is instead an interaction of formal and informal networks that coexists in order to put the product on the market. (Mtigwe, 2006 p. 15-16)

Uncertainties will nevertheless exist when signing contracts across borders and the geographical distance will make it difficult for born global companies to ascertaining its
foreign distributors’ capabilities and it creates information asymmetry (Freeman et al., 2006, p. 37). Kaur and Sandhu (2014, p. 116) argue that connections and contacts across borders are considered as important, not only to reduce these uncertainties, but also in order to build relationships and to create trust.

Being present in a network can provide an improved level of resources and increase companies’ profit, survival and competitive advantage in the long term (Havnes & Senneseth, 2001, p. 294). Networks are found, for instance, in the area of entrepreneurship and in the field of strategy with emphasize on the relationship between independent units. The network allows information and materials to be distributed and previous research (Johannisson, 1987, p. 7) has revealed that the belonging to a network will yield great benefits for the company. Melén and Nordman (2007, p. 208, 217) argue in their article that networks can be divided into personal networks which relates to the entrepreneur itself, but also into business networks that relate to the company. It is however not possible to distinguish which one of these two networks that is most important. Personal networks are seen as especially important in the early internationalization stage while networks in the later stage tend to be more related to the company´s networks. The importance of networking has already been confirmed (Andersson & Wictor, 2003, p. 265; Freeman, 2006, p. 33; Kaur & Sandhu, 2014, p. 123) and personal networking is a source to limit the impact of scarce financial and knowledge resources (Freeman et al., 2006, p. 55). Born globals tend to have the ability to create relationships with its business partners and receives extra value from lasting networks which facilitates the process of overcoming limited resources (Gabrielsson & Kirpalani, 2004, p. 562).

International opportunities can moreover be unveiled through social and informal relationships and should thus be considered as important as strategic networks (Kaur & Sandhu, 2014, p. 125). Networks can be defined as actors that have a direct or indirect connection to each other through social bonds. Networks are thus built on social relationships and are flexible and dynamic in its structure, which support changes in the environment. (Davern, 1997, p. 288-289)

Networking, formal as well as informal, is crucial in facilitating the internationalization process (Kaur & Sandhu, 2014, p. 123). Havnes and Senneseth (2001, p. 295, 300) found that there is a relationship between networking index and market growth, thus companies with networks will perform better than those without and companies with large networks will perform better than those with small networks. Moreover, networking is found to be a universal concept among entrepreneurs and is also suggested to be an essential driver towards company growth. Networking allows companies in their early stage to gain access to resources that are needed but otherwise unreachable. (Zhao et al., 1995, p. 365) Founders and managers utilize the personal networks when knowledge regarding a specific issue is needed. The human capital will therefore have an essential role in the start-up stage of the internationalization process and will determine which relations to be utilized and where to interact. (Melén & Nordman, 2007, p. 215, 216) However, to create a functional network requires an immense amount of time and networks need to be fostered during the whole internationalization process (Kaur & Sandhu, 2014, p. 116).

What has been found is that a functional network is a source to reduce the impact of scarce
financial resources as well as the perceived uncertainty (Kaur & Sandhu, 2014, p. 116). Nevertheless, companies are yet created without any existing network and tend to rely upon a good business idea or prior experiences when going international (Rasmussen et al., 2001, p. 100). This is further supported by Andersson and Wictor (2003, p. 266) who claim that networking as a single source cannot explain the development on the international market for born global companies. The importance of networks has however evidently been proved and the structure of networks gives born global companies a flexibility to enter attractive markets that will support further growth. As the environment is changing there is a need to explore how networks are utilized today and especially the importance of personal networks in comparison to business networks, which previous research (see Melén & Nordman, 2007, p. 208, 217) have found as of equal importance. Networks are found as important in facilitating the internationalization process (see Havnes & Senneseth, 2001; Kaur & Sandhu, 2014; Zhao et al., 1995) but could nevertheless not be seen as the single source for the born global companies (see Andersson & Wictor, 2003, p. 266). Based on this, Objective 4 has been created in order to investigate how networks are utilized in the internationalization process during different stages.

- Objective 4: To investigate which role networks has for the born global company in the internationalization process.

2.4.5 Financial capital

The internationalization process requires born global companies to be in possession of financial resources (Bell et al., 2001, p. 186) and financial capital is argued to have a direct effect on the development of born global companies (Gabrielsson et al., 2008, p. 400). Moreover, in order to successfully conduct the internationalization process, a degree of financial business expertise is needed which the entrepreneur rarely possesses. The early phase of the research and development is however often financially relieved through research conducted at universities and the establishment of network is thus important. (Gabrielsson et al., 2008, p. 391)

A research conducted by Gabrielsson et al. (2004, p. 597-598) described that the founders of born global companies need to contribute with two types of financial inputs. The first type is the amount of money that is necessary for starting up a company, and the second type is the further investments that are needed for future developments, which can be seen as even more important. Additional financial support was seen as deriving from private and public investment, and the concept of business angels\(^1\) was seen as very important. Those born global companies that could attract skillful angels would gain both financial support and advice from experienced people, which resulted in a more rapid globalization.

Gabrielsson et al. (2004, p. 600) further emphasized the role of the government when it comes to the financial support of born globals and suggest that a better plan is needed to motivate young hardworking entrepreneurs. Based on previous research on the company’s size and age (see Beck et al., 2006) one may assume that financial barriers are inherent in all born globals due to their characteristics as described in table 2. This is partly confirmed

\(^{1}\)“A person who supports a business financially, typically one who invests private capital in a small or newly established enterprise” (Oxforddictionaries, 2014a).
by Gabrielson et al. (2004, p. 599) in their argument that born globals are restricted to what they can do in the early establishment phase by both financial and management knowledge resources. Limited financial capital is also argued by Halldin (2012, p. 36) to be a constraint for born global companies and Freeman et al. (2006, p. 33) explain that born global companies financially suffer from a lack in economies of scale.

In summary, resources are seen as essential in creating a born global company and the importance of resources cannot be denied in order to succeed on the international market. Knowledge, and especially previous foreign market knowledge is seen as important although special technical skills can leverage a lack of previous experience. Networks can facilitate the process of obtaining financial support and furthermore contribute with specific knowledge, for instance foreign market knowledge, that is needed in order to succeed. Nevertheless, scarce financial resources tend to have a direct negative impact on born global companies and can work as a barrier in the internationalization process. Factors surrounding the internationalization process will now be further elaborated upon and especially how risk, uncertainty and trust will affect the born global company.

2.5 Risk, uncertainty and trust

It has historically been seen that a lack of knowledge and loose networks in unfamiliar locations tend to create high uncertainty, increase the risk for the company and lower the level of trust. Companies tend to seek foreign markets that are located close to the domestic market and thereby limit the barriers from psychic distance. It is also a way for the company to acquire sufficient knowledge and experience from the international market and create networks that can act as a source to reduce uncertainty and the risk in the future. The history has also showed that companies which spend more time abroad on the international market will develop more knowledge and experience that will benefit the organization in the long run. (Welch & Luostarinen, 1988, p. 94) The concept of globalization has however contributed to a more integrated and boundless world (Cavusgil et al., 2014, p. 66), a world that suits born global companies as being able to better adapt to the fast changing environment. This dynamic approach is also a way to handle risk and many larger corporations want to collaborate with born global companies just because of their flexibility to enter new markets.

Born globals tend to collaborate with bigger foreign corporations rather than compete and this creates a win-win situation that is necessary for the born global company (Freeman et al., 2006, p. 57). The level of tacit knowledge and also the level of trust between born globals and the foreign business partner are facilitated by creating networks and the development of long lasting relationship. The ability to create trust with your partner is considered as very important for born global companies as they are doing business in a fast moving environment. (Freeman et al., 2010, p. 81) The close connection between networks and risk is explained by Freeman et al. (2006, p. 55) as a correlation in where the risk decreases when alliances or networks are established. This is because the level of trust is strengthened by the relationship that occurs in personal networks.

Uncertainties within born globals are foremost related to new product processes, patterns of specialization and exchange, rather than to the knowledge about foreign markets. The perception of uncertainty among born global companies is in general seen as lower due to
the decision makers past experiences. (Madsen & Servais, 1997, p. 569, 573) Freeman et al. (2006, p. 58) explained that entrepreneurs in born global companies will further face barriers, such as a lack in financial capital, knowledge or networking resources, but the characteristics of a born global company (see table 2) can help them to expand their businesses to other international markets. This strategy has deep connections to networks and supports the company to share resources and risk while developing future strategies.

The complexity in each internationalization process may diverge and Snowden and Boone (2007, p. 8) articulate that the context and its characteristics will determine the way managers need to respond. They further this by explaining that some contexts may be classified as known knowns beforehand, due to logical cause-and-effect constructions, while some other may be known unknowns due to a lack in clarity to understand the relationship between the cause and the effect. These known unknown will, according to the authors, most likely require some expertise to understand the complications. In addition to these, there are some complex contexts that will be unpredictable and inquire unknown unknowns while other contexts are chaotic with no clear relationship between cause and effect, further described as unknowable’s’. (Snowden & Boone, 2007, p. 7) Born globals need to face challenges related to these factors in the internationalization process and while some factors, some barriers, are known knowns other might be unknowables.

To conclude, it has historically been seen that a lack in knowledge and networks in unknown markets are sources underlying risk, uncertainty and affecting the level of trust. Companies have traditionally been seen to expand to markets within a closer psychic distance in order incrementally increase its knowledge and to establish existing networks as a way to reduce factors related to risk and uncertainty. Nevertheless, born globals are in comparison to traditional companies seen to leapfrog the stages of incremental internationalization and should thus, to a greater extent be exposed to risk, uncertainties and affect the perceived level of trust. We therefore established our Objective 5 around how born globals perceive and handle risks, uncertainties and trust in the internationalization process.

- Objective 5: To explore how resources are utilized to handle risks and uncertainties, and to increase trust in the internationalization process.

2.6 Framework

Knight and Cavusgil (1996, p. 23) argue that more clarity around the concept of born globals is needed and suggest that further research should be done in order to develop a framework. The framework should include both external and internal environmental factors that can have a potential effect on the development of born global companies. We have noticed that attempts to create a framework have been done (e.g. Freeman et al., 2010; Laanti et al., 2007) within this field but that none of them were found suitable to our study. A thorough literature review has been done in order to create a framework that could explain which factors that are seen as important within a born global company today and how the born global company utilizes its resources during the internationalization process. We can see from the earlier mentioned resources that they are rather interdependent than independent. These factors should therefore be researched together and we have, based on
this, created a framework consisting of factors that have been used frequently in previous research on born global companies.

![Diagram of framework](image)

**Figure 3: Framework**

The entrepreneur (depending on the situation; entrepreneur, founder or manager) is often mentioned as an important asset and is therefore placed in the center of this framework. The entrepreneur is commonly the person who influences the born global company to pursue international activities and the culture, values and knowledge of the born global company is therefore often influenced by the entrepreneur. The entrepreneur is also influenced by the interlinked resources that the company possesses, where networks, knowledge and finance can be seen as resources most recurrently brought up. We have recognized that it is an interdependent process between the entrepreneur and the resources, and that resources can affect in a negative way (as a barrier) if the born global company does not possess them. Networks are placed in the center of resources as a source of knowledge sharing and have been proven to facilitate rapid internationalization for born global companies. Nevertheless, all resources are seen as important and networks will enable the company to get access to necessary financial capital to further extend the knowledge within the company.

This constant interaction with the company's resources is important for the born global company in order to handle risk, uncertainty and to build trust on the international market. Born global companies are moreover influenced by internal and external barriers and need to utilize its resources in order to overcome these barriers. We believe that this framework can act as visual model for what previous research has brought up as important in the field of born global companies. But we have however recognized that it lacks research on how resources are utilized in the internationalization process and that the actual internationalization process need to be further elaborated upon. We will therefore provide a revised framework with additional information on which resources that are seen as especially important in born global companies’ internationalization process.
2.7 Objectives

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<td>1</td>
<td>To investigate how the internationalization process within a born global company looks like and why it does take place.</td>
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<td>2</td>
<td>To investigate how resources were utilized in the internationalization process in order to overcome barriers on the international market.</td>
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<td>3</td>
<td>To investigate which role knowledge has for the born global company in the internationalization process.</td>
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<td>4</td>
<td>To investigate which role networks has for the born global company in the internationalization process.</td>
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<td>5</td>
<td>To explore how resources are utilized to handle risks and uncertainties, and to increase trust in the internationalization process.</td>
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Figure 4: Objectives

The purpose of this figure is to shed light to the objectives that we have created in relation to each section. The meaning of each objective is, as explained in chapter one, to provide a better understanding of the different factors that are integrated in the internationalization process. These objectives will serve a useful meaning as being central when analyzing the data and in revealing interesting patterns. We argue that the objectives are important for the reader when entering the following chapters and the sum of each objective will in the end enable us to provide a better answer to our research question.
3. Methodology

This section will explain our philosophical choices and our own standpoint in this research. It will further deal with the chosen research in terms of our approach, method and strategy. It will provide clarity on how we collected data in order to fulfill the purpose with this research and in answering our research question.

3.1 The choice of subject and preconceptions

The choice of subject is foremost due to our own interest regarding born global companies. The process started by investigating a topic that could contribute in a personal development (Remenyi et al., 2005, p. 63) and to make us committed during the whole assigned period (Saunders et al., 2012, p. 26). As both of us have previous experience of studies abroad and share both strengths and an interest in international business we decided early on that focus would be on international companies. Although born globals as a subject is a fairly new concept in international business (Cavusgil et al., 2014, p. 97) we found existing research conducted on this concept. Nevertheless, as a thesis on master level is to contribute, fill a gap and meet a certain amount of requirements, we had to come up with something that not only caught our interest but also met these requirements. In our role as researchers, we are required to convince our audience that a contribution has been made and what to research, how to research it, as well as why to research it were questions surrounding us (Remenyi et al., 2005, p. 38).

By reading previous articles, books, and theses made us realize that research regarding born globals was mainly conducted on the company itself and in particularly on what makes them different compared to traditional companies. We therefore saw a great potential to research the internationalization process and the research was undertaken with the purpose to fill the existing gap in born global companies’ internationalization process. Since both authors share a similar background in terms of nationality, culture and education we are likely to possess preconceptions that are similar in nature and our approach to ethics is likely to be in line with our shared beliefs. An issue that needs to be further mentioned as a preconception is our past experiences. We treated a similar subject during our bachelor thesis and the consequences of this might affect how we perceive, deal and in the end present the data.

3.2 Research paradigms

Different paradigms exist regarding the view of ontology, epistemology and the choice of methodology (see Creswell, 2009, p. 6; Denzin & Lincoln, 2005, p. 22; Guba, 1990, p. 18; Guba & Lincoln, 2005, p. 192). Guba (1990, p. 17) defines a paradigm in his own way as “a basic set of beliefs that guides actions”. A paradigm, also known as the philosophical worldview, is affected by the researchers’ previous experiences and can be seen as a general orientation of the world (Creswell, 2009, p. 6). All research is seen as interpretive and beliefs and feelings about the world will guide the researcher in his or her understanding (Denzin & Lincoln, 2005, p. 22). Guba (1990, p. 18) argues that three basic questions will characterize each paradigm:
• Ontology: “What is the nature of the “knowable”? Or, what is the nature of “reality”?"
• Epistemology: “What is the nature of the relationship between the knower (the inquirer) and the known (or knowable)?”
• Methodology: “How should the inquirer go about finding out knowledge?”

The view of ontology and epistemology is determinant factors when conducting research within social science and interpretive explorations allows the researcher to better emphasize the importance of what has been researched (Alvesson & Skoldberg, 2009, p. 4). The knowledge needed about the world, known as ontology, is concerned with the distinction between the social and the natural world. The social world is open to subjective interpretations, which the natural world rejects, and the issue is whether or not both worlds exist under the same conditions. (Snape & Spencer 2003, p. 11-13) Our research has been grounded in how to explain the internationalization process and to explore the meaning behind it. This research was therefore conducted with the belief that each individual meaning was in essence more important than to make the born global company to an objective entity. With this in mind, an ontological view of subjectivism was found as most appropriate. The view of subjectivism recognizes that each individual will interpret situations differently as a consequence of its individual views and that these views are socially constructed, known as social constructivism (Saunders et al., 2012, p. 131-132). The nature of the socially constructed world has made us aware of the unique view in each of our participants and the value that it brings to this thesis.

The basic beliefs of constructivism acknowledge that knowledge is a set of human construction that is in an eternal process of change. In the methodology of constructivism the aim is to identify and create, out of a variety of constructions, a few constructions of substantial consensus. The view of constructivism intend to reconstruct the world and to transform the mind of the constructor, the aim is thus not to control the real world. (Guba, 1990, p. 26-27) This research is grounded in the belief that reality exist as a part of the world and our aim was therefore to reconstruct the views of our participants.

An alternative approach to constructivism is the paradigm of positivism. Positivism has been seen as the traditional paradigm view but criticism has been directed towards it (Alvesson & Skoldberg, 2009, p. 1) and researchers (Guba, 1990, p. 17; Guba & Lincoln, 2005, p. 197) approach the paradigm of constructivism as favorable as it allows the researcher to construct its own subjective view. Guba (1990, p. 27) argues that different paradigms deserves its own acknowledgement and Guba and Lincoln (2005, p. 192) state that paradigms that previously were seen as contradicting can now be seen as supportive in the way of argumentations. No single paradigm should therefore be seen as the paradigm of choice (Guba, 1990, p. 27).

Findings have with our subjective view been based on each individual's own perceptions and due to the requirement of thorough information in this research, the reality has been dependent upon each individual's mindset. Due to our research question and purpose with this study, we incorporated some elements of the epistemological view of interpretivism. (Saunders et al., 2012, p. 137) Denzin and Lincoln (2005, p. 22) argue that interpretations of the subject being studied need to be created. The epistemological view of interpretivism
is contrasting the view of positivism and implies that differences among individuals exist which requires us as researchers to understand the subjective meaning behind their actions (Bryman & Bell, 2011, p. 16-17) which is in line with the subjective view of constructivism.

Kant (1781) is seen as the key figure in the development of interpretivism and Kant argued that direct observations should not be seen as the one and only way of knowing the world. Kant proposed that “perceptions relates not only to the senses but to human interpretations of what our senses tell us”. Kant further developed his thoughts by explaining that knowledge is grounded in an understanding, derived from thinking of daily happenings. (Kant 1781, cited in Snape & Spencer 2003, p. 6) Different approaches exist and the consequences as follows will be due to what our own senses tell us, which will guide the interpretation of each born company’s internationalization process.

Our values, as researchers responsible for this thesis, will have an essential role as we will be incorporated in the process of the research. Choices made during the research have been done according to our own values and it has progressed from the very beginning by creating a research topic based on our interests. We are aware that our values will be a great part of this research and we have elaborated upon this issue by explaining judgments made and how the paper will be progressed. This is a way to show axiological awareness and to raise the credibility of the research. (Saunders et al., 2012, p. 137-140) Axiology needs to be a part of the philosophical dimensions since core issues related to ethics, aesthetics, and religion has emerged, and so has the importance to include axiology in order to bring together different models of interpretive inquiries (Guba & Lincoln, 2005, p. 200). We have already elaborated upon the choices that have been made and why these were made. As further decisions will proceed, the consequences of them will be emphasized in terms of what the end result of different alternative approaches could yield in supporting our purpose. We are aware that it is truly hard to be unbiased in an interpretive research. Choices in this research have been made in order to support and to shed light to the meaning behind expressions in order to raise the credibility of this research.

3.3 Way of reasoning

When conducting a study, there is a need to develop an approach that will facilitate the purpose of the research. Our purpose with this research is to explain and explore how born global companies utilize important resources in the internationalization process. In a deductive approach, there is no need for further empirical evidence as the arguments are true by its definition, acknowledged as the rule of rational thinking. Recent research has however approached the logic of deduction as being inadequate in the explanations of human thinking. (Ormerod, 2010, p. 1207, 1209)

It is evident that all research is not suited to be conducted from the general to the specific as the deductive approach is characterized with. Some research are more suitable to be conducted in an abductive approach by incorporate previous theories were applicable, generate new theory, or to modify theories already constructed, while other research are more suitable to be done through an inductive approach. In oppose to the deductive approach, the inductive research premises works as a tool to produce conclusions not yet tested. (Saunders et al., 2012, p. 144)
Eisenhardt (1989, p. 536) mentioned the importance of inductive research and the valuable meaning of theory building rather than theory testing. The inductive research approach should not take existing theories into consideration in order to create cause and effect relationships. The inductive research should instead take advantage of previous theories to shed light on an important problem or subject that need further research. This research has taken an inductive approach by generating new findings based on data which was collected. We found an inductive approach most suitable when presenting the data as we interpreted meanings and inductively contribute with new findings to theory, as stated in the worldview of constructivism (Creswell, 2009, p. 8). Carson et al. (2001, p. 66) further argue that interpretive studies involve inductive arguments and our choice is therefore based to earlier decisions. Although our data was presented through an inductive method, this research can however not omit some deductive elements, which is common in most inductive studies.

We base our decision on Carson et al. (2001, p. 99) and state that it is unlikely that an inductive method will totally omit theory, as it would hide previous information considered as important for the study. As follows, previous literature has been used to deductively contribute to our theoretical framework (see figure 3) and in increase the credibility of our findings. Deductive elements were moreover used when creating the themes that this thesis is following, as the themes derives from previous literature. Further claims are provided that prior studies can be a good tool for developing frameworks, but that research should however not be limited to only investigate theory which has been stated in prior research (see Eisenhardt, 1989). By presenting the data inductively, new findings can be depicted without regard to previous literature, and the level of the analyze and will be increased by deductively incorporating previous literature which can shed light to new findings or support previous patterns. The research will therefore incorporate some deductive elements as we wish to investigate if previous literature can support our findings or if new patterns have been revealed.

3.4 Choice of literature
This research began by identifying earlier articles, journals, and books concerning the concept of born globals. Some authors were found recurrently throughout the process of scanning, while others contributed less extensively. Since this research was developed based on these authors and their theoretical contributions, some have played a greater role in the creation of our theoretical framework. Nevertheless, the word of each author has been given a place and their standpoint has contributed in the progression of this paper.

The literature review in this thesis is created upon findings from; reviewed articles, journals and literature, retrieved from the search engine ‘Google Scholar’, Umeå University’s library database and the library itself. Some combinations of search words that have been used with success are; Born global, internationalization, resources, knowledge and networking.

In addition to this, some documents as well as other WebPages have been used, for instance, the European Commission (2003), EU (2003) and Tillväxtverket (2014). We have furthermore used the WebPages of our cases in order to get background information
regarding historical as well as present events surrounding each company before conducting the interviews. Secondary data has however been limited used in order to provide background information to our case study interviews. The fact that one cannot control the data quality or in which purpose the secondary data was collected is a limitation (Saunders et al., 2012, p. 319-320) and secondary data was therefore only used to a limited extent.

3.5 Qualitative case studies

3.5.1 Research approach

The qualitative research approach is associated with the beliefs articulated by Kant (1781) and tends in particular to emphasize the aspect of understanding the subject being studied. The value of the individual and its interpretative aspects were seen as connected to the subject’s qualitative characteristics (Kant, 1781, cited in Snape & Spencer 2003, p. 7) which has been further confirmed by additional researchers (Alvesson & Skoldberg, 2009, p. 4; Creswell, 2009, p. 4; Denzin & Lincoln, 2005, p. 3). The importance in each individual's own interpretations is argued by Snape and Spencer (2003, p. 19) to be an essential part in order to create an understanding of the participants social world.

The characteristic of qualitative research entails words and phrases that have emerged based on the research subjects specific context (Kent, 2007, p. 262). To observe individuals' behavior and to establish underlying meanings of the participants being researched adheres to the constructivist view of the world and are key elements in a qualitative research (Creswell, 2009, p. 16). Denzin and Lincoln (2005, p. 2-3) argue that the qualitative research emerged when observers approached unknown contexts to study different groups and their way of behaving. The initial definition of a qualitative research involves an interpretation of the world and to transform it into a series of representations which makes it visible for the researcher. To create an understanding of what happened and why this happened were essential for us in order to interpret different factors and how they affected the outcome of the internationalization process.

A qualitative research has been used to uncover meanings of the research subject and the qualitative research utilizes a variety of interconnectedness methods that is interpretive in nature, in order to understand the world as they research (Denzin & Lincoln, 2005, p. 21). Interpretive qualitative research is argued by Carson et al. (2001, p. 64-65) to have flexible characteristics and would thus be adequate to use in order to get better explanations of phenomenon in business contexts. We found the interpretative approach suitable as born global companies have been proven to be a rather new concept in the business contexts. The interpretative characteristics would thus enable us to get a better understanding of the concept of born globals and in particular the internationalization process in their business context. Carson et al. (2001, p. 69) further express that qualitative research need to be interpreted with a high level of transparency in order to give extra trustworthiness to the evidence. As a consequence of this, each case were encountered with the purpose to uncover and to interpret the true and right meaning in an open and transparent way.

A qualitative research is moreover argued to be exploratory by nature (Alvesson & Skoldberg, 2009, p. 14; Creswell, 2009, p. 4) and is suitable to use when the researchers
have a lack of knowledge concerning which factors that are important to study, the purpose is thus to explore (Kent, 2007, p. 89; Merriam, 1988, p. 29). As our knowledge regarding born global companies, and especially the internationalization process was limited at the outset we found the exploratory nature as suitable. Business researchers are often using exploratory research methods to reveal new information within the field, but Gummesson (1988, p. 75-76) also sees explanatory research methods as a good alternative to study processes within existing companies. The explanatory research examines subjects in depth and as the explanatory research tries to explain the occurrence of a phenomena and the exploratory research, or contextual research, work as a tool to explore new information, we found a mix of these two as most suitable for our research. The explanatory nature will thus work as a tool when conducting the research in the internationalization process and to explain why certain resources were used at a particular time. This choice moreover allows us to conduct research on decisions and attitudes (Ritchie, 2003, p. 28) in order to more thoroughly investigate the internationalization process.

3.5.2 Research design
Case studies can be conducted through for instance, questionnaires, observations and interviews. The type of collection methods depends on the characteristics of the data and due to our qualitative approach to unveil words, case study interviews were chosen. (Eisenhardt, 1989, p. 534) Qualitative case studies as a method and especially its explanatory nature is seen as beneficial when the purpose is to investigate a concept that is too complex for structured strategies (Merriam, 1988, p. 29). In addition, Remenyi et al. (2005, p. 108) promote case studies to be beneficial in research of exploratory purpose as a tool to explore a phenomenon in which the researcher possess limited knowledge about. As the nature of this study is a mix of explanatory and exploratory we found case studies as most suitable. Case studies draw attention to a single case in order to create an understanding of it (Remenyi et al., 2005, p. 51) and to in depth explore the process of individual cases (Creswell, 2009, p. 13).

The use of case studies is described by Eisenhardt (1989, p. 546), as a process in where the researcher compare collected information from cases with each other to see if it needs more case data or whether the research question need to be revised. Remenyi et al. (2005, p. 187) conclude that case studies are seen as a valid approach in business research when findings that extends the knowledge concerning a certain subject are published. The authors (Remenyi et al., 2005, p. 187) argue that although some drawbacks exist due to its soft characteristics which does not rely upon pure statistical facts, the use of case studies is increasing in popularity due to its ability to conduct research on events in which the researcher has little control over, or in investigating a contemporary phenomenon. Different approaches are possible to take and we found case studies as favorable due to its soft characteristics. We moreover argue that case studies will be the most suitable method to use when conducting interpretive research, and we are thus not aiming to statistically generalize the findings.

Case studies are also argued to be a good source if the research needs to reveal information on individuals, organizational and social complex phenomenon (Yin, 2009, p. 4). To use case studies as a research method has its advantages that it will contribute with novelty to a field of research that has been limited researched. It allows the researcher to act
independent from prior literature and to create new theory building findings within a topic where a “fresh perspective is needed”. (Eisenhardt, 1989, p. 548-549) A case study is however not a method to define the true fact about a phenomenon, it is rather a strategy to interpret a phenomenon in order to provide the world with the most credible outcome (Merriam, 1988, p. 30). Eisenhardt and Graebner (2007, p. 30) further argue that qualitative case studies need to be collected with precautions, even though they have many advantages. The choice of case studies is in line with both our interpretive approach taken as well as our wish to reveal new findings rather than to generalize.

3.5.3 Time horizon and implications

The research strategy will direct the research and is affected by the research question and the researcher’s possession of sufficient; budget, time and skills to conduct the research. Due to the limited amount of time we had in conducting this master thesis, a cross-sectional time horizon was seen as most suitable. A cross-sectional time horizon, known as a snapshot study of a specific situation at a given time, will enable us to create an understanding on the internationalization process within the born global company. Nevertheless, the cross sectional study is not made for research on how the context develops over time but rather examine how the present situation is and to create an understanding between the different cases that have been researched. (Remenyi et al., 2005, p. 44-47)

We can therefore understand the value of a longitudinal research on this research purpose since the internationalization is a process that most will likely change and be interpreted differently over time. Our research will only collect data at a given time and will be affected by the stage of the internationalization process in where the born global company was at the time of the interview. This result in the fact that some cases might have proceeded longer in the internationalization process and thus be in possession of a more thorough set of information. We can further also add that we are aware of the retro perspective thinking of the participants and that some of our cases went international several years ago, while others are just in the beginning of the internationalization process.

3.6 Data collection

The process of conducting qualitative interviews is heavily dependent upon how knowledgeable the researcher is in his or her research topic as some decisions need to be made during the interview. There is no right or wrong way in conducting qualitative interviews as it depends on the purpose of the study as well as the topic being researched. The knowledge in conducting a good interview is improved by interviewing and the quality outcome in each interview is assessed based on the knowledge it creates. (Kvale & Brinkmann, 2009, p. 16-17) Based on this, a thorough research on each born global company was conducted before the interview was held in order to further our knowledge beyond previous literature. Moreover, the interpersonal skills possessed by us as researchers are emphasized as essential in order to establish a relationship and in receiving trust from the participant during interviews (Remenyi et al., 2005, p. 112). As no single person behaves in the same way our interpersonal skills were tested in every interview. Nevertheless, the generated data provides an understanding to the individuals’ perception through their own interpretations on beliefs and behaviors. The most fundamental aspect is the meaning behind them, thus why do they behave and act like they do? Individual
interviews are seen as the most common way to gather data in qualitative research and a deeper understanding of the individuals and their own personal perspectives provides detailed information concerning the subject researched. (Ritchie, 2003, p. 36)

Gummesson (1988, p. 31) discuss the difficulty to gain access to the organization in case studies and that the researcher can take different roles, depending on if he or she is a traditional researcher, consultant or employee. We took the role as traditional researcher, which Gummesson (1988, p. 33) further confirm as the best method to collect qualitative informal interviews and in gaining an understanding of processes. To gather information through qualitative research is seen as a sensitive way to collect experiences from the context of the interviewee. It enables the participant to provide an answer in his or her own words and express feelings that goes beyond predetermined questions, which make qualitative interviews popular in today’s society. (Kvale, 1996, p. 70-71)

A qualitative interview is suitable to use in describing specific situations and is commonly focused on particularly themes rather than general happenings (Kvale & Brinkmann, 2009, p. 30-31). Qualitative research and especially interviews are moreover preferred when the researcher wish to reveal the underlying meaning behind the research subject’s expressions and to understand experiences from his or her point of view (Kvale & Brinkmann, 2009, p. 1). It is also argued that you will have a better understanding of the interview subjects if you have closer ties to the source, which is seen as important in qualitative research as it demands the researcher to participate in the dialog between the interviewer and interviewee (Robson, 2002, p. 196-198). As a consequence of this, the importance of establishing a relationship with the participants was stressed as central in order to uncover their true and right meanings. The disclosure of our choices has been emphasized in order to provide the reader with sufficient information to make his or her own judgment and mitigate potential bias that are incorporated with an interpretive approach. We further believe that a better disclosure will highlight the transparency of the research and give it a higher trustworthiness and credibility.

3.7 Sample selection
A sample is a strategic selection of all cases available in the population (Robson, 2002, p. 260). The sample strategy behind this thesis can be described as a mix between judgment samples and snowball samples. We can however see the similarities that our research has to case purposive selection but we argue that our judgments had a strong influence on which cases we have chosen and the judgmental sample technique has therefore been the major method in this thesis. The judgmental sample technique was found suitable as it enabled us to utilize our subjective view as researchers which were essential in our selection of appropriate samples (Remenyi et al., 2005, p. 193).

Three Incubator centers were selected by utilizing the judgmental sample technique and they were chosen based on geographical location and their possible contribution to our purpose. We can however appreciate that many of our cases have been selected with the help of the snowball sampling technique in where we utilized our three Incubator centers as

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2 “A place, especially with support staff and equipment, made available at low rent to new small businesses” (Oxforddictionaries, 2014b).
a bridging link between us and our cases. Our Incubator centers can thereby be seen as informants that provided us with access to our cases (Remenyi et al., 2005, p. 194) and the Incubator centers supportive actions have served as a valuable tool in this thesis. There is therefore a common characteristic that many of our cases have been in contact with the Incubator center in the internationalization process.

We started our sampling selection by making phone calls and emailing the experts at our three Incubator centers in order to find what type of contacts they had within the field of born global companies. After the first contact was established a future interview was arranged with an appropriate person working within the Incubator center. The decision to include the Incubator centers to this thesis was to get their view on how the internationalization process of born global companies looked like and which resources that were commonly utilized. The purpose with the Incubator centers was to get an objective view on the internationalization process within born global companies that could yield valuable insight in how and why these companies become born globals.

The next step was to use the provided information and contact details that we got from the Incubator centers to start research and contact born global companies. We further contacted several other information sources that we hoped could provide us with valuable connections to born global companies and the total amount of informants were around ten. In all, 23 companies have been contacted by phone. Some companies were not available due to a lack of time, others were not suitable due to our definition, for instance, as it took longer than five years before they went international, some focused mainly on import, and some did not actively target an international market. Other companies that we have been recommended had not yet any available product on the market, had been liquidated and some were not available for a face-to-face interview and therefore excluded from our research. All companies have been defined as born global companies according to our chosen definition (see European Commission, 2003, p. 24) and they all have the northern part of Sweden as their location. We did not limit the study to a certain sector and we moreover emphasized the importance that they actually have started the internationalization process when the initial contact with each company was established.

Born global companies established recently were preferred due to the characteristics in the market, as being changing, which will thus change the way each company act as well as perceives the market. As a consequence of this, all companies that were included in this research are younger than 15 years (inception of 1999 or later). A fixed set of cases were predetermined by us before we started to collect data and we have therefore not used the continued collection of cases until saturation is reached, which otherwise is recommended by Saunders et al. (2012, p. 283). We decided that we wanted to include three experts from the region of Luleå, Umeå and Sundsvall. The term expert derives from the fact that the person is working at the Incubator center and deals with issues regarding start-up companies, where some can be defined as born globals. Nine born global companies were included with the purpose to obtain three company cases from each region. This was however changed during the process of data collection as one company in Sundsvall had to be removed late due to a lack of time from the participant. An additional company was therefore included from Umeå so the total number of cases were still twelve, with two companies from the region of Sundsvall, three companies from the region of Luleå, four
companies from the region of Umeå and three Incubator centers, one from each region. Carson et al. (2001, p. 103) argue that there is no preset number of cases that need to be included in a research but Eisenhardt (1989, p. 545) claim that four to ten cases are adequate in most situations. We are however aware that the set of cases is not the main factor, but rather the information provided in each case that will be of importance.

Our selection was based on various sources in terms of WebPages, newspapers, but foremost based on recommendations provided by the Incubator centers. Our purpose was to come in contact with a person who had been in the born global company from early on as a founder or has the title as a CEO and thus possess appropriate knowledge about the internationalization process. We argue that our choice is in line with our purpose to explain and explore how born global companies utilize important resources in the internationalization process.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Position</th>
<th>Interview Place</th>
<th>Interview Duration</th>
<th>Interview Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arctic Business Incubator</td>
<td>CEO and Coordinator</td>
<td>Luleå</td>
<td>1.05 min</td>
<td>2014-03-24</td>
</tr>
<tr>
<td>Umeå Biotech Incubator</td>
<td>CEO</td>
<td>Umeå</td>
<td>39 min</td>
<td>2014-03-07</td>
</tr>
<tr>
<td>Äkroken Business Incubator</td>
<td>Business Coach</td>
<td>Sundsvall</td>
<td>1.03 min</td>
<td>2014-03-18</td>
</tr>
<tr>
<td>Algorix Simulation</td>
<td>CEO/Founder</td>
<td>Umeå</td>
<td>35 min</td>
<td>2014-03-28</td>
</tr>
<tr>
<td>Calejo</td>
<td>Managing Director/Founder</td>
<td>Sundsvall</td>
<td>29 min</td>
<td>2014-03-18</td>
</tr>
<tr>
<td>CodeMill</td>
<td>CEO/Founder</td>
<td>Umeå</td>
<td>32 min</td>
<td>2014-03-25</td>
</tr>
<tr>
<td>Designtech Solutions AB</td>
<td>CEO/Founder</td>
<td>Luleå</td>
<td>27 min</td>
<td>2014-03-24</td>
</tr>
<tr>
<td>Neava</td>
<td>CEO/Founder</td>
<td>Luleå</td>
<td>1.25 min</td>
<td>2014-03-25</td>
</tr>
<tr>
<td>Oryx Simulations</td>
<td>Business Developer/Founder</td>
<td>Umeå</td>
<td>23 min</td>
<td>2014-03-12</td>
</tr>
<tr>
<td>Satmission</td>
<td>CEO/Founder and CTO</td>
<td>Kalix</td>
<td>36 min</td>
<td>2014-03-24</td>
</tr>
<tr>
<td>Umbio</td>
<td>CEO</td>
<td>Umeå</td>
<td>45 min</td>
<td>2014-03-07</td>
</tr>
<tr>
<td>Xsockets.NET</td>
<td>CEO</td>
<td>Sundsvall</td>
<td>37 min</td>
<td>2014-03-20</td>
</tr>
<tr>
<td><strong>Total: 12</strong></td>
<td></td>
<td></td>
<td><strong>43.25 min</strong></td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Interview information

3.8 Interview guide

We have followed the seven stages of how to conduct an interview suggested by Kvale (1996, p. 88); Thematizing, Designing, Interviewing, Transcribing, Analyzing, Verifying, and Reporting. We can however see that these are divided into subgroups, with a first stage of thematizing and designing which had to be done early on in this project to meet the purpose of this thesis. This thesis consists of themes (see appendix 1 & 2) that were derived based on previous literature on born global companies and combined into a framework (see figure 3). These themes were designed to facilitate each interview and the purpose of our research. The next stage was interviewing and transcribing which were done simultaneously while we were conducting all our interviews. And the final stage was analyzing, verifying and reporting, a stage in where we made a conclusion and comparison of our result in order to present our findings in a true way.

Both the research subjects as well as the researchers are constructors of knowledge through their interaction during the interview process (Kvale & Brinkmann, 2009, p. 17-18). Interview questions need to be created in a way to enhance the interview interaction as well
as to produce knowledge in the subject being researched (Kvale & Brinkmann, 2009, p. 131). As the questions in each interview were seen as essential in order to enhance the interaction, an immense amount of time were devoted in creating a suitable questionnaire that could provide valuable knowledge to our research. Questions were focused to shed light on the purpose behind the internationalization process, the importance of resources, as well as to create an understanding of the meaning behind their expressions (see appendix 1 & 2). Our interview questions were created around specific themes and were open in nature to enable the participant to express his or her own meaning, which is a suitable strategy in case study interviews. This is in line with Carson et al. (2001, p. 101) as they argued that beneficial results could be achieved by asking the participants to talk about their experience in a story telling mode. Nevertheless, each interview was started by structured questions to get control over the necessary background information in order to compare each case.

All interviews were conducted in Swedish due to the fact that it was the mother tongue for all involved parties and we thought that this would make it easier for the participant to express their meanings. We have thereafter translated the result into English and both authors have checked so data was interpreted and translated correctly. This could however be a source of error but we are aware of the ethical considerations of this issue and have been extra careful in the process of interpreting the participants. The interview location has been set to the companies and Incubators offices or suggested places by the participant(s) which will increase the aspect of convenience for them and to make them feel comfortable, which are important factors according to Saunders et al. (2012, p. 386).

The participant(s) have been interviewed face-to-face as we argue that it would ease the process of obtaining trust and uncover underpinning meanings. The interviews were held between the 7th of March and the 28th of March at various times and places due to their own preferences. Eleven interviews out of twelve were conducted at their offices, while one interview were held at a public café. The majority of the interviews, all except two, were conducted face-by-face with one participant while the other two interviews were conducted with two participants. Twelve out of fourteen participants were males whereof all company participants consisted of males.

We, as researchers, divided our responsibilities for driving the interview forward and while Fredrik asked the questions, kept the conversation going and created a level of trust to the participant(s), Henrik took notes. The interview time were set beforehand to approximately 45 minutes. After all interviews were conducted the range was between 23 minutes and 1 hour 26 minutes with the mean time as 43 minutes and 25 seconds. After approval, all interviews were audio recorded by both researchers in order to ensure that we did not miss out on any valuable information. The use of audio recorder is common when conducting interviews and allows the researcher to focus on the interaction with the participant (Kvale, 1996, p. 160), which is an important factor in order to build trust. Except getting approval to use audio recorders, each interview began by explaining the purpose of the research and we further suggested which anonymity level we would like to have with the participants.

In addition to this, the participants were told that they would be able to give feedback on the interpreted information before it would be published in order to ensure that we have interpreted it correctly. As follows, all of the participants were contacted by email on May
and an additional reminder was sent to those who have not yet answered on May 14th. All in all, eight participants answered our email contact and the other four participants were contacted by phone to ensure that the information used could be confirmed as correct. Some minor changes were made, mostly related to formality, sentence structures, the translation from Swedish to English, or in adding some additional information. We told each participant that the final version of the thesis would be sent to them and that it would be valuable if the company/organization name could be used in the thesis, which all cases approved. All this information was furthermore incorporated in a cover letter (see appendix 1 & 2) that we provided them with at the interview but we argue that it was of essence to be clear on these questions.

Each interview began with some general questions regarding the participant and the company, followed by more specific questions constructed around the internationalization process within born global companies. We thought that by opening the interview with some easier questions would allow us to build up the level of trust with the participants and thus provide us with richer information later on in the interview. Our interviews were based on eight themes; Personal/company background, Internationalization process, Resources, Access to networks, Access to knowledge, Access to financial capital, Risk, Uncertainty & Trust and a Summary (see appendix 1 & 2).

To conclude, different roles had to be taken in different interview situations. While some interviews were conducted solely in according to the interview questionnaire other interviews were held with less guidance. This was done in order to ensure a dynamic interaction with each participant which Kvale (1996, p. 130) argue as important in order to keep the flow of the conversation between the interviewer and interviewee.

3.9 Data analysis

No one and single way of analyzing case studies exist and it is instead up to the researcher to make up his or her mind regarding the most suitable way. How to analyze a case study is an area surrounded by uncertainties, even for the researcher, but case studies as a method is likely to provide an advantage over the novice that is inherit at the analytical stage. (Yin, 2009, p. 127) Our analytic technique that has been used adheres to the explanation building technique, which is a pattern matching technique that analyses the data by building an explanation about the cases. This technique of analyzing case studies is mainly relevant to explanatory case studies in order to explain how and why something happened. (Yin, 2009, p. 141)

Our data has been summarized and presented according to each individual case. A later comparison will be done in the analysis between the cases and also between the cases and existing theory. This is common according to Carson et al. (2001, p. 101) and they further this by explaining that although the research method is inductive, some parts of the analysis need to be connected to previous theory in order to be confirmed or disconfirmed, which is in line with our deductive elements. Our judgment were used when interpreting the data and issues such as body language, gestures, changes in voice tone and face expression had to be coded into words in order to be explained. Note taking during the interviews were therefore important in order to remember important information that the recorder does not collect, such as body and language expression.
We further transcribed the oral information into words, which is a process that is important but often given less attention according to Kvale (1996, p. 160). The transcribing process was, like the whole thesis, an interpretive process and our subjective view has been used to translate the information into words in a true way. All transcribed data involves judgments by us as researchers and we have faced the situation whether to transcribe the data word-by-word or according to a written style with sentence building (Kvale, 1996, p. 163, 170). The word-by-word was preferred in the first phase when transcribing the data in order to collect their actual expressions but a more written style coding has been used when writing the actual data. The reason behind this is two folded. First of all, data was collected in Swedish language and a direct translation could create bias of the data and would thus not necessarily reveal the true meaning. The second reason was due to the interpretive philosophy of this thesis and that our subjective view would allow us to interpret data and body language more accurate by constructing sentences instead of word-by-word.
4. Empirical data

This chapter is divided into two main sections in which both contains a brief summary in order to provide the reader with sufficient information. The first section will present each Incubator center and the second section will present the data collected in each company with the aim to depict the internationalization process from the companies’ point of view. A table will be provided after summarizing the Incubator centers and additional tables will furthermore be placed in the summary of the second section which will deal with the company cases internationalization process.

4.1 The Incubator Centers
Our empirical data section will start by presenting each Incubator center as an introduction to the empirical findings, this in order to provide the reader with the Incubators expertise concerning born global companies. It will present each Incubator center case by case and it will start with a general description before providing an explanation on how the Incubators’ experience born global companies internationalization process. It will moreover present the required resources needed for conducting the internationalization process and how the born global company perceives risk, uncertainties, trust. Each participant and their knowledge in born global companies’ internationalization process will moreover provide the reader with information on how Incubator centers can support born global companies when conducting their internationalization process. It will thus present knowledge regarding born global companies in general and more specific on how the internationalization process is conducted. New insights on how born global companies internationalization process might look like will work as an introduction before entering the second section. It will end by a brief summary with an attached table that will present findings in a clear and systematic way.

4.1.1 Arctic Business Incubator
Arctic Business Incubator is the Incubator in Sweden that has the northernmost location. They have the purpose “[...] to realize the dreams of entrepreneurs and through this create regional growth, prosperity and a richer habitat of business in Northern Sweden”. (ABI, 2014) Arctic Business Incubator is working with projects and ideas in order to develop them into business opportunities with potential international growth that will generate jobs, export and benefit the region.

Background and descriptions
Our participants at Arctic Business Incubator were the CEO and the Business Coordinator. Arctic Business Incubator was created 2005 and offers unique competence and proven work methods that together with its global business network will help entrepreneurial people to develop brilliant companies (ABI, 2014). Arctic Business Incubator is owned by five partners and is a part of the Incubator program BIG Sweden which is owned by Almi Incubation

3 Almi offers advices, loans and risk capital during the business cycle. (Almi, 2014)
The majority of the people with business ideas (the entrepreneur) that Arctic Business Incubator is working with are inexperienced of entrepreneurial activities, or researchers with no previous connection to the branch. In most cases, the people with business ideas needs to acquire new international market knowledge which he or she is lacking. No general description regarding the background of the people with ideas could be depicted, as they are all different from one another and approximately 40 percent comes from Luleå University of Technology.

The internationalization process

Our participants argued that the product was in most cases seen as the reason underlying the internationalization. They explained that a product in possession of an international potential with the majority of the customer allocated internationally will more likely internationalize at an earlier stage. Our participants stated that experiences of the international market was often acquired when the company was up and running as the founding team is in possession of very limited experiences concerning the international market. It was moreover mentioned that the Incubator carefully select ideas with an international potential and the goal is thus to enter the international market with each idea, which the companies are aware of. But the Incubator emphasized that when to enter the international market depends on the company (the product) and that it often takes longer time than expected.

The participants furthermore explained that the Incubator can provide advisory support and improve each entrepreneurs own competence. The Incubator can provide support in pitching the product, thus make the value of the product visible, as well as increasing the entrepreneurial skills in negotiating. By cooperating with the Incubator, the entrepreneur will be better prepared for internationalize and the Incubator will contribute to extend the knowledge and skills for the entrepreneur with language courses, sales education or provide information on regulations and other factors on the international market.

The importance of resources

Our participants explained that financial capital is required in order to be able to take part of branch fairs and contacts are needed when establishing relationships in foreign countries. Moreover, they explained that contacts and relations are something that Arctic Business Incubator can help the entrepreneur in matchmaking with potential investors. Arctic Business Incubator can moreover support the entrepreneur with education and unique contacts towards the market through the Incubator’s networks, for instance Business Sweden⁴, EEN⁵, IASP⁶ and Areas of Innovation. Networks were seen as very important and the entrepreneurs can exchange experiences from other member entrepreneurs in the Incubator. Our participants described that networks are mainly connected to each entrepreneurs’ personal networks but will nonetheless be related to the product as well as to the company, and these networks are created and developed for the whole internationalization process.

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⁴ The Swedish Trade and & Invest Council. (Business Sweden, 2014)  
⁵ European Enterprise Network  
⁶ International Association of Science Parks
Our participants emphasized that the entrepreneurs were often very limited in their possession of financial capital and that this was the most critical factor for the Incubator. The alternatives are to acquire external owners that can be a part of a new company or to seek financial support, which can be difficult with scant results. Although seen as difficult, our participants explained that it was possible to acquire a limited amount of money early on but the problem is to acquire venture capital, as the venture capitalists want to see proven results and to avoid any major losses. The participants however agreed upon that these start-ups often possessed unique skills within their area and they explained that it is a world of change as they constantly developing and changing their organizations, which was emphasized as one of the challenges with these born global companies.

Factors related to Risk, Uncertainty and Trust on the market

Arctic Business Incubator can provide support and guiding to the born global company which our participants argued is one of the advantages with being in their Incubator. To be present in an Incubator can also ease the access to venture capital as the venture capitalist know that these companies will get advice and coaching and will thus have a higher potential to succeed, which will mitigate some of the perceived risk. The participants explained that the main issue is to make the product credible to venture capitalists and to convince the first customer of its potential, and Arctic Business Incubators goal with each entrepreneur and their start-up company is to:

\textit{Minimise risks and maximise opportunities.}\footnote{Statements in italic should be seen as stronger or emphasized by the participant(s).}

Arctic Business Incubator works to mitigate factors related to risk by having good contacts in foreign countries but also by conducting the business development process accurately, thus to be aware of the risks during the process. But they argued that there will always be a risk that the entrepreneur might lose its investments and other factors might emerge that is out of control, for instance conflicts in the foreign country. The Incubator can moreover support the entrepreneur with competence in negotiating on the international market as well as to provide networks and contacts (Business Sweden) which will mitigate the perceived risk for the entrepreneurs. They furthered this by explaining that cultural misinterpretations were seen as a factor that could contribute to uncertainties on the international market and especially when signing contracts, but that the Incubator could support the entrepreneur in this process.

Concluding remarks

According to our participants, the resources needed when going international depends on the type of product as, for instance, a software applications in general has a lower production cost. Sales knowledge and especially financial capital were nevertheless seen as resources important to possess when going international as the entrepreneur needs an immense amount of capital. Networks were moreover seen as essential and the Incubator is constantly working to improve its networks, for instance, by being a part of the national
organization Swedish Incubator and Science Park, which will be helpful for the born global companies.

The team was according to our participants also seen as important in order to succeed on the international market. Market competence and especially sales competence were seen as initially missing in the majority of the cases which are important factors in order to survive. The participants explained that it is complicated to run a company and the entrepreneurs were often missing out on some parts, for instance sales or managerial skills, which had to be acquired within the team in order to succeed.

4.1.2 Umeå Biotech Incubator

*Umeå Biotech Incubator* “[…] offering business knowledge to innovators with ideas that stimulate development and growth of companies in the region” (UBI, 2014). It is a center in where projects can be developed, be assisted by skilled personnel and get education in order to acquire necessary skills to turn into real companies.

**Background and descriptions**

Our participant at Umeå Biotech Incubator has been the CEO since 2012. She described Umeå Biotech Incubator as an Incubator that focuses on life science and in particular on drugs and diagnostics projects. Umeå Biotech Incubator was created 2005 and is an academic Incubator that is partly owned by Umeå University through a holding corporation. The purpose with the Incubator center is to attract investors and get academic life science projects ready to leave the academic level. Our participant described that the Incubator center also could provide industrial competence and infrastructure with for instance equipment and offices to the born global projects.

When talking about born global companies, two different terms were mentioned by the participant; born globals and go globals. Medtech and diagnostics projects are described as go globals as they start in Sweden and incrementally increase their internationalization, they thus go global. On the other hand, born global projects are those described as established in order to invent new drugs and have in most cases two ways to go. Either they collect risk capital for product development or they get acquired by bigger companies that implement these projects as a part of their own product portfolio. Born global projects, our participant wish to call them as projects instead of companies, are reaching the whole market at the same time as the big companies are present worldwide. She argued that the founders or the idea carriers were in most cases high educated academics from the University. The idea carriers were seen as in possession of international competence within their research area but had a lack of industrial competence from the industrial market.

**The internationalization process**

Our participant explained that the internationalization was conducted due to the fact that the big companies within the industry are based on the international market. She argued that the process of creating a new product is time consuming and extremely expensive due to high development, production, release and marketing costs. Idea carriers need to use the bigger companies contacts and channels on the international market and the challenge, according to our participant, is to make the bigger companies interested in these projects.
She explained that **the bigger companies will either acquire the project directly or establish a Joint Venture, which is most common in the early stages, in where they financially support the experiments and acquire it later.**

When getting the question what differs born global projects compared to other projects, she explained that born global projects can be seen as more humble towards the international market and in possession of a different view of the world as they know that they need to go international. As our participant expressed it:

*They (the born global companies) know that they need to go international and are better prepared when it comes to differences in culture, laws and regulations between markets.*

**The importance of resources**

Networks were seen as critical, as there are tight connections between each idea carrier within the industry. Our participant argued that previous personal networks are important when establishing contacts and promoting the idea to potential investors. It was furthermore seen as important to be surrounded by people with large networks and to use these contacts to extend your own networks. This is something that Umeå Biotech Incubator can support different kinds of projects with, in for instance, setting up a contact with international partners or offer training in business to business sales. These networks, the value adding results, the personal characteristics and the idea carriers credibility within the team were seen as determinant factors if the project will be invested or not. It was explained that **a team with a good track record that has been proved to work will more likely be acquired; this as previous experiences within the sector is seen as important in order to gain credibility that you can deliver.**

When we brought up the resource of knowledge, our participant explained that knowledge about how to develop the product but also the knowledge about what type of results the industry is asking for were seen as important. She argued that it is also important to have the knowledge about how to sell the idea to investors as well as to understand what type of activities that actually bring value adding result. Moreover, she furthered this by explaining that knowledge and the competence is another source that, if missing out, can lead to expensive mistakes. In addition to this, she emphasized that financial risk capital was seen as the major missing resource in these kind of projects, as life science products are expensive to develop compared to software applications. To be in possession of financial capital and to have a financial plan was seen as important for all companies, especially born globals. And to not have a financial plan was described as:

*It is like breaking in an uphill, thus you will not go backwards but you will not move forward either.*

**Factors related to Risk, Uncertainty and Trust on the market**

She argued that an immense amount of money is involved in the development process and that it was important to recognize the risks and to have a clear plan. According to our participant, the risk analysis is thus very important, not only in order to minimize the risks
in the internationalization process, but also because the idea carrier will lose trust on the market if not understanding it. She moreover explained that Umeå Biotech Incubator can provide guidance in creating a market analysis, establishing an activity plan and to determine which activities that are actually adding value to the project and thus makes them attractive for risk capitalists. A sufficient market analysis will reduce the risk and uncertainty surrounding the project and make the projects more valuable. In addition to this, she emphasized that:

*Two ways to build up the level of trust and thus lower the uncertainty on the market are to be surrounded with the right people and to deliver what you promise.*

**Concluding remarks**

In the case of Umeå Biotech Incubator, our participant argued that networks were seen as important to possess but financial capital was brought up as the foremost critical factor. She explained that money enabled companies to acquire competence and value adding results and that money could solve many problems. The projects should thus in first hand be made attractive for risk capital but also for other potential investors. And she argued that:

*It does not matter what company or industry the idea carrier is targeting, it is important to understand when you have researched a level that is good enough and not go for the excellence.*

It is thus a matter of money, to go beyond what is good enough will lead to higher costs and to utilize the financial capital as effective as possible was seen as important. And Umeå Biotech Incubator goal is to *make every project attractive for investment.*

**4.1.3 Åkroken Business Incubator**

Åkroken Business Incubator is an Incubator that is working to support entrepreneurs that have the right courage and that are willing to take the necessary risk to make their business idea commercially viable. Åkroken Business Incubator is offering a wide range of activities from coaching, advisors and networks, to business development and facilities which will support the development of the idea carrier’s business idea. (ABI, 2014)

**Background and descriptions**

Åkroken Business Incubator was created 2005 and is located in Sundsvall. Our participant was a business coach and explained that Åkroken Business Incubator can assist companies to analyze their current situation. The incubator is focusing on companies working with forestry but also with others including businesses within the information, healthcare and agricultural sectors. In addition to this, education can be provided as well as personal tips to how companies can get access to the Incubators network, both local contacts and international contacts with potential customers or partners, or with organizations such as Business Sweden. The Incubator can assist in the dialog with other companies, with for instance language assistance or detailed discussions on business proposals. Our participant at the Incubator argued that they possessed good competences within a wide area and the challenge was to find out what was needed in each unique company.
The internationalization process

Our participant argued that the maturity in the idea carrier will play a role in determining how to enter the international market, as it can be done in different ways depending on the existing condition. The classic way of exporting was according to our participant conducted stepwise by first exploring the domestic market before gradually expand its business towards the international market. Our participant’s opinion about the classic way of exporting was two folded and he expressed it as follows:

\textit{In the classic way of exporting there is a clear way of conducting internationalization which might be good but it will nevertheless not suit all companies as it tends to slow down the internationalization process and be too academic.}

Our participant moreover emphasized two kinds of reasons to internationalize. He described that some of the companies are in possession of a niche product and it will thus be natural to approach the international market early on, as the Swedish market is simply too limited. But then there also existed a kind of a spontaneous exporter, that by coincidence received an international order. The spontaneous exporter was described by the participant as \textit{maturing by time and will thus perceive the international market as gradually more attractive.}

Our participant explained the spontaneous internationalization process as different compared to the incremental internationalization that the idea carrier can do when he or she is in possession of resources, which enables him or her to conduct market analysis and methodologically determine the order to internationalize. He described that many of these small born global companies do not have the opportunities but have to take the chances that reveals. The participant emphasized that the Incubator is working hard to identify those that wish to go international at inception and allocate more resources if there is an international potential. These companies can get operative support to create new contacts or to establish international contacts through the Incubator’s existing network.

The importance of resources

Our participant argued that one way to reach the international market for these companies are to go through other companies and to use their networks that already exist. There might even exist local companies in possession of the networks needed, the Incubator can then provide support in the process of setting up a deal. As our participant explained it:

\textit{This (to use others networks) might not be optimal in purely business terms but it can be a smart way to go international as small companies have limited resources.}

The access to networks during the internationalization will according to our participant vary, both in terms of what the idea carrier possess as well as what the Incubator can contribute with. But the Incubator has in general an extensive network to contribute with, this due to their variety of backgrounds within different sectors. Networks were moreover seen as essential in all stages of the business cycle, from receiving advices in the early stages to setting up a deal in the end. Our participant explained that the networks consist of an individual’s contacts and the networks will thus be the sum of all individuals working within a project. He believed that the most optimal networks were those where the business
network and the personal network overlaps which results in trust and a good relationship. But to define a network was seen as rather difficult and complex, and was best explained as you ask someone that know someone.

Our participant argued moreover that financial capital was seen as essential and especially if you want to conduct a faster expansion. Financial capital was argued to be needed in all expansions but that financial capital could be acquired during the process in an incremental expansion. If the idea carrier wishes to conduct a market analysis, create a business plan, conduct customer visits and present his or her product in a way that suits the customers, then money is a prerequisite. Other resources that were seen as important were contacts and market knowledge but the participant argued that the importance of each resource was due to the characteristics in the product. This was further explained by our participant that if you have a digital product, then it is an excellent product as it is easy to distribute.

Factors related to Risk, Uncertainty and Trust on the market

Risk was argued as something that the Incubator tried to mitigate but that it was costly process and it would not always yield positive results. To conduct a thorough market analysis was according to our participant a way to mitigate risk, but while some idea carriers wish to take precautionary actions before acting, other prefer to deal with the problem when it might arise. Other ways to spread the risks and uncertainties were mentioned by, for instance, allowing external investments in the company and thus share the risk, licensing out the idea which reallocates the risk, or to hire consultants and take advantage of their knowledge. Our participant described that born globals tend to ally with bigger companies or utilizing those experienced of the international market as a way to mitigate the perceived risk and uncertainty.

Concluding remarks

According to our participant, to have an idea with an international potential was seen as a prerequisite and the entrepreneur himself or herself was seen as the most important resource. He explained that the entrepreneur needed to have a strong aspiration to release the product, whatever it takes, and moreover be in possession of a willingness to learn as well as to approach the contacts needed. One’s personality will play a major role when negotiating with international partners and as the participant expressed it: I get surprised sometimes how people act, they just got IT. He argued that the financial aspect was important but it was however not a determinant factor if the idea carrier had a good idea that he or she could materialize. Support is instead needed in how to present the idea and this is one of the essential tasks that the Incubator center can contribute with, especially if the entrepreneur has a lack of previous experiences. This as the entrepreneur will acquire knowledge throughout the whole internationalization process and our participant expressed it as follows: Creating a company is a journey of personal development.

4.1.4 Summary

Different views have been depicted and this is mostly due to the fact that each Incubator center has its own focus. Arctic Business Incubator is carefully selecting entrepreneurs in possession of international potential with the aim to make them prosper and to go international. Åkroken Business Incubator depicts a similar picture but is more focused on
making businesses commercially viable and is thus not solely focusing on making them international. Nevertheless, both Incubator centers offer the necessary competence and skills within a broad area that enables companies and products to go international. Umeå Biotech Incubator on the other hand is more specialized on life science and in particular drugs and diagnostics projects. Umeå Biotech Incubator and our participant’s experience can therefore be perceived as slightly different in comparison to our participants at Arctic Business Incubator and Åkroken Business Incubator as they are working with different types of companies and products. A table that summarizes each Incubator center and their views on the born global company’s internationalization process, the importance of resources and factors related to risk, uncertainties and trust will follow next as a way to make the first section more understandable for the reader.

<table>
<thead>
<tr>
<th>Incubator Center</th>
<th>Motives for internationalization</th>
<th>Critical success factors</th>
<th>Factors related to risk, uncertainty and trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arctic Business Incubator</td>
<td>- International customers - International potential</td>
<td>- Financial capital - Sales knowledge - Networks - A functional team</td>
<td>- Make the product credible to venture capitalists. - Convince the first customer. - The entrepreneur might lose their investment. - Culture uncertainties. - Foreign market conflicts.</td>
</tr>
<tr>
<td>Umeå Biotech Incubator</td>
<td>- International customers - Limited domestic market</td>
<td>- Financial Capital. - Make each project attractive for investments. - A team with a proven track record.</td>
<td>- Do a risk/market analysis to minimize risks. - Attract risk capitalists. - Trust; Understand the market is important. - Trust; Right people around you and deliver what you promise.</td>
</tr>
<tr>
<td>Åkroken Business Incubator</td>
<td>- New market potential - Niche product</td>
<td>- The entrepreneur. - Have faith in the idea. - Have a willingness to release the idea. - Have an idea with an international potential.</td>
<td>- Do a market analysis. - Share risk and uncertainties with external investors.</td>
</tr>
</tbody>
</table>

Table 4: Summary of the Incubator centers

The reason to go international could be summarized as a necessity as the company has either a niche product, has its customers international or has a limited domestic market. To have financial capital was also seen in two out of three cases as a critical success factor for conducting a successful internationalization. The human side of the organization was emphasized as important in all three cases and the entrepreneur and especially the team surrounding him or her will be a determinant factor. To do a proper market analyze was seen as important in order to mitigate the risks and to make the product credible for risk capitalists/external investors was moreover argued to be a way to decrease the risk related of being present international. The internationalization process will be further explained
under the analyze section (see chapter 5) and more details on the process and especially when different resources are utilized will be provided.

4.2 The companies

The second section will display the companies and how they perceived their internationalization process. It will provide the reader with a background description (see table 5) on each company and the participant(s) before dealing with the internationalization process and more specific the motives behind it. The importance of resources will follow the internationalization process and it will depict the participant(s) viewpoint upon resources that they possessed or missed out on when conducting the internationalization. The purpose is to provide the reader with enough information to get his or her own picture on how important resources are and which resources that are perceived as most important. This will be followed by a subheading treating factors related to risk, uncertainties and trust before concluding each company on how they perceived their internationalization now afterwards. The section will end by a summary of the companies.

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Founded</th>
<th>Participant</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algoryx Simulation</td>
<td>Software Simulation</td>
<td>2007</td>
<td>CEO/Founder</td>
<td>18</td>
</tr>
<tr>
<td>Calejo</td>
<td>Forecasting Consulting</td>
<td>2009</td>
<td>Managing Director/Founder</td>
<td>2</td>
</tr>
<tr>
<td>CodeMill</td>
<td>IT Consulting</td>
<td>2008</td>
<td>CEO/Founder</td>
<td>30</td>
</tr>
<tr>
<td>DesignTech Solutions AB</td>
<td>Web-based Solutions</td>
<td>1999</td>
<td>CEO/Founder</td>
<td>10</td>
</tr>
<tr>
<td>Neava</td>
<td>Mobile Technology</td>
<td>2001</td>
<td>CEO/Founder</td>
<td>60</td>
</tr>
<tr>
<td>Oryx Simulations</td>
<td>Advanced Simulation</td>
<td>1999</td>
<td>Business Developer/Founder</td>
<td>65</td>
</tr>
<tr>
<td>Satmission</td>
<td>Communication Equipments</td>
<td>2004</td>
<td>CEO/Founder &amp; CTO</td>
<td>6</td>
</tr>
<tr>
<td>UmBio</td>
<td>Multivariat Hyper Spectral Image analysis</td>
<td>2002</td>
<td>CEO</td>
<td>4</td>
</tr>
<tr>
<td>XSockets.NET</td>
<td>Real-time applications</td>
<td>2014</td>
<td>CEO</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 5: Company descriptions

4.2.1 Algoryx Simulation

Background and description

Algoryx was founded 2007 and the first contact with the international market was made before its inception. Contacts with other clients in the world were accomplished soon afterwards and Algoryx has today expanded its business to 18 employees. Algoryx develop and provides software and service for physics based simulations, which are often combined into solutions that are sold to different business areas. Algoryx´s original area was within the real time simulation with for instance vehicle simulations, vessel simulations or other heavy machinery systems, in where simulations could be used to train the operator or be used for R&D. Today Algoryx also provides simulation software that is used by engineers and designers as a support in designing and developing technical system. Our participant
was the CEO/Founder and his background and competences derives from further education within the University.

The internationalization process

Our participant explained that the discussion about the potential market and how to work towards it started a few years before the inception and to only see the market as domestic was never an option. The solutions that the company is offering can be characterized as highly specialized and the customers that Algoryx wished to serve were argued to be allocated on the international market. Our participant explained that some markets have been seen as more difficult to gain access to than others and that was mainly due to cultural and language barriers, in for instance, China and Japan. To go international was a necessity and our participant explained that the market that Sweden has to offer is simply not large enough for the company to exist on.

International contacts are today created by systematic sales work, but many contacts were also described to arise by coincidence, at international branch fairs or at other meetings. Our participant moreover brought up Google and the use of Linkedin as important sources that have made it possible to interact with potential customers around the world. According to our participant, it was quite easy to get the first international customers by communicating the message from the office in Umeå through digital and social medias. But to receive an upscale effect and to industrialize the organization from project based to process based has however been perceived as difficult.

The importance of resources

Personal networks have been the most important resource and the founding team possessed large international networks which have been widely used. Our participant moreover argued that networks were in the majority of the cases seen as personal, this as a person will be involved in each and every network. Algoryx does not make any bigger differences between the local and international market and the ability to use modern digital communication techniques was brought up as an important resource when approaching international customers. He explained that Algoryx approached many customers face-to-face, but that many relations were also established through the use of for instance, email, telephone or social media.

Our participant argued that Algoryx possessed a high knowledge within their business field since the founders were researchers within this technical area. To have an organization where everyone has a broad understanding was argued to better facilitate growth and our participant emphasized their strategy in developing the organization in terms of learning by doing.

Financial capital was moreover argued to provide a faster growth but the risk to lose control over the company was seen as greater than its benefits. To build up a core business takes time, and risk capitalists that invest money in the company are in most cases looking for profits and a fast exit, not for a long term investment. After considering the risk of losing control, access to financial capital was not seen as a major barrier according to our participant. To conclude, when being asked if there were any resources missing during the
internationalization process, our participant explained that international market and sales knowledge were resources that they missed out on but that these were also seen as difficult to acquire early on in the internationalization process as a small company.

Factors related to Risk, Uncertainty and Trust on the market

The initial decision to go international was seen as a necessity for Algoryx and our participant emphasized that the company was created in order to do business on the international market. Nevertheless, he explained that some risks could be seen when it comes to which countries to focus on, which resellers to establish contact with and how much resources that should be allocated on these resellers. But he argued that by actively pushing out the products on resellers, train them and provide them with sufficient support, Algoryx could mitigate an immense amount of risk related to the international market. And our participant explained that:

*The barriers and the risks on the market need to be compared to the potential of the country.*

Different cultures have different ways to create trust and the Japanese market was brought up as especially challenging. To create trust on the Japanese market was seen as a time consuming process and our participant argued that it was important to get a deal with, or to collaborate with some of the bigger companies that were in possession of a higher credibility on the market. This process of collaborating with bigger companies was moreover seen to be applicable to other markets as well but our participant argued that the European market was in this case found as more predictable. The fact that Algoryx is a Swedish company and that it has emerged from the University has, according to our participant, to some extent provided credibility per se.

Concluding remarks

Our participant explained that if they would repeat their journey today they would have released their latest product both faster and earlier. He argued that if they would have conducted the process faster there would have been fewer competitors in possession of a similar functionality on the market and Algoryx would thus have received more attention. After knowing the outcome, the participant explained that Algoryx might have analyzed the internationalization process too much before executing upon it, but that it was a question of courage.

No major cooperation was initiated with the Incubator center as it possessed insufficient knowledge regarding IT operations at the time when Algoryx was founded. Our participant argued that Algoryx had a fast expansion within its niche field and that the Incubator at that time would have slowed them down. Nevertheless, he emphasized that this has changed and the contact with the Incubator center is today much better and the Incubator center is supportive in several areas. In addition to this, Business Sweden can, to some extent, be useful when targeting new markets and in establishing contacts abroad.
4.2.2 Calejo

Background and descriptions

Calejo was founded 2009 and the background to why the company was founded was due to a project undertaken at the University in where a forecast model was developed by one of the founders. The model is built around artificial neural networks that have the purpose to predict the future development within markets, in for instance, forestry, banks and finance, which will guide the customers to make strategically right decisions. By analyzing input data of the historical development the model will make highly accurate predictions on how the future market will appear. The accuracy of this forecast model was incredibly good and yielded in most cases more accurate forecasts than present fundamental analysts could provide.

Calejo was founded by two persons. The first was the inventor of this model and has thorough knowledge within this technology field from further education in the University. The second founder, which was our participant, had previous experience in running businesses and also international experience from working and living abroad. They are today the only employees in Calejo.

The internationalization process

Our participant at Calejo described their internationalization process as: The company tested the forecast model with some local forest companies during the first years in order to see so if it worked on the market, and it did. So the work continued with packaging this model into a product and in 2013, the product was released on the market. Calejo is working hard and have already acquired customers from all over the world. He argued that the reason to release the product on the international market was a necessity since very few customers were found on the domestic market.

Moreover, to set a price on the model and to package it into a product was mentioned as difficult by our participant. The forest industry was described as a conservative industry and customers would thus stay with existing partners, even though the existing forecast technique is not optimal. Our participant argued that Calejo was therefore forced to set a price that was lower than the existing competitors and has from there been able to increase the price once the market has accepted the product. He described an aspect of Calejo’s internationalization as follows:

One strategy in the internationalization process has been to collaborate with strong market agents from strategically important regions and markets.

The importance of resources

According to our participant, to get access to financial capital at the early stage of the internationalization process was seen as very difficult and he argued that the governmental support from Almi was very important for Calejo. He continued by describing that business angels, banks and private investors are undertaking great precautionary actions before investing money in projects at an early stage, and are therefore not as willing to take the
risks as they wish to indicate. But resources were overall seen as missing and the participant described it as hard to put 100 percent into the company since you cannot work for free. Our participant explained that the company came to a certain point where we (Calejo) had to decide to believe in the company and stop work on other assignments. He moreover explained that sales resources were, in addition to financial capital, also seen as a resource that they missed out on in the development process.

An important source for creating personal networks has been branch fairs which enabled Calejo to expose its product to potential international customers. These personal networks were seen as the main source of networks since the company is rather small and the contacts are connected to the two founders. Our participant explained that his personal network has been useful in selling the forecast model, this due to his previous industry knowledge. Our participant believed that his previous connections within the forest industry together with the cofounder’s own unique competence have been important factors to ensure credibility in the product. The cofounder is moreover active within the University and was described by our participant as one of few in the world that has knowledge of this type of technology.

**Factors related to Risk, Uncertainty and Trust on the market**

Our participant explained that Calejo perceived the international market as an opportunity instead of a risk. The Swedish market is not big enough for this type of product and Calejo did not consider the alternative of just focusing on Sweden. He argued that the market which Calejo is active on can be seen as very conservative and to gain trust has therefore been perceived as difficult. To convince the existing experts has been seen as difficult and people need to understand and have a trust in this forecast model that it will predict more accurate results in order to acquire it. The personal networks on the markets as well as the collaboration with other companies have therefore served a useful purpose in order to create trust around the product.

**Concluding remarks**

In the case of Calejo our participant explained that the process before releasing the product was unnecessary long this as he kept on working with other assignments outside the company meanwhile. He argued that the internationalization process should have been conducted in a faster way and that they moreover should have thought more about the pricing of the product. He explained that Calejo is working on a conservative market and that it has been difficult to convince the market about the value of the product. And some promotion activities were furthermore brought up as resulting in too high costs but he explained that all these activities have however created the brand that Calejo is associated with today.

The most important resource for Calejo was described to be the cofounder with his competence in this area. Our participant argued that the company was dependent on his competence and that few other people in the world were in possession of this kind of knowledge. Moreover, networks, and especially personal networks, have had an important role and the importance of financial capital was emphasized as a barrier in running the
company. In addition to this, our participant explained that Calejo has used Åkroken Business Incubator’s support and their advice during the set up and that the Incubator center has been a great support.

4.2.3 CodeMill
Background and descriptions

CodeMill was founded 2008 and consists of around 30 employees. They are mainly offering IT consultancy services to both larger customers, but also to smaller customers that are demanding specialized solutions. Our participant at CodeMill has worked with software development at the University, before he 2008 founded CodeMill. The participant is one of two cofounders and the CEO of the company. He is today working with sales, human resource questions as well as in maintaining and establishing new contacts. The reason to go international with CodeMill was based on a personal aspiration to be international and CodeMill had their first international activity already one year after the inception. The participant argued that it was a domestic market for this type of service, but as he expressed it:

To be international and to establish international contacts have been a vision within the company from its inception.

The internationalization process

CodeMill is continuously looking for new target markets but the majority of the customers are today located on the European market and especially in the UK, this due to its proximity and similarities in cultures. Our participant explained that cultural differences have been noticed on the US market in terms of the customer/supplier relationship and the time differences will moreover result in long communication lead times. International market experience was something that has been improved during the internationalization process and CodeMill has recently recruited a sales person in possession of international market knowledge. A perceived problem internationally has, according to our participant, been the payment procedures in some large companies, not due to a lack in monetary possession, but rather as administrative problems which has taken longer time than necessary.

The importance of resources

Our participant argued that relationship with partners was critical for CodeMill´s businesses. Networks were thus seen as the most important resource to possess and to maintain a good reputation was seen as very important. When talking about networks he explained that it was the company’s networks rather than the personal networks he wished to emphasize, as the company was not dependent upon a single person.

To have contacts and a good reputation within a niche branch were seen as crucial factors in order to be present on the international market.

Technological knowledge was also seen as important for CodeMill´s businesses and recruitments were done in terms of University graduates as well as experienced
professionals. Our participant moreover explained that the possession of financial capital has not had a direct impact on CodeMill’s business. It has nevertheless resulted in an indirect impact as customers have received financial support which enabled them to do business with CodeMill, it has thus indirectly increased the demand in their services. As CodeMill is selling consultancy hours, financial capital has been obtained from day one but our participant argued that CodeMill could have made a faster expansion by acquire external capital. Nevertheless, except some good sales people, no major resources were seen as missing during the internationalization process.

Factors related to Risk, Uncertainty and Trust on the market

The recruitment of sales people has, according to our participant, been seen as a major risk as a wrongly matched sales person will not only contribute with additional costs but also in causing tensions to already existing relations. The payment procedures on the international market were also seen as a risk factor as it creates lead time in payments or might even cause a financial loss. It was explained that a solution to this risk was payments in advance, and milestones were moreover implemented in bigger projects in order to receive payments along the project. But our participant explained that the aspiration to go international has always been seen as greater than the perceived risks that could be found on the international market.

To stay active with the contacts that already have been established and to keep whatever you have promised were argued to be important in order to maintain and to strengthen the trust with customers on the international market. The participant did not perceive factors related to marketing as a major need but to maintain the trust with customer and partners, thus to have a good relationship, was argued to be critical.

Concluding remarks

A better presence on the international market could have been beneficial for CodeMill during their internationalization process. Our participant explained that this would have provided them with a better contact and proximity to the customers, but that it was seen as a financial question as well. He explained that CodeMill is active on branch fairs and that these fairs were seen as a great opportunity to create new international contacts.

The Incubator center has been used in terms of coaching, sales education and networking activities, and it has contributed in creating a board as well as providing interesting business partners. Nevertheless, the relationship with other companies and other participants on the markets was seen by our participant as most important when going international. These relationships have enabled CodeMill to get in contact with larger customers on the international market which would not likely have occurred otherwise. Our participant moreover emphasized that it was important to keep what you promise and to not promise more than you can keep and to keep every customer satisfied, thus to maintain a good relationship, even though it might not result in profit maximization.
4.2.4 Designtech Solutions AB

Background and descriptions

Designtech was founded 1999 and is working with web based solutions for effective and secure information handling to companies, governments and organizations on the global market. Designtech is today focused on some main areas with their solutions which are within; project management, research management, learning management and construction management. Designtech was founded as a stock company 1999 but started to run their business in 2001. They had their first international customer in 2003 and they are today around 10 employees with consultants included. Our participant was the CEO/Founder of Designtech and started to work full time for the company in 2001 after further education at the University.

The internationalization process

The reason to go international in the case of Designtech was described by the participant to be set by the nature of the product and by the fact that Designtech is working towards the web. He however emphasized that Sweden is still the main market and that Designtech mainly approached European customers on the international market. He explained that the business plan for one of the products was to target the world market and not only the domestic market here in Sweden. The participant described it as a matter of course to have the ambition to target the international market.

One barrier that Designtech met in the early internationalization process was that they tried to get into too many countries at the same time. Instead of allocating the resources on one or two countries, Designtech spread their resources and did not get the desired impact on the market. This was described by the participant to be an effect from the fact that you believe that you can do more at the same time than you actually can do as a start-up company. Our participant emphasized that a decision was therefore taken a few years ago to focus the resources on the Swedish market and to incrementally grow internationally again, instead of being spread out as the problem was in the beginning.

The importance of resources

Our participant meant that a combination of resources were seen as important. He explained that Designtech already possessed much of the technological competence needed within the company and the knowledge of the international market has either been acquired or received in terms of learning by doing. Most of the work has been done within the company but they have occasionally used consultants that have worked on the foreign markets and in some cases Business Sweden. Our participant emphasized the limited financial capital as a barrier due to the high cost of making establishments in foreign countries. The participant described it as much more expensive than predicted and that it was something that was hard to know from the beginning. Nevertheless, it was not the initial level of financial capital needed that was described as hard to get, it was rather the volume that was too small. He described it as:

You need more financial capital to do a journey like this but we were working with insufficient access to financial capital.
Networks were moreover described by the participant as very important since it is always easier to do businesses close to your own networks. Our participant did not want to make any difference between personal and company networks, and all networks, especially networks related to people on the market and sales side were seen as essential. He explained that different conferences, branch fairs and Business Sweden have been used to find partners and contacts in Europe.

**Factors related to Risk, Uncertainty and Trust on the market**

One factor that has affected Designtech on the international market is the uncertainty in making businesses in another currency. The exchange rate for the Euro has been changing during the last years which has resulted both in positive as well as negative impact. But the participant explained that it was not possible to prevent all risks that exist on the international market because the company would then never be able to move forward. Based on this, our participant did not see any greater risks with pushing the product out on the international market in comparison to keeping it solely domestically.

Good contacts and networks with partners were, as previously mentioned, seen as important. To have good contacts made it easier to gain trust and to conduct good businesses, since businesses, according to our participant, tend to be based on relations. Designtech is therefore working hard to keep relationships and to make the ties with already existing customers outside of Sweden even stronger.

**Concluding remarks**

If our participant would repeat the same journey with Designtech today, then they would have focused the financial capital on one or two countries. He described that they probably would have changed the business idea to one that demanded less financial capital, or to put efforts on acquiring more money to accomplish the business idea that they had. Except the financial aspect he emphasized the human resources as important, as he explained it:

*To have someone in the board that has experienced an internationalization process would probably have facilitated the (internationalization) process.*

Networks, especially on the sales and market side were seen as the most important resource, since businesses are created through relations and personal contacts. The participant mentioned that Designtech has been in the wrong phase to take advantage of the Incubator center but he described it as a good resource that would have been useful if they would have started the process today. To conclude the case of Designtech, *knowledge was not seen as a problem for Designtech but the limited financial resources could have been better utilized.*

**4.2.5 Neava**

**Background and descriptions**

Neava was founded in 2001 by four professionals with previous industry experience. The participant is a former academic from the University while the three co-founders are
Neava is developing and testing software for the cellular technology industry and more specific the communication parts within the phone. Neava consists today of seven different corporate groups with one parental company in charge, which our participant was the CEO/Founder of. Around 60 people are working at Neava today and the participant emphasized that all corporate groups are rather small, but that they are in charge of their own business with the aim to make them prosper in the future.

The internationalization process

Neava’s internationalization process can be described in two stages. The participant explained that their first international contacts were established approximately five years from its inception with some major telecom companies located in Europe. The reason to internationalize was taken because the company’s customers were located internationally and there were very few telecom customers domestically. Neava’s international market is characterized by its fierce competition and intense price pressure. Many of the company’s competitors are big Asian companies which can offer services to one fifth of the price as Swedish companies can. Our participant explained that Neava still has the same focus as when they started in 2001 but that the company today is working more professional due to the progression as the company has made. In order to stay competitive, Neava therefore moved some of its business to Poland which was the second stage of Neava’s internationalization. This was a way to stay competitive on the market as Neava had to offer lower prices to its customers. Neava’s customers agreed upon that the proximity to the company was important and due to this, major parts of Asia were omitted, as well as some parts of Eastern Europe as it was seen as politically instable. As our participant explained it:

*In order to stay competitive on the market Neava had to be able to offer a low price profile which was the reason for entering Poland.*

Our participant experienced the entrance into the polish market as time consuming but it was however not perceived as more expensive than being present in Sweden. He further argued that *it was not the first option to go international but due to the prevailing price conditions in Sweden an option had to be found in order to satisfy the customers’ needs.*

The importance of resources

Contacts were, according to our participant, seen as the most important resource to possess when going international, as they can support as well as ease the internationalization process. Business Sweden has served as an important partner for Neava and has been a good resource to utilize as they speak the same language (Swedish), know the current regulations, as well as how the Polish society works. The participant emphasized that personal networks were very important and valuable for those in possession of them. And he explained that *personal networks are worth to maintain as one in the future, when he or she least expect it, can yield great benefits from them.*

No major resources were found as missing during the internationalization process. Instead, our participant emphasized the importance of conducting a thorough analyze of the
situation before entering the international market as well as having the courage to actually initiate the process.

*It is important to never doubt in the decisions made as there will be times when questioning the outcome will occur.*

**Factors related to Risk, Uncertainty and Trust on the market**

In the case of Neava, our participant argued that there were some uncertainties on the international market and especially when entering Poland. The participant perceived differences in culture, traditions and regulations when conducting businesses in Poland as troublesome. Moreover, the communication problem in terms of insufficient language skills was argued to be a barrier on the Polish market which caused problems when negotiating. Neava has been taking precautionary actions against risk and uncertainties by establishing local contacts, both through Business Sweden and in a local contact person. Moreover, the bureaucracy in Poland was another difficulty that was perceived as slowing down the expansion and the contract agreements that existed in Poland caused uncertainties around the recruitment process, as he explained it:

*The access to competent people has been good but the employees are recruited on project contracts and the employee rotation has been perceived as an uncertainty for Neava.*

The participant argued that their previous experiences have been important for Neava when building strong customer and supplier relationships. The participant believed that customers wish to stay in contact with the same supplier as he or she has previous experience of or to use the same consultants as they are proven credible. He explained that *if customers would have based their decisions solely on profit maximization, then they would have chosen other suppliers.*

**Concluding remarks**

Our participant described Neava as in possession of a good mix of knowledge within different areas and the participant himself has in various degrees been in contact with, for instance, sales, technology development as well as been active on the international market. It was seen as important to give space for different abilities and characteristics and our participant believed that it is the diversity that makes a company successful. Some people are more risk averse while others are less, and to find the balance was argued as important. It was moreover emphasized as very important to be able to deliver what you say you got and to deliver it when they expect to have it, otherwise it would create a bad image around the company. To satisfy the customers demand was seen as very important and our participant expressed it as follows:

*If the customer requests a rusty Volkswagen, we (Neava) are then not supposed to deliver a Bentley, because it costs too much and that was not what they wanted.*

Furthermore, our participant explained that no contact was established with Incubator centers but that Business Sweden has been a good support when entering Poland. The
The toughest challenge has, according to our participant, been to believe in an establishment like this as it was far from obvious. He explained that it is not unlikely that Neava will continue to develop its business area and the participant argued that this could now, after previous experiences, be done more efficient with decisions that are better analyzed and more thought through.

4.2.6 Oryx Simulations

Background and descriptions

Oryx Simulations was founded 1999 and provides training simulators for vehicle drivers. The company consists of 65 employees and their products enables vehicle drivers to practice real time situations in a 3d world. Their products are sold and distributed by large MNCs within the Swedish vehicle industry and Oryx Simulations is thus, indirectly, working with the whole world as their market. The first international delivery was conducted already after a couple of years and Oryx Simulations has today offices in Umeå, Stockholm and São Paulo.

Our participant has around 20 years of consultancy experience before founding Oryx Simulations. He had the position as a CEO in the company until 2011 when he appointed a new CEO and is today focusing on business development.

The internationalization process

The decision to internationalize in the case of Oryx Simulations was due to a cooperation project between a research department at Umeå University and a larger MNC. Our participant explained that the purpose was to develop training simulators for the MNC and that he saw a great opportunity as the MNC already was active on the international market. Oryx Simulations could through this MNCs sales people early on deliver their first simulators to both the US market as well as the market in South America. Oryx Simulations took advantage and learned from the MNC, this as no previous experience regarding international market activities existed.

Oryx Simulations is working around a business model where it sells its products through partners or through OEM (Original Equipment Manufacturing) agreements.

Our participant argued that a training simulator is a rather small product and that it was a combination of business development factors, personal aspirations as well as pure business aspects that was taken into consideration when going international. The participant explained that huge efforts are allocated each year on being present with the training simulators on the major fairs around the world which enables the customers to conduct test rides. He explained that Oryx Simulations have encountered technical problems which was described as common when being present as a market leader with a highly innovative product. Moreover, financial problems have emerged at two specific times due to fast expansions which made the company grow in a slower pace than necessary.
The importance of resources

Our participant explained that the possession of skilled technical people and researchers from Umeå University have formed the core of Oryx Simulations business, especially in the early stages. Technical components have been developed in cooperation with the University which otherwise would have been impossible for Oryx Simulations to acquire. This cooperation with the University has therefore been the most important resource for Oryx Simulations development.

The resource that Oryx Simulations was seen to missing out on the most was the availability of people with international work experience, which the participant argued as difficult to recruit to Umeå. Personal networks were therefore seen as extremely important during the internationalization process as much knowledge derives from it. Our participant argued that he is today in possession of a much better personal network than at the outset and emphasized the importance of building the personal network early on as one will have great benefits from it. The participant argued that these personal networks were seen as more important in the beginning but that this has during the process shifted to become the company’s network.

Financial capital was seen as difficult to obtain and there was a perceived gap between getting the initial financial capital and to attract additional capital to a business that was already up and running. After obtaining the initial financial support our participant argued that Oryx Simulations had to deliver results and a product for the market in order to obtain further financial support. He furthered this conversation by explaining:

*When you have been proven capable to export all over the world then it is easy to double it and receive financial support for it. This as the company has gained trust among investors and bankers.*

Factors related to Risk, Uncertainty and Trust on the market

Our participant argued that they did not perceive any greater risks on the international market than on the domestic, this as they might not have been able to sell the product solely domestically. To go international enabled Oryx Simulations to reach customers in different countries from the outset which, according to our participant, decreased the perceived risk. As the participant explained it:

*It was perceived as a greater risk to not go international and they (Oryx Simulations) knew that they could export it due to their business model that they had in cooperation with the larger MNC.*

The participant moreover explained that uncertainties could either be interpreted in terms of potentials and opportunities or by risks and problems. As Oryx Simulations has an innovative and technical product the uncertainties have therefore been interpreted in terms of its opportunities. Oryx Simulations received trust and credibility on the market by showing potential customers that big Swedish MNCs were using Oryx Simulations products. Our participant argued that this was a proof of quality in the company when big
MNCs implemented Oryx Simulations products with its own logo on them.

**Concluding remarks**

To conclude, more effort and money should have been allocated on marketing and on financially building the company already from the outset. The company did not reach the international market at the pace that they wanted which resulted in higher costs. The participant moreover explained that two or three important people should have been recruited earlier on than it was done. But to recruit additional employees was however perceived as a huge risk due to the financial burden. And our participant explained that *after knowing the result, the journey that was conducted during a ten year period should instead have been conducted during a five year period which would have been more beneficial in terms of the financial aspect.*

Our participant argued that the possession of international sales and marketing knowledge in order to find business partners and attract the customers now afterwards can be seen as an important resource. The participant explained that these people have been recruited accordingly to specified needs but that it should have been done earlier. And when talking about the Incubator center, our participant explained that it has supported Oryx Simulations with finding networks, board members and also in finding financial capital but the major cooperation has been with the University. The participant wish to emphasize their business idea as focusing on technical solutions and in selling the training simulators through their partners which has been proven to be a good idea when going international.

**4.2.7 Satmission**

**Background and descriptions**

Satmission was founded 2004 as a break out when the former company decided to move the production and services to other locations in Sweden. Satmission provided in the beginning services within satellite communication and mainly on products from the former company. But Satmission is today designing their own products and is thus able to provide their customers with its own mobile satellite communication. The company consists of 6 employees which includes one consultant. The company was international from inception, this as the customers that Satmission has been providing services to were allocated on the international market.

Two participants participated in the interview. The first was the CEO/Founder which started to work in 1999 as an assembler and maintenance technician at the former company. He had the whole world as his market and this provided the participant with valuable contacts and also international knowledge. The second participant was the CTO which has been working for the former company since 1996, prior the foundation of Satmission.

**The internationalization process**

Satmission has been international since inception and our participants explained that it was hard to be dependent solely on the Swedish market, as there were too few customers represented domestically. The focus is today on the European market and the reason not to, for instance, enter the US market was mainly because the participants perceived it as
conservative. They argued that an office is needed to be opened on the US market in order to stay competitive but explained that Satmission is not big enough for this kind of establishments yet. However, although Satmission is a rather small company, the purpose is to look bigger when promoting the company towards the world, which was argued as important.

Satmission has changed their business area from solely being a service company to becoming a producing company and the perceived challenge on the market today is to meet the changing demands. The biggest barrier during the international process and that has slowed down further growth for Satmission was the need of more `muscles´ (financial capital). Satmission did already possess the market competence and the employees were in possession of existing networks that have been established during previous work experiences. But to process the market as well as to pitch the products correctly were perceived as challenging and this has been partly solved by being present on branch fairs and to offer demo-systems to various customers. To further this, our participants explained that Satmission was annually represented on a branch fair which was seen as very important for the company in order not to lose the customers´ trust. This branch fair was also one of the reasons to why customers from all around the world recognized Satmission´s products on the international market.

The importance of resources

Our participants argued that the most important resources they possessed on the market side were their existing customer network and sales channels. These networks were seen as very important and the participants explained that personal contacts have always been seen as important on the international market, especially in selling the products. These networks were in the beginning foremost related to personal networks but the participants explained that as the time goes, new customers will emerge and it will thus create a company network, this as contacts are rather on a business level than on a personal level.

The company was argued to be in possession on branch specific knowledge but that the knowledge of sales was missing out. Moreover, money was according to our participant emphasized as critical to possess when entering the international market, for instance when promoting the product on branch fairs. Both participants argued that they could have allocated more investments on the market as well as recruiting more employees on sales, if they would have been in possession of more financial capital. They explained that the customers often want to see, feel and test the product before buying it and this was a challenge as the product is expensive to produce. Financial capital was thus seen as important, and the participant explained that it does not matter if you have the best product in the world if you cannot go out and promote and pitch it, that is how it works.

Factors related to Risk, Uncertainty and Trust on the market

Our participants argued that to enter the international market was seen as a way to spread the risks on several countries. The participants explained that although they are rather small, they did not perceive any greater risk to lose market share, instead they saw the potential to gain shares from competitors and had thus nothing to lose. Satmission was,
according to our participants, looking at the whole world rather than on specific continents or countries, because that would have made the company vulnerable to market changes. Nevertheless, one uncertainty that existed on the international market and still does is the differences between countries and cultures, which can cause problems when negotiating due to differences in hierarchical positions. Satmission is therefore selling their products through resellers that have specific knowledge in each region which reduces the complexity, the perceived cultural differences and makes it safer to conduct businesses on the international market.

Both participants described that a good way to create trust was to always deliver satisfying services. The company has sold many products through good customer services and it was therefore argued as extremely important to deliver services and products that would meet these customers’ expectations. In addition to this, to be visible on the market as well as to cooperate with bigger companies were moreover seen as important factors when gaining trust and credibility on the international market.

Concluding remarks

To estimate what things really cost was argued as difficult, as it was seen as a process of learning by doing. The participants at Satmission argued that financial investors with a general understanding of their business have been hard to find since it is a very specific branch. More financial capital would have made it possible to be closer to the customers and to provide more demonstrations of the products. The participants argued that it was seen as important to be visible on the market in order to gain trust but it was also perceived as important to show the market (the customers) that you will deliver what you promise. As they explained it:

It is a fact that if you are not visible, then you do not exist on the market.

When looking in the mirror, the participants explained that if they would have changed something, then it would have been to bring in external financial capital much earlier and process the market in a different way. And although sales people were acquired later on in the internationalization process, this was also argued as something that should have been done earlier. The financial capital was therefore seen as a difficult barrier in the internationalization process and Satmission could, with more money, have processed the market differently, acquired more market and sales people and made more distinctive market investments.

When raising the question in utilization of Incubator centers, our participants explained that Arctic Business Incubator center has been supportive in the process of writing a business plan, finding risk capital, and has worked as a guiding advisor. He furthered this by explaining that Satmission also used services and education provided from the Incubator center to extend their knowledge in the sales process, etc. but emphasized that the Incubator center has not been used during the internationalization process per se.
4.2.8 UmBio

Background and descriptions

UmBio was founded 2002 and their business has been based on developing a software program within multivariate data analysis. The company continued to develop their software program and around 2006-2007 they found the field of multivariate hyper spectral image analyzing as an unexplored field. UmBio started to develop an inspector that could, with the help of an attached camera, inspect substances in real time but the process to sell this product has been proven harder than they first thought. UmBio went through a management change in 2012-2013 and the amount of employees was decreased down to the 4 that are working at UmBio today.

Our participant described this as a new start in where UmBio has tried to change the business idea and focus more on the software, which is where they have their core competence. Our participant was the CEO at UmBio and was employed at this position approximately one year ago. Our participant explained that UmBio had problems on the sales side and that he was employed to increase UmBio’s sales. The participant had during a longer period worked towards the international market by selling industrial products and has from this acquired previous international knowledge.

The internationalization process

Our participant explained that the reason to go international was not due to the knowledge of the international market, but they did it because customers were found outside the domestic market. UmBio has been working hard towards the international market from its inception but have encountered difficulties to convince the market. Our participant described the potential customer of this product as a technology driven company that is a leading actor in their branch, no matter which branch, because they need to have a large amount of R&D resources. To approach the international market was seen as a necessity since the Swedish market was simply too limited on large companies with a need for an inspector. Our participant argued that the world is so much bigger than the Swedish market and that the most of the potential customers are found on the international market.

Our participant explained that the plan was to sell the product from the office located in Umeå but due to cultural differences, they decided to distribute it through suppliers. A barrier for UmBio has been to negotiate with US customers as they preferred to do business with large successful companies in possession of a strong brand image. Our participant furthermore described that it was seen as difficult to sell the product because it does not exist a market for it yet and to create a market was perceived as a time consuming process. UmBio has, due to this, been in possession of an international aspiration from its inception and our participant explained that UmBio was present on branch fairs in order to create international contacts. UmBio has sold almost all their appliances by the reputation that has been spread over the Internet by experts.

The importance of resources

The resources that have been most useful during the internationalization process were, according to our participant, a combination. The participant explained that the key people
that founded UmBio were very important for the company’s existence and that UmBio would not have survived without them. Partners were moreover mentioned as an important resource, but everything required a great amount of money which was seen as a problem when the company sells too few products. The participant argued that it was hard to attract investors without proven sales, and potential investors need to accept that the return on investment will take time. But the financial issue was described by our participant to be a tricky question, since you will lose parts of your company in order to receive financial capital. He explained that UmBio has a small organization and that money has been seen as a problem due to expensive activities on the international market. The participant explained that a company needs to have bright people, a good idea as well as financial capital.

UmBio was described as using a mix of company networks and personal networks but that the personal networks were seen as most important. To use already existing distribution networks within the branch or a similar branch was described by our participant as a very easy way to get connections. Personal networks were however seen as the most important resource for UmBio and the participant mentioned that the close connection UmBio has with a professor here in Umeå was seen as a major advantage. This professor as a person and his personal network, which consists of experts within this field, was described as the single foremost important resource for UmBio in the internationalization process. As our participant expressed it:

This professor is acknowledged and respected for his work within the field of hyper spectral image analysis and he is very important for the company. The professor knows all the experts within this field and everyone know him for his respected work.

Moreover, the people that are working within UmBio are experts when it comes to this type of technique and few other competitors in the whole world can match the advanced level of the product. However, our participant explained that a resource that UmBio could have needed when they started was someone in possession industrial sales competence. Our participant argued that UmBio had limited knowledge about sales in the early development stage and that it had a negative impact on the company. And he described that to understand how sales are conducted is important even in start-ups and it does not matter if you possess everything else if you have not done the market analysis correctly.

Factors related to Risk, Uncertainty and Trust on the market

UmBio was described by the participant to be a high risk company from both a company and a customer perspective, since the project can be described as very uncertain for everyone involved. But even though it might be a big risk of making businesses with a foreign country, UmBio did not perceive the risk as big because they did not have much of a choice. The participant explained that:

Only between 5-10 percent of all companies that work with this type of technology development will survive and UmBio will take the risk if they find a potential customer somewhere.
Our participant described that UmBio has started to use already existing local distribution networks that know the local laws and regulation in order to decrease the risk on the international market. Local partners and already existing networks were seen as important because it was seen as very difficult to do business on a foreign market. The participant explained that the difference in culture on the international market did affect how the customer perceived factors related to trust. He explained that it was crucial that the customer would have a trust in that UmBio’s inspector would solve their problems.

Concluding remarks

Our participant at UmBio explained that to thoroughly conduct the market analysis, to use the existing distributions networks and to find a partner to trust on were all things that should have been done differently. He explained that UmBio missed out on these initiatives which were seen as very important, especially for a small company in the start-up phase. More sales competence was needed in beginning and a better analysis of the market would have better indicated which way UmBio should have taken. Nevertheless, to acquire external competence was seen as expensive. He argued that if they had known how costly and difficult it was to do international business, then they would have more likely focused on finding contacts and customers within a closer distance.

Our participant emphasized that UmBio was a small company working with a world leading technology within a new unexplored field. The founders and their key competences within this field were seen as an important resource for the existence of the company and the professor’s personal networks were moreover mentioned by our participant as the most important resource in finding international contacts. And when getting the question regarding UmBio’s connections to Incubator centers, our participant described UmBio as a kind of an Incubator company since it has been located at the same location as the Incubator center but that its connection was to Uminova.

4.2.9 XSocket.NET

Background and descriptions

XSocket.NET’s idea was born in 2009 by two computer programmers which started to develop a business leading framework for real-time communication. The framework is used by customers that are working with, for instance; surveillance systems, processors in the manufacturing industry and as a communication platform for Med-tech companies. The first version of this framework was released after one year but has been completely rebuild from scratch when version two came. XSocket.NET is today providing the third version of their framework and was officially registered as a company in 2014 with 3 employees. The product or the framework as our participant wished to call it was developed to facilitate communication between smart units (regardless whether it is a phone, camera etc.) and the company had international customers at its inception. While their latest version is available online for free, XSocket.NET charge money for the support service, license service and collaboration agreements.

The participant was the CEO for XSocket.NET and has been an entrepreneur during a bigger part of his life. The participant explained that he, in 2013, was brought in since the
company was managed by two computer programmers that wanted a person with competences within promotion, long term strategy and how to establish business contacts on the market.

**The internationalization process**

The reasons for XSockets.NET to enter the international market were due to the characteristics of the product and the market. This market was seen as global and the company did already possess contacts on the international market from its inception. Our participant argued that the two programmers have developed a framework that is far better than all other alternatives offered on the market, which he described as a competitive advantage. The company has signed a collaboration agreement with a Swedish based partner that is active on the foreign market and the participant explained that it was natural to go international as Sundsvall and Sweden is a too small part of the world.

The participant emphasized that setbacks with the product or the market were seen in terms of challenges instead of barriers. One challenge was to get the users of the framework to buy the support service agreement or license agreement which was seen as difficult since the framework was, as he explained it, *too easy to use.*

**The importance of resources**

The participant explained that the company possessed a good knowledge combination, since the founders had the competence about this technology. The participant also emphasized his knowledge of promotion, market factors and strategic thinking, and the team that XSockets.NET has now was described as the perfect match to move on from. Our participant moreover mentioned courage to do things on the international market as very important, not only in the internationalization process but also in order to be a successful company.

The networks that exist within XSockets.NET were described as personal networks. The two founders have during their time developed good contacts within the international IT world where they have been active on many conferences. These contacts have quickly expanded with new international relations that were formed to the existing network on the international market. The participant explained that he furthermore possessed strong local networks that he found to be very useful. The company was described as working with *both local and international networks for daily use* and networking was emphasized to be a part of a successful entrepreneurship.

Moreover, even though you have a good product, the internationalization process was explained to be a time consuming process and it was seen as important to be in possession of financial capital to facilitate future growth. The participant explained that XSockets.NET has brought in external risk capital to give the company a good start and he did not perceive access to financial capital as a major barrier in the development phase where they are today. He rather described it as a decision question concerning future strategic expansions.
Factors related to Risk, Uncertainty and Trust on the market

According to our participant, there is always a risk involved when working in an abstract branch. But to be a part of this abstract branch creates an interest and a curiosity around the framework from both the domestic as well as the international market. The participant however explained that it occur some risks related to signing agreements and to assure that the customers actually were paying. He further described that the market uncertainty was perceived as a big risk as the company is in the forefront in a new field. Different barriers and uncertainties were argued to always exist on the international market, but these should not be given too much time if you have an idea that you believe could contribute with something good. The participant described it as:

*You cannot stare yourself blind on things that you cannot affect, it is better to see the opportunities, believe in what you are doing and hard work usually give payoff in the long run.*

The participant explained that the company was signing collaboration agreements with strategically important customers in order to gain trust on the international market. This will further spread XSockets.NET’s reputation on the international market when its product is implemented into other customers systems and will thus increase the credibility in the company.

**Concluding remarks**

XSockets.NET had access to financial risk capital rather early which otherwise was seen as a problem. The participant described risk capitalists as *not willing to take the necessary risks to be called risk capitalists [...] and that they take too big precautionary actions* as they enter the projects when the product is already ready for the market. He argued that it was possible to attract a small amount of start-up subsidy through the support of for instance, Incubation centers, but that it was first when the company gets a finished product that risk capitalists will be interested to invest. The participant explained that the company was aware of Åkroken Business Incubator center and that the founders had some contact early on in the process but felt that the company was too far ahead in the process to use the Incubators support.

To be in possession of courage was mentioned as very important in order to successfully conduct the internationalization process. The company’s future growth will require strategic investment and it was seen as important to understand where to put the money. The success of the latest framework will decide the future expansion on the employee side and this was described by the participant to be the next challenge facing XSockets.NET in their internationalization process.

**4.2.10 Summary**

**Comparison of backgrounds**

The companies that we came in contact with can all be categorized as high-tech companies and many of them are providing world leading solutions and products within their niche field. What we cannot see in the table (see table 5) but that is to be found in the text is that
most of the participants that we have been in contact with possess deep knowledge of their respectively area. Many have an advanced further education within the university or have been working with the type of technology that the company is providing for many years. We can see some differences when it comes to the age of the company with some new companies in for instance XSockets.NET and some companies that are more mature, for instance Oryx Simulations. In addition to this, we have a notable difference in size from 2 employees to 65 employees which might have had an effect on how they answered our questions. All companies are nevertheless younger than 15 years and they can all be characterized as SMEs. All participants have been either the CEO or the founder which was one of our prerequisite when contacting each company.

Comparison of the internationalization process

<table>
<thead>
<tr>
<th>Company</th>
<th>Motives</th>
<th>Challenges</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algoryx Simulation</td>
<td>The company was founded to do business on the international market.</td>
<td>Hard to get up-scale effect, Culture and language barriers.</td>
<td>A leading software simulation provider. Possesses deep experience.</td>
</tr>
<tr>
<td>Calejo</td>
<td>Seen as necessary, the Swedish market was too small.</td>
<td>Hard to put a price on the product and to convince the customers.</td>
<td>Unique product and cutting edge competence.</td>
</tr>
<tr>
<td>CodeMill</td>
<td>A domestic market exists but the personal aspiration was to be international.</td>
<td>Culture differences. Different payment procedures.</td>
<td>To acquire more customers and create an international company.</td>
</tr>
<tr>
<td>DesignTech Solutions AB</td>
<td>The business plan was to sell on the world market. A matter of course to have that ambition when working on the Web.</td>
<td>Did target too many markets at the same time.</td>
<td>The customers are on the international market and it is a product provided through the Web.</td>
</tr>
<tr>
<td>Neava</td>
<td>Need a low-price profile and the customers are international.</td>
<td>Time consuming process with a bureaucratic system.</td>
<td>Providing high skilled competence to a competitive price.</td>
</tr>
<tr>
<td>Oryx Simulations</td>
<td>The Swedish market is too small for this product and the founder had a personal aspiration and ambition to be international.</td>
<td>Some technical and financial challenges.</td>
<td>Leading world-class simulator provider.</td>
</tr>
<tr>
<td>Satmission</td>
<td>The Swedish market is too small. Most of the customers are international.</td>
<td>The small size of the company. Limited finance to acquire market and sales competence.</td>
<td>Provides good quality &amp; attractive products and have many years of experience.</td>
</tr>
<tr>
<td>UmBio</td>
<td>Most of the customers are outside of Sweden.</td>
<td>Cultural differences. Difficult to convince and create a market for this product.</td>
<td>Unique technology and cutting edge competence.</td>
</tr>
<tr>
<td>XSockets.NET</td>
<td>Sweden is too small. The market for this product is global and international contacts were already established.</td>
<td>Hard to convince the customer why they need to pay.</td>
<td>A well-developed framework and cutting edge competence.</td>
</tr>
</tbody>
</table>

Table 6: Comparison of the internationalization process
Our interpretations of the participants’ answers are that the majority of companies had to internationalize as they either had their customers on the international market or that the Swedish market was too limited for their product. One notable exception is CodeMill that had a personal aspiration to be present international even though a sufficient domestic market existed. What we furthermore can see from the table is that while the challenges vary between the companies, the opportunity for many companies is that they possess cutting-edge competence or a rather unique product with few existing competitors. A more detailed elaboration on the internationalization process and the underlying motives will be found in the analyze chapter (see section 5.2).

**Comparison of the importance of resources**

<table>
<thead>
<tr>
<th>Company</th>
<th>Most important resource</th>
<th>Networks</th>
<th>Knowledge</th>
<th>Resources seen as limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algoryx Simulation</td>
<td>Personal networks and digital communications.</td>
<td>Personal networks on the international market were used.</td>
<td>High technical knowledge of the product.</td>
<td>Some more market and sales competence.</td>
</tr>
<tr>
<td>Calejo</td>
<td>The cofounder competence and Almi.</td>
<td>Personal networks from the two founders.</td>
<td>Strong technical knowledge of the product and knowledge of the international market.</td>
<td>Financial capital so that more time could be invested. Some more sales resources.</td>
</tr>
<tr>
<td>CodeMill</td>
<td>Relationship and reputation.</td>
<td>Company networks, not dependent on a single person.</td>
<td>Knowledge was seen as important but could be acquired.</td>
<td>Some more sales people.</td>
</tr>
<tr>
<td>Designtech Solutions AB</td>
<td>A combination but foremost networks.</td>
<td>Company and personal networks were seen as very important, did not make any difference.</td>
<td>Sufficient knowledge did already exist within the company.</td>
<td>Hard to get the appropriate volume of financial capital.</td>
</tr>
<tr>
<td>Neava</td>
<td>Courage, contacts and the ability to analyze the situation.</td>
<td>Networks were emphasized as important.</td>
<td>Sufficient knowledge did exist within the company.</td>
<td>Knowledge about foreign markets, e.g. language, regulations, etc.</td>
</tr>
<tr>
<td>Oryx Simulations</td>
<td>The cooperation with the University.</td>
<td>Networks were seen as important.</td>
<td>Knowledge existed within the company, good access to skillful people from the University.</td>
<td>People with international work experience were seen as hard to attract and recruit.</td>
</tr>
<tr>
<td>Satmission</td>
<td>Established contacts and sales channels on the market. The branch fair.</td>
<td>Existing networks has been used on the market.</td>
<td>Good technological knowledge. Missing some sales knowledge.</td>
<td>More money to process the market and to acquire more sales resources.</td>
</tr>
<tr>
<td>UmBio</td>
<td>A combination of key people in the organization and networks to important people &amp; partners.</td>
<td>Foremost personal but also the company’s contacts with distributors were seen as important.</td>
<td>High technological knowledge, lacking in knowledge of industrial sales.</td>
<td>More financial capital and knowledge of industrial sales.</td>
</tr>
</tbody>
</table>
Networks were seen as most important by the majority of the companies and especially personal networks were emphasized in most cases as crucial in the early stage since businesses are created upon relations. Networks were then seen as emerging as the international process took place to become more related towards the company’s networks. Technical knowledge was seen as existing within the company from the outset and skillful workers were also described as easy to acquire. The knowledge of sales was however explained as lacking by some companies, especially in growth stage, and more financial capital was also seen as needed in order to conduct a faster internationalization. Moreover, some of the companies (e.g. Neava & XSockets.NET) emphasized courage as a very important which is related to the entrepreneurs own personal characteristic to take the risk and to face the existing challenges on the international market. As the companies emphasized resources as differently important at different stages, the process of when resources were utilized during the internationalization process will be further elaborated upon in the analyze section (see section 5.3).

### Comparison of factors related to risk, uncertainty and trust

<table>
<thead>
<tr>
<th>Company</th>
<th>The risk and uncertainty on the international market in comparison with the domestic market</th>
<th>How to mitigate the risks and uncertainties</th>
<th>How to create trust on the international market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algoryx Simulation</td>
<td>Did not perceive the risk as the company was founded to be on the international market. Uncertainties related to different cultures.</td>
<td>Reseller contracts around the world require fewer investments internationally and reduce the risks.</td>
<td>Collaborate and sell products to big companies. Trust was created by being a Swedish company emerged from the University.</td>
</tr>
<tr>
<td>Calejo</td>
<td>Saw the opportunity instead of the risk with the international market. Conservative international market.</td>
<td>Did try the product on local companies before going international.</td>
<td>Needed to convince the market. Used networks and collaborated with other companies to gain trust.</td>
</tr>
<tr>
<td>Designtech Solutions AB</td>
<td>No greater risk with the international market in comparison with the domestic market. The product is provided through the Web.</td>
<td>Cannot prevent all the risks, it would slow down the internationalization process.</td>
<td>Good networks with partners and keep good relations with established customers.</td>
</tr>
<tr>
<td>Company</td>
<td>Uncertainties related to culture makes negotiation slower and tougher. E.g. language, regulations, and a high employee rotation.</td>
<td>Work with local contacts to acquire knowledge regarding their society and culture.</td>
<td>Provide satisfying services that will make the customer return to Neava.</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
</tr>
<tr>
<td>Oryx Simulations</td>
<td>No great risk since the Swedish market is too small. Can spread risk on the international market. Preferred to see the opportunities instead of the risks.</td>
<td>Collaborates with larger MNC companies.</td>
<td>Big MNCs in Sweden are using their products, which is a fact that creates trust on the market.</td>
</tr>
<tr>
<td>Satmission</td>
<td>A way to spread the risk on more countries, less vulnerable to market changes. Saw the potential for growth.</td>
<td>Payment in advance and reseller networks in each region.</td>
<td>Provide products and services with high quality, be visible and sell to big companies.</td>
</tr>
<tr>
<td>UmBio</td>
<td>No great risk, saw the opportunities. Uncertainties regarding culture and regulations.</td>
<td>Using local partners and personal expertise.</td>
<td>By using acknowledged experts and their personal network.</td>
</tr>
<tr>
<td>XSockets.NET</td>
<td>Risk with being present in an abstract branch per se, which also creates curiosity and interest. Emphasized the opportunity.</td>
<td>Sign collaboration agreements. Focuses on things they can change.</td>
<td>To have strategically important customers.</td>
</tr>
</tbody>
</table>

Table 8: Comparison of factors related to risk, uncertainty and trust

The majority of the companies perceived the international market as an opportunity rather than a risk due to the limited market that exists within Sweden. The ability to spread the risk on many countries, thus on many markets, were seen as an advantage with the international market and uncertainties were in most cases related to cultural differences, regulations or existing market conditions. To collaborate with partners and other companies was seen as useful in order to overcome risks and also in building trust on the market. To be visible on the market and to have strategically important customers, preferably well-known companies, were moreover seen as important factors in order to gain trust and credibility on the international market.
5. Analysis

The purpose is to depict new findings that have emerged as well as to investigate if previous literature could be transferred to our companies. It will furthermore incorporate and analyze the Incubator centers and their expertise on born global companies. This will provide the reader with information on how the Incubator centers argued that born global companies internationalization process looks like and if this is consistent with how the born global companies actually perceived it. It will end with a revision of the framework by incorporating new insights on which resources born global companies tend to utilize in the internationalization process.

5.1 Born global companies

We can see that even though our cases were selected with no regard to industry limitation, all of them can be categorized as technology driven companies. Several of our participants described that what they are providing is a unique solution or product that has few competitors in the world. But this uniqueness of the business idea does not only provide an opportunity on the market. Due to the limited size of the domestic market here in Sweden the majority of our participants mentioned that the decision to go international was a matter of course, in order to find potential customers. The motives behind the internationalization will now be elaborated upon before entering the stage to unveil the internationalization process. The first two sections (5.1; 5.2) will therefore analyze the background of the companies and the underlying reasons behind the internationalization process before taking a more process oriented analyzing approach starting at section 5.3.

We found that our cases were well suited for most of the characteristics described by Tanev in table 2, (Tanev, 2012, p. 6-7) as they; approached the international market near inception, are working with limited resources, are willing to take the risk on the international market, are targeting a niche market with a unique solution, are using modern communication and are taking advantage of partners on the market. Our companies have showed significantly similarities to these characteristics but it is one of the eight characteristics that they do not fulfill. That is that born global companies have moved beyond the technology industry and are represented across a wide range of fields, which could not be seen among our cases. The reason to this might be due to our relatively small sample size which could not cover all fields that born globals are represented within. To conclude the discussion about the characteristics, all three Incubator centers mentioned the characteristic of the product as an important factor that needed to be taken into consideration when talking about born globals. Based on our findings, we could see a clear pattern in each product/company as being highly specialized within its specific field. Partners were moreover commonly found as important in order to create trust and credibility and the participants tend to see the international market as an unexplored opportunity rather than a risk.

5.2 The internationalization process

The reason to internationalize was often due to a limited domestic market here in Sweden which best can be described by Designtech, UmBio and XSockets.NET, who mentioned the
Swedish market as too small for the nature of the product. This reasoning is further in line with the majority of our companies, and the only company that described a different pattern was CodeMill. The participant at CodeMill explained that the domestic market might have been large enough but that the personal aspiration was to be active on the international market. This has also provided CodeMill with the potential to find new customers within a niche area.

While the reason to internationalize can be seen as fairly homogeneous, the rest of the internationalization process differed. Our companies can be divided into three groups in terms of they conducted the internationalization process. The first group of companies are those that had an international approach right from inception, which are; Algoryx, Satmission, UmBio and XSocket.NET. Our participants from these four companies described that the internationalization process was conducted with different success which can also depend on the product itself and the industry that the product is targeting. While Algoryx, Satmission and XSocket.NET described that they had an existing base of potential customers’ right from the inception or even before, UmBio have had a harder time to convince the international market. The product that UmBio offers is a niche product within a new market that has few potential customers. The product is moreover tangible and cannot be seen as a service or solution that the other three companies provided at their inception. We therefore want to oppose the importance of born globals to be first on the market, which Oviatt et al. (1995, p. 36) suggest would be beneficial. The first mover advantage can in fact be a barrier if you have to both create and convince a market that they actually need your product, which we found in Calejo and UmBio. Moreover, to acquire resources as an early mover has been proven to be difficult as the market is not set, which may result in companies being in possession of resources that are of limited value (Lieberman & Montgomery, 1998, p. 112).

The second group of companies are those that started domestically but acquired international customers between year one to year five which are; Calejo, CodeMill, Designtech, Neava and Oryx Simulations. These companies have tested their product domestically or come up with a product close to inception that is targeting the international market. They conducted their internationalization by progressively adapting to new international opportunities. What is worth mentioning is that an aspiration and intention to be international have always existed and the time it took before the companies entered the international market can be seen as a development phase. Moreover, the psychic distance to the market has in previous research (see Brennan & Garvey, 2009, p. 131) been stated to be less important for born global companies, which has emerged as general factor in the internationalization process. But we have however recognized another trend among many of our participants that described factors related to the psychic distance as important to take into consideration. To do business close to the home market was still seen as easier for many of the companies due to the proximity to the customers and the cultural similarities. It was also seen as favorable to do business with English speaking countries.

We could moreover see from the case of Designtech that the internationalization process was not a straightforward process. The participant described that Designtech approached too many countries at the same time and the amount of resources were therefore not sufficient enough to process the market with any significant effect. The process revealed
barriers related to limited resources and foremost limited financial capital that acted as a constraint when processing the potential markets. The lesson to be learned from this case is that the international market is resource demanding, and worth to mention is that Designtech has changed their approach to focus on the domestically market and gradually expand their business again. It can therefore be seen as a step back to a traditional internationalization process and we could see a pattern among Designtech, as well as many of our other companies (e.g. Neava, CodeMill) that the psychic distance was perceived as important during the internationalization process.

The third and last group consists of two companies, Neava and Oryx Simulations, which have had time to conduct a further step in the internationalization process and are today present with an office on the international market. This group is thus not directly related to the time it took to enter the international market, it is instead related to the dimension of being internationally represented with an own office in order to limit the psychic distance. Oryx Simulations exported their first product to the international market after a year or so and is today represented with its own sales office in São Paulo. This can be interpreted as an action to create a proximity to their customers on the South American market. Neava on the other hand is today present with an office on the Polish market in order to provide a competitive price to their customers. The proximity to the customers was argued to be the underlying reason behind entering the Polish market and the proximity has been argued as important in several other cases (e.g. CodeMill, Satmission) and relates directly to the psychic distance which was seen as important once again.

Every market has its own barriers and in addition to financial barriers we also came in contact with culture barriers which changed the way of doing business on the foreign market. The participants (e.g. Algoryx, Neava and UmBio) mentioned culture or languages as a barrier and that it was seen as easier to create trust and to conduct businesses with people close to your own culture. We received explanations of differences in: the buyer and seller relationship, administrative functionalities as well as of organizational hierarchies’, even in markets close to Sweden. It was however mentioned by some participants (e.g. Oryx Simulations, Satmission) that reseller or distribution networks were used with partners from the local market to cope with these challenges. We could therefore see that
the companies are aware of cultural barriers and have found ways to deal with some of the existing challenges on the international market.

We will now provide an answer our first objective: To investigate how the internationalization process within a born global company looks like and why it does take place. The reason behind why the internationalization took place was described by eight out of nine companies as a necessity. The motive in many of our cases is thus not related to the opportunity to find a niche market that can yield greatest benefits of its specialization which was described by Madsen and Servais (1997, p. 573) and Oviatt et al. (1995, p. 36). And although profit maximization can be implicitly interpreted as essential in every company, the reason was rather related to the limited size of the domestic market that exists within Sweden. And while some companies were created with customers on the international market (e.g. Algoryx, Satmission) other took advantage of contacts, both local and international, in order to distribute their product(s) on the international market (e.g. Oryx Simulations). How the internationalization process was conducted will be further described throughout the whole chapter due to its complexity.

To conclude, when analyzing the Incubator centers we can see patterns that are consistent with the answers of our participating companies but we can also see new findings on how the companies perceived their internationalization. All three Incubator centers agreed upon that the reason for the born global company to internationalize was either due to the limited opportunities on the domestic market or because of the characteristic of the product as being a highly specialized, so called niche product. This is consistent with the majority of the companies as perceiving the international market as a necessity in order to leverage the products full potential.

5.3 The importance of resources in the internationalization process

It was often more than one resource that was brought up as important and some participants did even mention that a combination of resources were needed to coexist in order to create a running company. Resources have most likely different importance in different stages of the development and the internationalization process. We have however tried to interpret which resources that have recurred most frequently and been described by the participants as necessary to possess. One resource that has been seen as important beforehand and been described by Freeman et al. (2010, p. 81) as central for the expansion of born globals was the technological knowledge, but it was however a resource that often was omitted by the participants. We can nevertheless not neglect the importance of knowledge since the majority of the companies were created around an innovative and a rather unique idea. The resource that has been frequently described as most important was instead contacts and relations on the market, which thus will be described as the networks.

5.3.1 Networks

Rasmussen et al. (2001, p. 100) explained that existing networks was not a determinant factor when creating a company as the companies tend to rely upon a good business idea or experience of going international. We have however recognized that most of our companies had existing networks that were created before initiating the internationalization process. Existing contacts and relationships on the market have in all cases been brought up as important which is in line with prior research (see Tikkanen, 1998, p. 111) and we have
moreover recognized that different types of networks can be used in different phases. Networks have by eight companies; Algoryx, CodeMill, Designtech, Neava, Oryx Simulations, Satmission, UmBio and XSocket.NET, been brought up as the most important resource during the internationalization process. Networks were seen as a source to create knowledge of the foreign market (Neava, Oryx Simulations, Satmission) and the close relationship to the University were seen as most important resource by Oryx Simulations. Satmission and Designtech emphasized the personal contacts on market and sales side as important which also has been seen in the case of UmBio, where the majority of the products have been sold through the personal network of experts within their niche field.

Personal networks related to the founders were in several cases (Algoryx, Calejo, Neava, Oryx Simulations, Satmission, XSocket.NET) seen as especially important in the internationalization process. The participants at Satmission however mentioned that these personal networks have transformed to become the company’s network as new customers emerged. The participant at Oryx Simulations moreover described that the personal network that he possess today is much better than in the early internationalization process when it could have been as most useful for the company. He described personal networks as a good source to learn new knowledge from and explained that if you plan to start a new organization then the personal networks is something that should be built up very fast and early on, you should allocate some energy on it because it will give return. We can therefore see that personal networks were perceived as especially important in the early internationalization process (e.g. Calejo, Satmission) but that new types of networks connected more towards the company have been seen as emerging during the internationalization process (e.g. Oryx Simulations, Satmission), with for instance, resellers, distributors or collaboration partners.

The importance of networks and its role during the internationalization process cannot be neglected which bring us to objective 4: To investigate which role networks have for the born global company in the internationalization process. Networks were described by the majority of the cases to create trust and to reduce uncertainties on the international market. Moreover, to collaborate with other companies by using existing reseller and distribution channels was mentioned by UmBio and Oryx Simulations as important for a small company in order cope with differences on the international market. The importance of networks has moreover been recognized by earlier research as an essential resource in finding partners and can thus mitigate limited access to economic of scale, risk aversion and limited knowledge resources (Andersson & Evangelista, 2006, p. 656; Freeman et al., 2006, p. 33). The fact that our participants used partners, reseller but also organizations such as Business Sweden in the internationalization process can be seen as important factors when working with limited resources on the international market. Networks can therefore be interpreted as a driving factor that will ensure trust on the market and to decrease the perceived psychic distance, which is depicted in figure 6.
This research was motivated by the need to further research on resources and especially how knowledge and networks affect the internationalization process in a born global company. Based on our findings, we can see that networks play a central role in the process as they will increase the level of trust, mitigate some of the perceived risks and uncertainties which are factors that in the majority of the cases were related to the psychic distance. To have access to appropriate networks was found as very important when going international and some participants (Algoryx, CodeMill, Neava and XSocket.NET) argued that every business could be seen as built and dependent on relationships.

### 5.3.2 Knowledge
Freeman et al. (2006, p. 33) described knowledge as a key resource for born global companies and that it is often a resource that is missing. Knowledge can however take different shapes, (e.g. market knowledge, technological knowledge etc.) and is thus difficult to depict. The technological knowledge has in previous research been argued as central in born global companies (see Freeman et al., 2010, p. 81). Nevertheless, it was only Calejo that described the technology knowledge within the company as the most important resource during their internationalization process. But, the possession of knowledge can be seen as strong within our companies and the technological knowledge that these companies possess is in some cases world leading with only a handful existing competitors. It has furthermore been described by previous researchers (see Knight & Cavusgil., 2004, p. 137) that born global companies tend to focus on superior quality products in its own niche market. Our interpretation is that the technological knowledge existed within the company from the foundation and was therefore not emphasized as important. The importance of knowledge will be further explained when providing an answer our third objective: **To investigate which role knowledge has for the born global company in the internationalization process.**

Knowledge and especially the access to technological knowledge can be seen as essential early on in the internationalization process. The participant from UmBio mentioned that the core in their organization was the key people that founded the company and that
partnerships were later established with people and organizations that could contribute with knowledge that were seen as missing. In addition to this, the participant at Oryx Simulations emphasized that the knowledge supply emerging from its close connections with the University as an important resource for the company. The knowledge within the born global company can moreover be seen as something that is important to possess early on in the internationalization process as being active in a niche field. Nevertheless, when missing out on factors related to knowledge, networks were used by involving partners with better competence of for instance the international market. But worth mentioning is that as networks were seen as evolving during the internationalization process, the potential of acquiring new knowledge will be greater later on and we therefore argue that to be in possession of knowledge early on in the internationalization process will be of great advantage.

5.3.3 The utilization of resources

The ability to acquire resources on the human side was in many cases (Calejo, Oryx Simulations, Satmission, UmBio) affected by the possession of limited financial capital. The participants at Calejo mentioned that financial capital is critical to acquire early on as it affects the founders’ ability to work with the company. Satmission and UmBio moreover described that more financial capital would have allowed them to acquire more market and sales people and to be more visible on the market with their products. This would have increased the speed of the internationalization process and did thus have a direct effect on their internationalization. We can see that the ability to acquire necessary resources on the sales and market side has been described as relating to a financial aspect. XSockets.NET considered this by acquiring a CEO that possessed market knowledge and could deal with issues regarding strategy, sales and promotion. To acquire people with management competence was however not seen as an easy job. The participant at Oryx Simulations explained that to acquire new employees was a risky process and to be located in northern part of Sweden was not the best when it comes to attract internationally experienced people.

Our participants had some reflections about the internationalization process and what could have been done differently to change their position on the market today. Something that recurred in several cases was that that the time from inception to be internationally present was seen as too long. The participants from Calejo and Satmission mentioned that more financial capital could have developed the product and placed it on the market much faster, which was also brought up by Designtech and Oryx Simulations as something that could have been acquired earlier to facilitate a faster growth. The participant from Designtech furthermore mentioned that to have someone with previous experience from the internationalization process within the company, in for instance the board, could have been useful to predict what was needed to go international. It is thus once again the human resources that were mentioned as important, but the human resources have been claimed by our participants (e.g. Oryx Simulations, Satmission) as resources that are difficult to acquire early on in the process due to the small size of the company. The possession of people with adequate market and sales experience could therefore be seen as a barrier early on in the internationalization process before the company was large enough to acquire people with sufficient competence.
Gifford (2010, p. 305-306) mentioned that born globals lack necessary financial capital to take profit opportunities and need to depend on financial support. Financial resources were frequently also mentioned as a barrier in the internationalization process among our companies and it sometimes even forced the company to take a step back during the internationalization. But it was in many cases (e.g. Designtech, Oryx Simulations) not the initial amount of financial capital that was seen as difficult to acquire, it was rather the volume that was seen as difficult to obtain before being proved to be credible on the market.

What can be seen is that the financial capital has been a barrier in many of the cases, and it has slowed down the internationalization process. What we found was that it was rather few companies that mentioned financial capital as a barrier early on in the internationalization process, it was instead in a later phase of the process when the company wanted to expand and target more markets that limited access to financial capital forced them to slow down. Some have mentioned (e.g. Calejo, XSockets.NET) it as difficult to pursue risk capitalists to invest financial capital as the companies are seen as high risk projects. As no company can be in possession of too much financial capital it will therefore be difficult to elaborate upon its importance as one might always argue that more money could facilitate some kind of value adding actions. The conclusion is that financial capital has often been perceived as sufficient early on in the internationalization process but been seen as lacking later on in the process.

We have now come to a phase where we can answer objective 2: To investigate how resources were utilized in the internationalization process in order to overcome barriers on the international market. As different resources have occurred, we have chosen to focus on networks and knowledge, thus the human side of the company. These resources will be analyzed on how they will contribute in the internationalization process in order to overcome the existing barriers. To further this, barriers that were frequently found were access to financial capital, the psychic distance and cultural differences. While some barriers were seen as existing from the outset, other barriers emerged over time. The cultural differences were found as closely relating with the psychic distance and both existed at the outset when entering the international market. These were moreover mentioned with great awareness by our participants (e.g. Algoryx, Satmission, Neava) and the interpretation was that barriers related to culture differences existed, but that companies have found ways to cope with it. By, for instance, collaborating with partners, using resellers and distributors or using contact people in possession of necessary market knowledge, these companies could overcome some of the perceived barriers. We could moreover see that limited financial capital did not directly relate to the early internationalization in many of the companies. It was instead in the later phase that it turned out to be a barrier when the company wanted to get up-scale effect or change the organizational structure for further growth (e.g. Algoryx, Oryx Simulations, Satmission) and it is thus an extension to previous findings (see Halldin, 2012).

The limited financial capital had moreover a direct effect on the human resources and on possible amount of market and sales people that the company could acquire to facilitate a faster development. Limited financial capital slowed down the internationalization process and it was often explained by the participants that it existed limited resources in general,
but that it was seen as something that was hard to affect and thus nothing that was worth focusing on. It was instead mentioned that it was better to focus on things that you actually can affect and to adapt your business idea after the resources that the company was in possession of. Some participants mentioned that it was a combination of resources that need to coexist but all of our participants agreed that networks were one resource that was crucial to possess in the internationalization process. We have recognized that networks were utilized to large extent to cope with barriers related to the psychic distance.

5.4 Factors related to risk, uncertainty and trust

The majority of the companies did not perceive the risk on the international market as greater than being present domestically. Some mentioned it as a possibility to spread the risk among different countries (e.g. Oryx Simulations, Satmission) whiles other emphasized the opportunity as outweighing the perceived risks (e.g. Calejo, CodeMill, Xsockets.NET). The risk with the international market has either been perceived as low or that the company did not have any other choice than to be international due to the uniqueness of the product. It has therefore been difficult to define how the perception of risk has changed during the internationalization process. Another factor that can be worth considering is the relation risk has to psychic distance and that many companies lower the risk by being present within proximity (geography, language and culture) to their home market. The risks and uncertainties were mainly related to the early stage of the internationalization as the foreign market was relatively unknown and few partners could be found. As the internationalization process progressed, networks were created in terms of resellers, distributors and collaboration partners which decreased the perceived risk (e.g. Algoryx, Neava).

Factors related to risk, uncertainty and trust have been seen as closely interrelated, and to large extent related to previous mentioned networks. The participant at Algoryx described that trust is created by collaborating and to be associated with other companies, and a similar descriptions have been provided by several other participants (e.g. Oryx Simulations, Satmission, Xsockets.NET). This type of collaboration with other companies creates a win-win situation, mitigates risk and increase the level of trust, which is seen by Freeman et al. (2006, p. 57) as necessary for born global companies. We can however argue that the creation of trust need to be described as a process rather than something that is possible to acquire. The level of trust on the international market is something that the company needs to build up and is thus something that is likely to increase with time. Nevertheless, there are some notable exceptions to this as some companies were founded with entrepreneurs already in possession of trust on the international market (e.g. Satmission).

The Incubator centers answer on how to handle factors related to risks, uncertainties and to increase the level of trust are to some extent consistent with answers provided from our companies. Nevertheless, all Incubator centers argued that risk capitalist or external investor could be used to mitigate some of the perceived risks but this was opposed by some companies as they would lose control over the company. To sign reseller contracts, collaborate with bigger companies on the market or strategically important partners where instead emphasized by the companies as actions that could mitigate some of the perceived risks.
We are now able to provide an answer to our fifth and last objective. To **explore how resources are utilized to handle risks and uncertainties, and to increase trust in the internationalization process**. We could see that the factor of risk was not perceived as a barrier by our participants and many companies wanted instead to see the opportunity that comes with the larger pool of customers on the international market. Methods to deal with risk have been to collaborate with partners and resellers channels, and networks were thus revealed as important once again. These channels has also been emphasized as important by Gabrielsson and Kirpalani (2004, p. 568) in previous research as a way for lowering risk and enter the market faster. The collaboration with other companies has moreover been seen as the greatest source to create trust on the international market and been described as useful by many of our participants. We have however recognized that networks, in terms of both local and foreign contacts, need to be built and will most likely expand over time and thus increase during the internationalization process. The personal network or previous experience of the founding team is therefore something that we argue as important in order to create trust on the market and to decrease uncertainties early on in the internationalization process for the born global companies.

### 5.5 Revised framework

When summarizing all these mentioned factors and resources, we believe that there exist an actual pattern in the internationalization process in how resources are utilized at different stages. A revision of our framework will now be provided which incorporate the dimension of the internationalization process rather than factors separately described. We have recognized four different types of resources that have most frequently been brought up as important for the born global company to possess. These resources are technological knowledge (related to the product or solution), human resources (people with competence related to market and sales), financial capital, and networks (both personal and company). We have distinguished personal networks from company networks and made some abbreviations, as can be seen under the framework. The framework indicates where in the internationalization process different resources have been utilized or been seen as most important. The size of the bubbles indicates the importance of the resource, bigger bubbles can therefore be interpreted as resources in possession of a greater value in that particular stage of the internationalization process.
Based on our findings, we can see that the majority of our participants described that the company was created around a product or solution that requires a niche market that has a limited existence in Sweden. The companies moreover possessed a deep understanding of the technological knowledge at inception and personal contacts (the personal networks) were in many cases seen as essential early on in the internationalization process. Technological knowledge is therefore an important resource to possess from inception and it can be seen as important during the whole internationalization process, even though other resources can be seen as more important it the later stage. Personal networks can from the framework be seen as important during the whole internationalization process, as businesses were often conducted through personal relationships. Networks, both personal as well as company relationships, were seen as essential and to have any form of networks on the international market was seen as important. The personal networks tend therefore to evolve during the internationalization process to incorporate contacts with resellers, distributors and collaboration partners, and networks were described as more connected to the company later in the internationalization process. This can illustrate why the company’s networks gain importance during the internationalization process.

To possess the technological knowledge, networks (both personal & company) as well as a sufficient amount of financial capital were in many cases seen as existing and was a key to start the internationalization process. But the internationalization process was described by the majority of the participants as capital demanding and limited possession of financial capital will act as a barrier in a later stage when the company wants to scale-up and target more markets or change its organizational structure. We have interpreted that it is important to be in possession of financial capital right from inception, but it is however in a later stage that the possession of financial capital can be seen as a critical factor. Financial capital is
therefore a resource that tends to be more prioritized in the later stage of the internationalization process, as it is seen as important for expansion. Moreover, to acquire more human resources, for instance, people with competence of international market and sales was also seen as important for expansion and was a barrier when target new markets. But the born global companies tend to prioritize new recruitments in a later stage since it is both capital demanding to acquire more employees and a great risk. The combination of limited financial capital and insufficient amount of people with competence of the international market and sales has therefore slowed down the internationalization process in many cases.

To conclude, even though networks have been interpreted as the most important resource, a combination of resources is needed. A company needs to possess the technological knowledge and networks to acquire the first international customers. The company moreover needs to have sufficient amount of financial capital to start-up and to acquire human resources during the process. A limitation of one of these resources will act as a barrier and will slow down the internationalization process and in some cases even threaten the company existence.
6. Conclusion

In this section of the paper we will draw conclusions based on previous presented findings and the analysis. It will answer the research question and moreover give recommendations for further research as well as discuss the different contributions made.

6.1 Research findings

The purpose with this research was to explain and explore how born global companies utilize important resources in the internationalization process. The main objective was to create an understanding on how the internationalization process was conducted and in particular focus on which resource(s) that was or were seen as most important. The importance of resources have been discussed in research before and Laanti et al. (2007, p. 1114-1115) argued that resources are to be seen as a key driver behind the internationalization process in born global companies. Based on this, we will give a further elaboration upon the utilization of resources as well as to answer our research question: “which resources are important for the born global company and how are resources utilized during the internationalization process?” The internationalization process is a process that will continuously develop and change over time and it has therefore been relevant to analyze how resources have been utilized differently over time.

As few companies are in possession of unlimited resources every business needs to be adapted around the resources which it has in possession. The possession of resources was early on in the internationalization process often seen as limited but that the companies adapted their business after what they had to work with. It was instead later on in the internationalization process that resources were seen as a barrier when the company wanted to, for instance, target more markets, change organizational structure or get an up-scale effect. But as could be seen from our research, it was not necessary the amount or type of resources you possess that were the most important, it was instead how and when you utilized them.

Our research moreover revealed that the limited financial resources was not necessarily seen as a critical barrier during the start-up of the internationalization, but was instead seen as missing in the up-scaling phase. Limited financial capital has therefore in many cases slowed down the internationalization process and made it more difficult to be visible on the international market, as the companies need to prioritize where to invest the money to yield the greatest benefits. The lack of financial capital was moreover seen as constraint when acquiring new people. This affected the born global companies as people with international market or sales competence were recurrently found as missing early on in the internationalization process. We have therefore recognized that as the company develops during the internationalization process, the amount of human resources related market and sales also increased.

Nevertheless, to be surrounded by well-functioning networks was seen as the most important resources that would increase the born global company’s opportunity to successfully internationalize. To define a network is however a rather daunting task. Networks have been described to provide an improved level of resources and increase
companies’ profit, survival and competitive advantage in the long term (Havnes and Senneseth, 2001, p. 294). We found that networks were formed based on relationships, both on a personal level and a company level. The company networks might be established through agreements or through tacit assumptions which are available to the greater public. Networks were built on contacts, relationships and trust and were recurrently found as important throughout the internationalization process among our companies. Networks were utilized in the startup phase in order to get advice and support in financial and market related questions. It was mainly personal networks early on in the internationalization process but emerged as the internationalization took place and was changed to become more related to the company’s network. As the process progressed, networks will work as an intermediary between the born global company and the international market in order to mitigate risks and uncertainties on the international market. A sufficient network, especially with resellers, distributors and collaborations partners, was moreover important as it would provide the born global company with knowledge and competence regarding the international market, which was seen as missing early on in the internationalization process. Nevertheless, although knowledge and new competence can be acquired through good networking, it will be a time consuming process as networks were seen as emerging over time. It is therefore worth mentioning that the existing competence and technology knowledge early on in the internationalization process can be seen as very import for the born global company since the networks tend to be rather small in beginning.

And finally, when being active internationally, these networks will work as a connector to customers around the world. Networks will make the product more visible on the international market and these networks are sources to ensure credibility and trust in the product and especially in the company behind it. To be in possession of good networks will help born global companies to be present on the international market by decreasing the perceived psychic distance and culture differences. We have here recognized the Incubator centers purpose when it comes to support new start-up companies that have a future potential. Their networks with other companies and investors, as well as competence of market and sales, can be a useful resource for future born global companies since it has been seen as important in the internationalization process.

To sum it up, we would like to emphasize two factors that have recurred and that we believe are important to keep in mind after have read this thesis. The first factor is regarding the different definitions that exist as no single definition can be seen as superior. A research on born global companies can therefore, based on the definition, be conducted on a wide range of companies that all incorporates specific characteristics, although being defined as a born global. The second factor is regarding the uniqueness of each born global company, as being international within five years and in possession of a product or solution that has a limited domestic market. Each case included in this research needs to be seen in its own context and it is thus difficult to define a universal theory of the internationalization process that will be suitable for all cases. This supports Nordman and Melén’s (2008, p. 184) view on born global companies that these companies cannot be seen as a homogeneous group.
6.1.1 Theoretical contributions

Born global companies are seen as a rather new concept (Brennan & Garvey, 2009, p. 120; Cavusgil et al., 2014, p. 97) and this thesis has contributed to extend the knowledge of born global companies’ internationalization process and in particular on how resources are utilized. Based on the result, findings revealed that financial capital was not as critical to the foundation per se, it was instead a factor that tends to act as a barrier in a later stage when the company aims to target more markets or scale-up their business. This barrier affects the possibility to acquire human resources related to market and sales early on in the internationalization and also how visible the company can be on the market.

We could moreover see that all companies were in possession of deep technological knowledge right from inception and that personal networks were seen as important early on in the internationalization process. These personal networks could be seen as shifting and take the shape as company networks as connections to resellers, distributors and other collaboration partners are established later on in the internationalization process. Based on this, a theoretical contribution has been made on factors related to resources and in particular how these are utilized during the internationalization process in born global companies. It will extend the existing literature and deepening the knowledge on the concept of born global companies.

And as discussed above, the definition of born globals is rather vague, overlapping other concepts such as international new ventures, instant international or global start-ups. The implication and contribution of this thesis will therefore be applicable to these fields as well, depending on the company’s specific characteristics. Our findings can therefore be applicable to other young start-up companies that target and enter the international market, although not defined as a born global company. The definition per se will thus not be a determinant factor whether or not the findings can contribute and extend the knowledge on how to successfully utilize resources during the internationalization process.

6.1.2 Practical and societal contributions

This thesis has furthered the knowledge regarding born global companies in general and in particular on factors related to their internationalization process. Our revised framework will contribute with a deeper knowledge regarding factors that are involved in the internationalization process. It will work as managerial tool and enables the entrepreneurs to create a better understanding of factors related to the internationalization process.

What is important to consider as a practitioner is to have an understanding in the amount of resources that the company is in possession of and to adapt the business after it. It is important to have a business idea that is viable, and personal networks early on in the internationalization process have been proven to be extremely valuable. The internationalization process has been described as financially demanding and it was seen as important to prioritize accurately where to invest the money to yield the greatest benefit. It could moreover be seen among our participants that both branch fairs as well as organizations such as Business Sweden have been used with good results.

To conclude, we believe that these findings will be applicable to born global companies in other countries with similar characteristics, for instance the Scandinavian market. By increasing the knowledge surrounding born global companies, this thesis will yield in a
societal contribution. Born global companies are proven to be a driving factor behind economic development and in decreasing unemployment rates. This thesis will raise the awareness of born globals and contribute by increasing the societal understanding of this concept. By providing a deeper understanding on how to successfully internationalize a born global company will enable more entrepreneurs to pursue their dreams which creates an economic contribution to the greater society.

6.2 Quality standards

6.2.1 Trustworthiness

Guba (1981) presents four aspects of trustworthiness that are relevant to both quantitative research as well as qualitative research. These are truth value, applicability, consistency and neutrality. Guba’s work on trustworthiness has received attention from other researchers, e.g. Krefting (1991, p. 214-215) who argued that these four aspects of trustworthiness were seen as important, not only for the reader when assigning the value of the findings in qualitative research but also for the researcher in increasing the strength of the research. Trustworthiness literally means to enhance the worth and is used differently in qualitative research compared to quantitative research due to models and strategies that are found inapplicable in qualitative research.

Truth value
The question behind truth value is “how can one establish confidence in the “truth” of the findings of a particularly inquiry for the subjects (respondents) with which and the context in which the inquiry was carried out?” (Guba, 1981, p. 79). The truth value recognizes the researchers’ level of confidence in the findings and the truth in it which depends on the research design, the context and the informants (Krefting, 1991, p. 215). When assessing participant perceptions, as this thesis has done, a variety of realities exist in each of the participants minds and the truth value in this context will be better assed with the naturalistic term of credibility (Guba, 1981, 80). An interpretive viewpoint was taken in order to capture each participant’s underlying meanings and we were thus aware of that a variety of realties would emerge. As the qualitative method is conducted with few control variables and in naturalistic conditions, each situation will be seen as unique. When assessing the quality of a qualitative research, the truth value can be seen as the most important criterion and a great number of methodological strategies are needed to ensure an appropriate level of credibility. (Krefting, 1991, p. 216) Based on this, we grounded this research on a solid methodology in order to establish confidence in the truth and to ensure that this thesis reached an appropriate level of credibility. Data were collected in a structured and secured way and a solid transcription has been undertaken in order to provide data that represent the truth of the participants in their own contexts.

Applicability
The applicability deal with the question “how can one determine the degree to which the findings of a particular inquiry may have applicability in other contexts or with other subjects (respondents)?” (Guba, 1981, p. 79-80). Guba (1981, p. 80) emphasized the naturalistic view and its validity judgment that the generalization of the variety is not possible as data is specific to each context and time. We are aware that the data collected in this research may not be applicable to other contexts as it will be context dependent. We
justify this as the underlying meaning of qualitative research is to provide a description on a particular phenomenon which makes applicability seen as less relevant (Krefting, 1991, p. 216). It will thus not work to form a generalization that will be applicable in all contexts, this as each situation need to be seen as unique (Guba, 1981, p. 81; Krefting, 1991, p. 216).

The naturalistic view aims to provide transferable hypotheses that may be transferred between different contexts depending on their applicability and level of fittingness. In order to assess the naturalistic view and the extent to which transferability is suited the receiving part need to be provided a thorough description concerning the transferring and receiving context. (Guba, 1981, p. 81) We have based on this stressed the importance of transparency and the research has been described in a structured way with tables in order to make the process understandable for the receiving part, thus the reader.

**Consistency**

The consistency is concerning “how can one determine whether the findings of an inquiry would be consistently repeated if the inquiry were replicated with the same (or similar) subjects (respondents) in the same (or similar) context?” (Guba 1981, p. 80). Guba (1981, p. 80) further argued that to handle consistency in a naturalistic view is difficult as the data will be collected from humans in real situations which bring multiple realities. The aspect of consistency in the naturalistic view implies trackable variance, thus variance that can be traced back to a source, for instance a shift of context. The term dependability is therefore used in the naturalistic view, which partly derives from the trackable variability. By providing detailed descriptions on when the interviews were conducted, which types of questions that were asked and in which contexts they were held, we believe that we have increased the ability to trace changes back to a source. Nevertheless, we are aware that to consistently repeat a similar study will be difficult as perceptions and experiences will evolve over time but also due to the fact that each researcher will interpret findings differently.

**Neutrality**

“How can one establish the degree to which the findings of an inquiry are a function solely of subjects (respondents) and conditions of the inquiry and not of the biases, motivations, interests, perspectives, and so on of the inquirer?” (Guba, 1981, p. 80). As the naturalistic view conduct research that inheres multiple realities and possess an aspect of own judgments, this is a problem that is well known. Data will be central when assessing the neutrality in a naturalistic view and confirmability is the term to use to approve neutrality. (Guba, 1981, p. 81-82). As we have described in our methodology chapter, this research holds an interpretive view and the reality will thus be interpreted through our lenses. We are aware that this might imply problems and we have worked on this by showing transparency in the choices we have made and on why these choices were made. We can nevertheless not provide a 100 percent assurance but the truth value has been stressed as important in order to ensure credible results.

**6.3 Ethical and social considerations**

Ethical reasoning’s as well as moral principles need to be thought of by anyone who conduct a research or take part of its results (Weathington et al., 2012, p. 24). Ethical considerations in qualitative research are concerned with the informed consent, anonymity
and confidentiality and in protecting participants from harm. Informed consent implies that the subject of research need to be informed in how the data will be used and what the purpose behind the research is. (Lewis, 2003, p. 67)

With this in mind a cover letter was created to ensure that every participant could take part of an equal amount of information concerning the content of the interview. This cover letter provided information on the interview topic, how the information would be treated, the level of anonymity\(^8\) and the voluntary participation with the options to withdraw at any time (see appendix 1 & 2). Bryman and Bell (2011, p. 136) further mentioned these as ethical issues related to a qualitative research and emphasized deception as an issue that need to be taken into consideration in the process of research. As researchers we are aware of the need to show transparency in terms of purpose of the study and information needed from our research subjects. We moreover argue that by showing transparency we could more easily get in touch with people in possession of sufficient knowledge.

The researchers’ judgment is essential in deciding whether or not the information is sensitive and as mentioned earlier, the subject of research need to be aware of how the information will be used. As researchers we wish to stress the importance of this and we have taken precautionary action in order to not spread any sensitive information. (Lewis, 2003, p. 68-69) By excluding the participant’s name we have handled the possibility that each participant will be searchable by name. We have moreover taken precautionary actions by sending out the information to each participant before the publication was made, in order to get feedback and an approval on the information that we intended to use. Nevertheless, as the majority of our cases are small in size and due the fact that they approved the use of their company’s/organization’s name makes us aware that an identification of each participant might be possible. Ethical considerations are also a part that concerns the researcher itself. By conducting the research in pairs we decreased our own risk as researchers and issues related to risk and harm were discussed before conducting the fieldwork, which increased the level of confidence in our role as researchers. Nevertheless, where risk might arise is impossible to predict and we had to be observant when conducting our fieldworks. (Lewis, 2003, p. 70)

All in all, ethical and moral principles are interrelated but yet exclusive. As moral principles stands for what is right or wrong, ethical principles is how we should interpret these moral behavior and how they should be applied in different contexts. (Weathington et al., 2012, p. 24). Ethical considerations need to be thought of in the whole process of the research, and not only when conducting the interviews. In addition to this, the moral principles have played a major role in this research in determining what is right or wrong in terms of what can be presented or not. Our judgments as researchers will therefore be a great part in pursuing good ethical and moral standards. And ethical considerations are not exclusively about doing the right thing. We as researchers must be able to justify why we made choices as we did, which goes beyond the mere fact that they were right or wrong (Weathington et al., 2012, p. 25).

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\(^8\) Visible organization/company name but the participant(s) will not be mentioned by name.
6.4. Limitations and further research

We believe that a similar research could be conducted via a quantitative approach with the purpose to generalize findings in a bigger sample of born globals, which has also been suggested by Nordman and Melén (2008, p. 184). This could yield results in terms of the ability to rank each decision and to create significant relationships between different patterns. A longitudinal research is also suggested to been done and could provide interesting findings by conducting follow up interviews during the internationalization process. As this research was conducting in a qualitative way we argue that meanings behind their expressions could be acquired more easily by a longitudinal research which we however found impossible due to time constraints. Moreover, as all nine companies were represented by male participants, further research could provide valuable information regarding if males are more recurrently found in born global companies, if yes, what the reason behind this is. To further this, interesting findings regarding the entrepreneur have occurred in this research but were due to our purpose not included. A research regarding the characteristics of the entrepreneur could be a subject for potential future research within the field of born global companies.

To conclude, we argue that a more specific research in the future could provide new interesting findings and thus raise the research to another level. Our suggestion is to conduct a similar research based on which sector the born global company relates to and investigate whether or not any patterns can be derived from this. As this study was limited to the northern part of Sweden, the availability of an appropriate sample size made it difficult to conduct a research based on this criterion. We would however like to shed light to its potential and argue that a similar research should be conduct based on a larger population.
Reference list

Literature and Web sources


Enterprise and industry publications. [Retrieved 2014-01-30].


**Personal communication**


Appendix

Appendix 1: English interview and cover letter

Interview questions - Companies

1. The company and the decision maker
   - Can you tell us about your background and your position at the company?
   - Prior experiences from international exchange (job, studies, language)?
   - Can you tell us about the company?
   - Which background do you have within the company?
     - Sector/Industry?
     - Which year was the company founded and which year did you enter the international market?
     - How many employees do you have?

2. The internationalization
   - How was the decision to internationalize taken and why? When was the decision taken?
   - Why is the international market attractive for you?
   - Which barriers and setbacks have you faced and perceived in the internationalization process?
   - Which barriers have been toughest to overcome?
   - What characterize your company?
     - Which advantages have you perceived that you have within your company in the internationalization process?
     - Which drawbacks have you perceived?
     - Can you explain how you have chosen e.g. market and eventual collaboration partners?

3. Resources (can be considered as everything from finance capital to human capital)
   - Which resources have been most valuable during the internationalization process?
   - Which resources do you feel that you have had a lack of?
   - Could you provide some examples in how resources have been used during the internationalization?
   - Have you had any contact with Incubator centers, if yes, which types of resources would you say that they could contribute with?

4. Access to networks
   - How would you describe your access to personal networks during the internationalization process? What is their contribution?
   - How would you describe your access to company networks during the internationalization process?
     - Did you have contact with foreign collaboration partners before the decision to go international was set, if yes, can you explain their relation to the company?
     - How have you worked when new relations is about to be build with new foreign partners, what has been of most importance?
5. Access to knowledge
- How have previous knowledge affect you during your internationalization process? (technical knowledge, knowledge from the international market, etc.)
  - Which previous knowledge in the international market could be found within the company?
  - Which previous knowledge in the international market did you possess?

6. Access to financial capital
- How do you perceive access to financial capital have affected you during the internationalization process?
  - Can you give some examples on how you have been affected?

7. Risk, uncertainty and trust
- How did you thought around risk when you took the decision to internationalize?
  - Which risks have you encountered on the international market?
  - How have you handled factors related to risk during the internationalization?
- Can you explain how you work in order to reduce uncertainties during the internationalization?
  - How have you worked with factors related to uncertainty?
- How would you explain your work of gaining trust from other participants on the international market?
  - Which factors would you explain as important in creating relations and gaining trust on the international market?

8. A summary
- Suppose that you will repeat the same journey today, would the internationalization process be different?
- To summarize this interview, if you would emphasize the most important resources during the internationalization process, which would they be and can you further elaborate upon the importance of them?
The global world that today is a fact makes the knowledge around born global companies constantly changing which is the reason for why we wish to investigate how the internationalization process is perceived today. The purpose of the thesis is to investigate the internationalization process of born global companies and in particular the importance of resources during the process. We have used the European Commission's (2003) definition of born globals as “companies that set up their activity targeting a market that is either global by nature or within a niche field that has a very limited potential on the domestic market. They often begin exports within the first five years of existence“.

The interview is planned to take approximately 45 minutes and a draft will be sent to you in the beginning of May for your feedback. We will thereafter combine it to the final thesis which will be sent to you in the beginning of June for your information. It would be of great value if we could use your company name in the thesis.

Responsible for this thesis are Henrik Huhta and Fredrik Huhta, final year students at the master's programme in Management at Umeå University, School of Business and Economics. This interview is voluntary and you have at any time the right to withdraw the interview. Your information will be treated so no unauthorized will get access to it and we will use information that we have been approved to use.

Thank you for your participation, the information is of great importance for our thesis. For additional information regarding the thesis please contact us through email or phone call.

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Interview questions - Incubator centers

General questions
- Can you start with you position and your role within the Incubator center?
- Which year was the Incubator center founded?
- Towards which markets (sector/land) do you foremost work with your born global companies?

1. Born global company and the decision maker
- Can you explain about the general founders previous branch connections?
- How would you explain born global companies access to previous international experience?
- Can you explain your role at the Incubator center when it comes to support born global companies that encounter setbacks during the internationalization process?

2. Internationalization
- Could you explain how the internationalization process for born global companies looks like in general?
- Which are the reasons behind the internationalization?
  - From the inception, how long time does the internationalization process take in general? Can you explain how the first years looks like?
  - Which pros and cons do born global companies have?

3. Resources (can be considered as everything from financial capital to human capital)
- Which resources do born global companies have the most use of during the internationalization?
- Which resources do you perceive that born global companies usually miss out on that could give a competitive advantage during the internationalization process?
- Could you provide some examples on how resources are used?
- Which resources can you at the Incubator center contribute with during the internationalization process?

4. Access to networks
- How would you describe the importance of access to networks during the internationalization process?
  - When and how will networks usually be created during the internationalization process?
  - What is usually most important when building relations and networks with foreign participants?
  - When speaking about networks, how would you describe the importance of personal networks?
- Which type of networks related to the born global company exist in the internationalization process?

5. Access to knowledge
- How do previous knowledge affect born global companies during the internationalization process? (technical knowledge, knowledge from the international market, etc.)
  - How would you describe the importance of the decision makers’ personal knowledge during the internationalization process?
  - How would you describe the importance of company knowledge during the internationalization process?
  - How do born global companies acquire knowledge?
  - How would you say that the knowledge level within born global companies differ from non-born global companies?

6. Access to financial capital
- How do you perceive access to financial capital affect companies in the internationalization process?
  - How would you describe the meaning of limited financial possession during the internationalization process and how do companies work to overcome it?

7. Risk, uncertainty and trust
- Can you explain how factors related to risk had a part when the company decided to internationalize?
  - Can you develop which risks born global companies can encounter during the internationalization process?
- Can you explain the work to mitigate the uncertainty during the internationalization process?
  - Which factors related to uncertainty would you describe as recurrently found?
- Can you explain how the process in strengthening the trust from other participants on the international market looks like within born global companies?
  - Which factors would you describe as important in order to gain trust on the international market?

8. A summary
- To summarize this interview, which resources do you perceive as most important in order to succeed as a born global company during the internationalization process and can you further elaborate why these are important?
  - Is this something that you on the Incubator center can contribute with?
Cover letter

The global world that today is a fact makes the knowledge around born global companies constantly changing which is the reason for why we wish to investigate how the internationalization process is perceived today. The purpose of the thesis is to investigate the internationalization process of born global companies and in particular the importance of resources during the process. We have used the European Commission’s (2003) definition of born globals as “companies that set up their activity targeting a market that is either global by nature or within a niche field that has a very limited potential on the domestic market. They often begin exports within the first five years of existence“.

The interview is planned to take approximately 45 minutes and a draft will be sent to you in the beginning of May for your feedback. We will thereafter combine it to the final thesis which will be sent to you in the beginning of June for your information. It would be of great value if we could use your organization name in the thesis.

Responsible for this thesis are Henrik Huhta and Fredrik Huhta, final year students at the master's programme in Management at Umeå University, School of Business and Economics. This interview is voluntary and you have at any time the right to withdraw the interview. Your information will be treated so no unauthorized will get access to it and we will use information that we have been approved to use.

Thank you for your participation, the information is of great importance for our thesis. For additional information regarding the thesis please contact us through email or phone call.

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Appendix 2: Swedish interview and cover letter
Intervjufrågor - Företag

1. Företaget och beslutsfattaren
- Kan du berätta lite om din bakgrund och din position på företaget?
  - Tidigare erfarenheter från internationellt utbyte (jobb, studier, språk)?
- Kan du berätta lite om företaget?
- Vilken bakgrund har ni inom företaget?
  - Sektor/ Industri?
  - Vilket år grundades företaget och vilket år tog ni steget ut på den internationella marknaden?
  - Hur många anställda har ni?

2. Internationalisering
- Hur fattades beslutet om att internationalisera och varför? När fattades beslutet?
  - Varför är den internationella marknaden attraktiv för er?
- Vilka hinder och motgångar har ni mött och upplevt i internationaliseringsprocessen?
- Vilka hinder har varit svårast att överkomma?
  - Vad kännetecknar ert företag?
  - Vilka fördelar har du upplevt att ni har haft i internationaliseringsprocessen inom ert företag?
  - Vilka nackdelar har du upplevt?
  - Kan du förklara hur ni har valt t.ex. marknad och eventuella samarbetspartners?

3. Resurser (kan avse allt från finanskapital till human kapital)
- Vilka resurser har ni haft störst nytta av i internationaliseringsprocessen?
- Vilka resurser känner du att ni har saknat i internationaliseringsprocessen?
- Skulle du skulle kunna ge några exempel på hur resurser används i internationaliseringsprocessen?
- Har ni haft någon kontakt med Inkubatorcenter, om ja, vilken typ av resurser anser du att de har kunnat bidra med?

4. Tillgång till nätverk
- Hur skulle du beskriva er tillgång till personliga nätverk i internationaliseringsprocessen? Vad har det betytt under processen?
- Hur skulle du beskriva er tillgång till företagsnätverk i internationaliseringsprocessen?
  - Hade ni kontakt med utländska samarbetspartners innan ni tog beslutet att internationalisera, om ja, kan du förklara deras relation till företaget?
  - Hur har ni arbetat när nya relationer ska byggas upp med utländska aktörer, vad har varit viktigast?
5. Tillgång till kunskap
- *Hur har tidigare kunskap påverkat er i processen att gå internationellt?* (teknologisk kunskap, kunskap från internationella marknaden, etc.)
  - Vilken tidigare kunskap fanns om den internationella marknaden inom företaget?
  - Vilken tidigare kunskap fanns om den internationella marknaden från er som beslutsfattare?

6. Tillgång till finansiellt kapital
- *Hur upplever du att tillgången till finansiellt kapital har påverkat er under internationaliseringsprocessen?*
  - Kan du ge några exempel på hur ni har påverkats?

7. Risk, osäkerhet och förtroende
- *Hur resonerade ni kring risk ni tog beslutet att internationalisera?*
  - Vilka risker har ni upplevt på den internationella marknaden?
  - Hur har ni hanterat faktorer relaterade till risk i internationaliseringsprocessen?
- *Kan du förklara hur ni har arbetat med att minska osäkerheten i internationaliseringsprocessen?*
  - Hur har ni hanterat faktorer relaterat till osäkerhet?
- *Hur skulle du beskriva att ni arbetar för att stärka förtroendet från andra aktörer på den internationella marknaden?*
  - Vilka faktorer skulle du beskriva som viktiga för att skapa relationer och förtroende på den internationella marknaden?

8. En summering
- *Anta att ni skulle göra om samma resa idag, skulle internationaliseringsprocessen vara annorlunda?*
- *För att sammanfatta den här intervjun, om du skulle får chansen att lyfta fram de viktigaste resurserna i internationaliseringsprocessen, vilka skulle de vara och kan du vidareutveckla betydelsen av dem?*

Intervjun är planerad att ta cirka 45 minuter och i början av maj kommer resultatet att ha sammanställts och vi kommer att skicka ett utkast till er för feedback. Därefter kommer det att sättas ihop till den slutgiltiga rapporten som kommer att skickas till er så att ni kan ta del utav den i början av juni. Det skulle vara värdefullt om det går bra att vi nämner ert företagsnamn i rapporten.

Ansvariga för den här uppsatsen är Henrik Huhta och Fredrik Huhta studerande sista året på masterprogrammet i management vid Handelshögskolan, Umeå universitet. Den här intervjun är frivillig och du har när som helst rätt att avbryta intervjun. Dina svar kommer att behandlas så att inga obehöriga får tillgång till dem och vi kommer att använda information som vi fått samtycke att publicera.

Tack för er medverkan, informationen har viktig betydelse för vår uppsats. För ytterligare information angående uppsatsen kan kontakt med oss nås via email eller telefon.

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Intervjufrågor - Inkubatorcenter

Generella frågor
- Kan du inleda med att berätta om din position och roll inom Inkubatorcenter?
- Vilket år grundades Inkubatorcentret?
- Mot vilka marknader (sektor/land) arbetar ni främst emot med era born global företag?

1. Born global företaget och beslutsfattaren
- Kan du berätta lite om den generella grundarens branschkoppling sedan tidigare?
- Hur skulle du beskriva born global företagets tillgång till tidigare internationella erfarenheter?
- Kan du beskriva vilken roll ni på Inkubatorcenter spelar för att stötta born global företag när de stöter på hinder och motgångar i internationaliseringsprocessen?

2. Internationalisering
- Skulle du kunna beskriva hur internationaliseringsprocessen ser ut för born global företag rent generellt?
- Vilka är motiven bakom internationaliseringen?
  - Från det att ett born global företag grundas, hur lång tid tar internationaliseringsprocessen rent generellt? Kan du berätta lite mer om hur de första åren ser ut?
  - Vilka för- och nackdelar har ett born global företag?

3. Resurser (kan avse allt från finanskapital till human kapital)
- Vilka resurser har born global företag störst nytta av i internationaliseringsprocessen?
- Vilka resurser upplever du att born global företag vanligtvis saknar i internationaliseringsprocessen som skulle kunna ge dem en konkurrensfördel?
- Skulle du skulle kunna ge några exempel på hur resurser används?
- Vilka resurser kan ni på Inkubatorcenter bidra med i internationaliseringsprocessen?

4. Tillgång till nätverk
- Hur skulle du beskriva betydelsen av tillgång till nätverk i internationaliseringsprocessen?
  - När och hur skulle du beskriva att nätverken vanligtvis skapas i internationaliseringsprocessen?
  - Vad är vanligtvis viktigast när nya relationer och nätverk ska byggas upp med utländska aktörer?
  - När det talas om nätverk, hur skulle du beskriva betydelsen av personliga nätverk?
  - Vilken typ av nätverk relaterat till born global företaget existerar i internationaliseringsprocessen?
5. Tillgång till kunskap
- Hur påverkar tidigare kunskap born global företag i processen att internationalisera?
  (teknologisk kunskap, kunskap från internationella marknaden etc.)
  - Hur skulle du beskriva betydelsen av personlig kunskap från beslutsfattaren under internationaliseringen?
  - Hur skulle du beskriva betydelsen av företagskunskap under internationaliseringen?
  - Hur förvärvar ett born global företag kunskap?
  - Skulle du säga att kunskapsnivån inom born global företag skiljer sig från nivån hos icke-born global företag?

6. Tillgång till finansiellt kapital
- Hur upplever du att tillgången till finansiellt kapital påverkar företagen i internationaliseringsprocessen?
  - Hur skulle du beskriva innerbörden av begränsade finansiella tillgångar i internationaliseringsprocessen och hur arbetar företagen för att överkomma det?

7. Risk, osäkerhet och förtroende
- Kan ni förklara hur faktorer relaterat till risk spelade in när företagen tog beslutet att internationalisera?
  - Kan du utveckla vilka risker som born global företag kan stöta på i internationaliseringsprocessen?
- Kan du förklara arbetet kring att minska osäkerheten i internationaliseringsprocessen?
  - Vilka faktorer relaterat till osäkerhet skulle du beskriva som vanligt förekommande?
- Kan du förklara hur processen kring att stärka förtroendet från andra aktörer på den internationella marknaden ser ut inom born global företag?
  - Vilka faktorer skulle du beskriva som viktiga för att skapa förtroende på den internationella marknaden?

8. En summering
- För att sammanfatta den här intervjun, vilka resurser anser du som viktigast för att lyckas som ett born global företag i internationaliseringsprocessen och kan du utveckla innebörd?
  - Är det något som ni på Inkubatorcenter kan bidra med?
Följebrev


Intervjun är planerad att ta cirka 45 minuter och i början av maj kommer resultatet att ha sammanställts och vi kommer att skicka ett utkast till er för feedback. Därefter kommer det att sättas ihop till den slutgiltiga rapporten som kommer att skickas till er så att ni kan ta del utav den i början av juni. Det skulle vara värdefullt om det går bra att vi nämner ert organisationsnamn i rapporten.


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