



Matilda Prah

**THE ROLE OF NETWORKING AND THE
ENTERPRENEUR IN THE RAPID
INTERNATIONALISATION OF A
SMALL SOFTWARE FIRM IN FINLAND**

Business, Economics and Tourism
2011

Acknowledgements

I wish to acknowledge my supervisor, Mrs. Rosmeriany Nahan-Suomela, for the precious time she spent out of her ever busy schedule to provide me with guidance and direction during the course of completing this dissertation. Her care and support were invaluable sources of motivation to me in my studies and in my dissertation writing and it encouraged me never to give up until the work is done. Now, the work is complete and I use this means to say a big thank you.

My sincere gratitude goes to Camilla Sellberg and Joakim Strand of Upcode for their time, assistance and friendliness which enabled me to complete my project with success. Through them, I was able to add meaning to my research. I thank them a bunch.

A dearest one, who is also my role model, to whom I looked to complete this whole writing, is my husband, Seun Shoyelu. He stood by me through thick and thin and helped me to follow the path through which I may fully realize the abundant potential in me for academic work. I thereby use this means to thank him greatly for his kind words and other support rendered to me.

Last, but not the least, thanks goes to my beloved family who kept constant touch with me regardless of the thousands of kilometers separating us, offering words of encouragement and support without which I may not have completed my studies. Meda mo ase paa!

7th January, 2011

Matilda Prah

VAASA UNIVERSITY OF APPLIED SCIENCES

Degree Programme

ABSTRACT

Author	Matilda Prah
Title	The Role of Networking and the Entrepreneur in the Internationalizations of Small software firm in Finland
Year	2011
Language	English
Pages	74+3
Name of Supervisor	Rosmeriany Nahan- Suomela

Internationalization is a process that involves a continuous participation of a firm's operation across borders. It also involves recognition and exploitation of entrepreneur opportunity. There are small and medium sized enterprises (SMEs) who do not only discover and utilize opportunities in local markets but also in international markets. Such firms have a global orientation from the onset of the business. In this research they are referred to as Born-globals.

Traditional models of internationalization have notable deficiencies in explaining the Born Global phenomenon and fail to acknowledge the role of the owner-manager in the internationalization process. The traditional models also do not consider the role that business relations of networks play in SMEs rapid internationalization. Hence, this study explored and extended the network model to gain some insight into the Born Global phenomenon using a case company from the software industry in Finland.

Qualitative research was employed to gain insight into the research problem (s). Interviews were conducted employing semi-structured questions with participants from the case company who are readily involved with the internationalization activities at the company.

Result of the empirical research indicates that networking is critical to the rapid internationalization of firms and that the owner-manager's experience, vision for rapid internationalization and available network of relationships at his disposals are equally critical for ensuring the success of the internationalization drive.

Keywords small and medium sized enterprise,
internationalization, born-global, software industry, Finland

VAASAN AMMATTIKORKEAKOULU

Kansainvälinen Kauppa

TIIVISTELMÄ

Tekijä	Matilda Prah
Opinnäytetyön nimi	Verkostoitumisen ja yrittäjän rooli pienen suomalaisen ohjelmistoyrityksen kansainvälistymisessä
Vuosi	2011
Kieli	Englanti
Sivumäärä	74+3
Ohjaaja	Rosmeriany Nahan-Suomela

Kansainvälistyminen on prosessi, johon kuuluu yrityksen jatkuva osallistuminen toimintaan ulkomailla. Siihen kuuluu myös liiketoimintamahdollisuuksien tunnistaminen ja hyödyntäminen. Pienten ja keskisuurten yritysten (pk-yritysten) joukossa on sellaisia jotka keksivät ja hyödyntävät liiketoimintamahdollisuuksia, eivät ainoastaan kotimaassaan, vaan myös kansainvälisillä markkinoilla. Tällaiset yritykset suuntautuvat kansainvälisesti aivan liiketoimintansa alusta asti. Tässä työssä niitä kutsutaan globaaliksi syntyneiksi eli "Born-globals".

Perinteisten kansainvälistymisen mallien huomattava puute on se, että ne eivät selitä "Born Global" ilmiötä eivätkä ne ota huomioon johtaja-omistajan roolia kansainvälistymisen prosessissa. Perinteiset mallit eivät myöskään käsittele liikesuhteiden verkostoitumisen roolia pk-yritysten nopeassa kansainvälistymisessä. Tämä työ on siksi tutkinut ja laajentanut verkostoitumisen mallia paremman ymmärryksen saamiseksi Born-Global-ilmiöstä, käyttäen kohteena erästä Suomen ohjelmisto-teollisuuden yritystä.

Tutkittavan kysymyksen ymmärtämiseksi tehtiin laadullinen tutkimus. Sellaisia kohdeyrityksen työntekijöitä, jotka ovat läheisissä tekemisissä yrityksen kansainvälisten toimintojen kanssa, haastateltiin käyttäen kysely joka oli osin rakenteellinen.

Empiirisen tutkimuksen tulos osoittaa sen, että verkostoituminen on olennaista yritysten nopeassa kansainvälistymisessä. Se osoittaa myös sen, että omistaja-johtajan kokemus ja näkemys nopeasta kansainvälistymisestä, sekä hänen käytössään oleva kontaktien verkosto ovat avain-asemassa kansainvälistymisen onnistumiselle.

Asiasanat Pk-yritykset, kansainvälistyminen, born-global, ohjelmisto-teollisuus, Suomi

TABLE OF CONTENTS

Acknowledgements -----	1
ABSTRACT -----	2
TIIVISTELMÄ -----	3
TABLE OF CONTENTS-----	4
List of Tables -----	7
CHAPTER 1 – INTRODUCTION -----	8
1.1 Background -----	8
1.2 The problem(s) -----	11
1.3 Objectives -----	12
1.4 Research questions -----	12
1.5 Method -----	13
1.6 Layout of study-----	13
1.7 The internationalization models -----	14
1.8 Small businesses, Born-globals, Entrepreneurship, Owner-managers role and Networking -----	17
1.9 Usefulness-----	19
2.0 Limitation(s)-----	19
CHAPTER 2 – LITERATURE REVIEW -----	21
2.1 Small and Medium Enterprises (SMEs) -----	21
2.2 SMEs and the Internationalization Process -----	21
2.3 Opportunities for Internationalization by SMEs -----	23
2.4 International Market Entry Mode -----	24
2.5 Internationalization theories -----	25
2.5.1 Internalization theory -----	25

2.5.2 Transaction cost theory-----	26
2.5.3 The electric paradigm -----	26
2.6 SMEs internationalization model-----	27
2.6.1 Uppsala internationalization model-----	27
2.6.2 Innovated Related Model (I-model) -----	29
2.6.3 Network theory-----	31
2.6.3.1 Social/ Interpersonal networks -----	32
2.6.3.2 Business/ Inter-firm networks -----	33
2.6.3.3 Direct and Indirect relationships -----	34
2.6.3.4 Reactive and Proactive change-----	34
2.7 Owner-managers/ management team and internationalization-----	34
2.8 The Born Globals (Entrepreneur perspective) -----	37
2.8.1 Characteristics of Born Globals -----	39
2.8.2 Contributing trends -----	40
2.8.3 Why study the Born Global phenomenon-----	41
2.8.4 Born Globals and network relationships -----	43
2.8.5 Born-globals in the software industry -----	45
CHAPTER 3 – RESEARCH METHODOLOGY -----	46
3.1 Method -----	46
3.2 Sample-----	46
3.3 Data collection procedure -----	47
3.4 Data analysis procedure -----	48
3.5 Reliability and Validity-----	48
CHAPTER 4 – EMPIRICAL RESEARCH -----	50
CASE STUDY-----	50
4.1 UpCode- at the beginning -----	50

4.2 UpCode defined -----	50
4.3 An excellent idea -----	51
4.4 Products and Services -----	51
4.5 Foreign markets -----	52
CHAPTER 5 – FINDING AND DISCUSSIONS -----	53
5.1 Research Findings-----	53
5.2 Main Findings -----	61
CHAPTER 6 – CONCLUSIONS-----	63
6.1 Area(s) for further research -----	63
6.2 Implications and recommendation -----	63
6.3 Summary -----	64
6.4 Critical self-examination -----	65
APPENDIX (1)-----	66
INTERVIEW GUIDE-----	66
APPENDIX (2)-----	67
APPENDIX (3)-----	68
REFERENCES -----	69

List of Tables

Table1 -EU's Definition of SMEs.....	6
---	----------

CHAPTER 1 – INTRODUCTION

1.1 Background

Small and medium sized enterprises account for the largest proportion and/ or make up nearly all of the enterprises in all economies and are therefore responsible for the generation of the largest proportion of available jobs in all the economies globally (Greene and Mole, 2006). Although there are many different definitions for the small and medium-sized enterprises, a “more uniform definition” adopted by the European Union (EU) that is based on the number of a firm’s employee, turnover, and balance sheet may be used here. The definition may be summarized as in table 1 below:

Table 1 EU Definition of SMEs.

Enterprise category	Head count	Turnover	Balance sheet
Micro	<10	2m	2m
Small	<50	10m	10m
Medium-sized	<250	50m	43m

Source: European Union (2005) as cited by Greene and Mole, 2006.

Now to the numbers, it is estimated that the SMEs make up over 99% of all the firms currently found in the entire EU countries. Furthermore, the SMEs are responsible for over 69% of jobs created within the same union. In fact, in Finland, the SMEs account for 99.55% of all the enterprises as well as for 65% of all the jobs within the economy. These figures and more are summarized as in table 2 as taken from Greene and Mole (2006). Similar figures may be found from other leading economies of the world across the globe (Greene and Mole, 2006), for instance Mtigwe (2005) citing Morrison (2000), and Kirby and Watson (2003) stated that “from a micro perspective, SMEs in the region (Southern Africa)¹ are

¹ Item in the parenthesis that of the author of this study

growing at a fast rate and they are viewed as vehicles of innovation, employment, social and cultural regeneration”.

Table 2 SMEs in EU-15.

	Total number of enterprises (000s)	SMEs as % of enterprises	Average employment size	SMEs as % of employment
Austria	268	99.63	11	71.85
Belgium	438	99.77	7	69.45
Denmark	206	99.51	10	72.62
Finland	222	99.55	7	64.54
France	2,501	99.76	8	66.63
Germany	3,019	99.64	10	64.76
Greece	771	100.00	2	86.55
Ireland	97	100.00	10	69.75
Italy	4,489	99.93	4	83.55
Luxembourg	24	100.00	9	73.33
Netherlands	572	99.65	12	65.21
Portugal	694	99.86	5	78.91
Spain	2,677	99.89	6	81.66
Sweden	484	99.79	7	67.97
United Kingdom	2,234	99.64	11	59.20
EU-15	18,698	99.79	7	69.74

Source: ENSR (2004); adapted from Tables IV.2, IV.3 and IV.4 by Greene and Mole (2006)

Meanwhile, it has also been noted that the government of various countries are very much interested in the SMEs. Different reasons have been found for this governmental interest in the SMEs, but the main reason is the recognition that the SMEs have invaluable capacity to create job for the citizenry (Bennett, 2006).

Going by the above discussions, the importance of the SMEs to the economy of any country, including Finland, cannot be over-emphasized. It may be said then that whatever affects the SMEs, either positively or negatively will have corresponding impact on the economy of the country be it positively or negatively, respectively. However, for economic prosperity activities that encourage the SMEs to growth and expand their operations should be encouraged. One of such activities is the internationalization of their products and services.

Internationalization is a process that involves continuous participation of a firm's operations across borders (Osarenkhoe, 2009; Hitt et al; 2004; Chandra et al; 2009; Collinson and Houlden, 2005). A firm's involvement in international business occurs when the firm sells its products or services to a foreign market, buys from the foreign market, operates or collaborates with a foreign firm in one way or the other. The internationalization process of firms has been an interesting subject for widespread theoretical and empirical research. Both multinational enterprises (MNEs) and small and medium-sized enterprises (SMEs) have realized the impact of internationalization on the expansion of sales and marketing of a firms' operations and therefore many find it necessary to actively participate in internationalization (Andersson et al., 2004; Gjellerup, 2000).

However, many theories developed over the past decades on a firms' internationalization process have been tuned to MNEs with little or no consideration for SMEs internationalization process. Some of these theories view the internationalization process as evolutionary; where firms increase their commitment to international activities with increase in international involvement (Johanson and Mattsson, 1993, Johanson and Vahlne, 1990). Models derived from these theories include the Uppsala model, a popular stage model, and it describes the internationalization process as first occurring in a close psychic market or a similar market and after some time as experiences of the market increases the firm

expands its operations to a more distant psychic market with increase in resource commitment. A contrasting model is the network model, and it posits that SMEs internationalization process can be most successful if it occurs through network of business relationships in facilitating the internationalization process (Johanson and Mattsson, 1993; Havnes, 2003).

1.2 The problem(s)

First, theories and models on internationalization processes have been criticized in one way or the other and some opponents criticized the lack of coherence between theory and practice of these models. For instance, the network theory fails to take into consideration why firms internationalize and the role of the owner-manager and/ or management team of the internationalizing firm. It also does not entail some of the challenges owner managers and decision makers meet before, during and after the internationalization process.

Second, there is apparent inability of the well-known traditional theories in internationalization of firms to explain the occurrence and behaviour of the Born Globals (Moen, 2002). Shrader et al. (2000) as cited by Loane and Bell (2006, p. 471) defined Born Globals as “those that derive at least 25 per cent of total sales from international activities within six years of formation.” This group of firms is characterised by early or instantaneous engagements in foreign markets from their birth. Many researchers have since exposed the challenges faced by the traditional theories of internationalization in relation to the Born Globals. For instance, McDougall et al. (1994), Knight and Cavusgil (1996) and Madsen and Servais (1997) have detailed the short-comings and/ or challenges faced by the Uppsala internationalization model and the innovated-related model, as traditional internationalization models, in explaining the emergence of firms that have been observed to engage in international marketing activities, in various geographical and psychic markets, just after their establishment. The focus on this type of firms has been rapid since Oviatt and McDougall (1994) observed that previous research in the field of internationalization tend to overlook this group of special firms.

1.3 Objectives

The objective of this study may be broken down into a number of parts as listed below:

1. To extend the network model that has been suggested to be effective in explaining the Born Global phenomenon so as to improve its effectiveness in explaining the rapid internationalization of some start-ups through the inclusion of other constructs.
2. To expose the applicability of the network model in explaining the Born Global phenomenon that may be found in the Finnish software and/ or knowledge intensive otherwise referred to as knowledge-based SMEs.

1.4 Research questions

In order to achieve the above stated objectives of this study, the followed research were developed to provide insightful thoughts:

1. a. What is the critical role that the owner-manager and/ or management team play in the development of network relationships in the Born Global firms?
b. How do network relationships emerge in Born Globals?
2. What are the behavioural patterns of the Born Globals during the building of the network relationships?
3. What is the role of networking in exploiting opportunities in foreign markets and its impact on SMEs rapid internationalization?
4. What role does networking play on the Born Globals' rapid international market performance?
5. What effect does networking have on Born Global knowledge intensive products?

1.5 Method

Qualitative research methodology was employed in this study. A case company, from Finland, was isolated in which the phenomenon to be studied is quite apparent following the recommendation of Yin (1989) as practiced by Chetty and Stangl (2010) that samples for this type of study should be chosen from a pool where the phenomenon under consideration may be easily observed.

Interviews were conducted employing semi-structured questions with participants from the case company who are readily involved with the internationalization activities at the company. These individuals were able to provide insights into the “how” and “why” questions posed to them by reflecting on their knowledge, experience, and expertise. Employing these types of individuals in this type of study is known to yield valuable insights of the phenomenon under study (Yin 1994; Gummesson 1991).

The interview items designed to provide insights into the variable of the model to be measured were adapted chiefly from literature, modified to reflect the peculiar context of this study.

The interviewees, 2 of them, employed in this research are the International Operation Managers of the SME they work for.

1.6 Layout of study

This research is divided into six sections including the introduction. The following section gives a framework of SMEs (Born-globals) and their internationalization processes, the role of networks and owner manager’s in explaining the Born-global phenomenon in internationalization. The section that follows is on research methodology. The subsequent two sections present empirical data, research findings and discussions regarding how owner manager’s capabilities to develop and maintain networks affect Born-globals rapid internationalization process. The final section of the research presents conclusions and implications of the study and also directions for further research.

1.7 The internationalization models

There are unprecedented corpuses of research work that has been made on the internationalization process of firms (Hutchinson et al., 2006). The most commonly emphasized internationalization theories in literatures, broken down into two different groups, are stage models and the network perspective theory. The stage model was developed based on the behavior of the firm. The stage models consider the internationalization process as a gradual process occurring through stages where there is an increase in commitment and resources in each of the stages as the firm internationalize (Johanson and Vahlne, 1990; Chetty and Campbell-Hunt, 2003; Coviello and Martin, 1999). The Uppsala model, one of the popular stage models, describes the internationalization process as first occurring in a close psychic market or a similar market and after some time as experiences of the market increases the firm expands its operations to a more distant psychic market with increase in resource commitment.

Another theory based on the stage model suggests that the success of internationalization process depends greatly on the attitudes and behavior of owner managers towards exportation. The model is often referred to as Innovated-related model (I-model). This model describes each of the stages of the international process as an innovation for the firm. Owner manager' attitude is affected by the extent of commitment to the international market. Thus, the stage model emphasizes more on learning and gaining experience of the new market and also how it affects the investment behavior of the firm (Forsgren, 2002). The theory also emphasizes that for a firm to develop into an international one, it must go through certain specified stages. However, opponents of this theory argue that this is not always the case. Firms can have their own experienced team or hire from outside international teams that are experienced in managing organizational activities in an international market without going through the first two stages of the model (Oviatt and McDougall, 1994; Hill, 2003). There are firms known as born globals who are created with globalization in view right from the onset (Anderson and Wictor, 2003) and such firms do not become an international firm by going through the initial stages suggested by the stage model. Oviatt and

McDougall (1994) argue based on the Uppsala model that firms that have huge resources do not need to start their internationalization process from a close psychic market. Opponents to this theory continue their argument by stating that due to advanced technology, communication and transportation, recognizing and utilizing opportunities and entering into new psychically distant markets are easier than before therefore making this model not very reliable for all firms (Oviatt and McDougall, 1994). What this means is that, it is possible for a firm with adequate resources in a Nordic country for example, Finland to penetrate into a foreign market in Asia with ease due to improvement in technology, communication and transportation, among other things. Therefore, for the Uppsala model to suggest that a firm's internationalization start from a close market before it can be expanded to a distant market does not apply to all firms.

The second approach to internationalization is the network theory, on which this study is focused, posits that SMEs internationalization process can be most successful if it occurs through network of business relationships in facilitating the internationalization process (Johanson and Mattsson, 1993; Havnes, 2003). Johanson and Mattsson (1993, p.306) defined networking as " a cumulative process, in which relationships are continually established, developed, broken and dissolved in order to achieve the objectives of the firm". This means that relationships must be an ongoing process just as the phenomenon of internationalization is and developing a relationship is as important as sustaining the relationship. In the internationalization process, interactions with business partners and forming of relationships are a cornerstone to successful international operations (Johanson and Mattsson, 1988).

In the Internationalization process, a firm can interact, communicate and develop relations with its import agents, distributors and industrial customers in both domestic and foreign market. The interactions with foreign partners lead to formation of networks. The network perspective which is based on the behavior of firms is of particular interest to this research. This is because it considers internationalization strategy as one that emerges as a pattern of behavior and as a result of interaction with members of a relationship but not as a result of

prescribed stages or incremental stages as depicted by some other theories of internationalization.

Now, what are Networks of relationships? Networks are formed by actors-firms and people. Networks are made up of three main components, and these are: the contents of the relationship; the governance of the relationship; and the structure that emerges out of the relationship (Zimmerman *et al*; 2009, p. 146, from the study of Hoang and Antoncic). The contents of the relationship are the information and resources flowing within the relationship. What govern the relationship are the forces that keep the relationship strong, and these include forces as trust and power, among others. Finally, the structure that emerges from the relationship is related to the position of the actors within the relationship. The position determines the amount of resources to be accessible to the actors (Zimmerman *et al*; 2009, p. 146).

Relationships are built over time as the parties involved develop mutual trust and knowledge about each other. Relationships are connected by networks, which can be made up of many organizations, together with customers, competitors, suppliers, distributors, agents and so forth (Johanson and Mattsson, 1993). A network of relationships starts right from the domestic market, perhaps firm-supplier relationship. With time, firms can extend the scope of the relationship abroad with other foreign business partners. Meanwhile, networks are created for various reasons depending on the industries and countries involved.

The role networks play in SME's internationalization process, among other roles, is that, it helps to accommodate SMEs' resource limitations by providing them with access to the resources of other companies – relationship partners - which may otherwise not be accessible or obtainable. Also, networks of relationships serves as ears and eyes for firms to be able to discover and utilize opportunities in foreign markets which in turn provides them with an appropriate choice of foreign market entry mode (Zimmerman *et al*; 2009, Javalgi *et al*; 2000; Agndal and Chetty, 2006). Hence, through these relationships SMEs can gain access to diverse market knowledge needed to enhance their innovative capabilities (Chetty and Campbell-Hunt, 2003, Zimmerman *et al.*, 2009, Matthias and Sasha, 2007).

However, foreign market knowledge is embedded in the culture, traditions and mores of the foreign market, thus the acquisition of the foreign market knowledge requires an overall understanding of these aspects of the foreign market (Zahra et al; 2009, p.81). Such knowledge is termed social knowledge (Zahra et al; 2009). Zimmerman *et al.*, (2009, p.81) suggest that an efficient means of gaining social knowledge is through “interconnection of social relationships” with foreign and domestic business partners. This is particularly important for SMEs in their internationalization process because they face the challenge of lack of internal and external resources which are very necessary for setting measures to gain social knowledge of a foreign market. They are often limited in “firm and management characteristics such as size, management commitment to exporting, managers' attitudes and perceptions towards exporting, competition, market potential, risk and profitability” (Sohail and Alashban, 2009, p. 51).

Though the network theory is based on the behavior of firms, it should be noted that the ability of a firm to form networks of relationships and the success of such relationships depends on owner managers/ management teams' own attitudes toward the development of relationships and the recognition of its impact on the firm's rapid internationalization. Therefore, in this research the role of network is analyzed from firm's perspective- Born-globals (entrepreneur); and individual perspective- owner manager's/ management teams.

1.8 Small businesses, Born-globals, Entrepreneurship, Owner-managers role and Networking

Small and medium sized firms faces a lot of challenges during their internationalization process such as lack of financial capital, managerial skills, and technical know-how. However, as described above, SMEs are the backbone of economic growth in most economics and they are actively participating in internationalization as well. The question of how they have been able to internationalize their operations has been an interesting field of research in literatures. To understand the process of internationalization of small entrepreneur firms, it is better to look into the international activities of SMEs.

In the past years, small and medium sized enterprises have realized that one efficient way to overcome their resource constraint is to join forces with other firms, which is, to form networks. Special breeds of SMEs have been able to discover, evaluate and exploit opportunities not only in the domestic market but also in international markets (Shane and Venkatataraman, 2000). Such firms discover entrepreneurial opportunities at the very start of the firms' operations. In literatures, different names are used to describe them such as International start-ups, International New-Ventures, Born-globals and International start ups (McDougall et al. (1994); Rennie (1993); Knight and Cavusgil (1996), and Madsen and Servais ,1997). The term Born-global is used often in this research.

The theory of Born-globals is based on firm's behavioral approach. Born-globals are examples of high entrepreneurial medium sized firms that challenge the traditional theories of internationalization which posits that internationalization occur in stages. Born-globals firm behavior also challenges the belief that resource constraints of SMEs will always be a hindrance to their internationalization process. They challenge such beliefs through the firms' capabilities to form networks of relationships.

Networks of relationships are important in the internationalization of high level entrepreneurs such as Born-globals. Networks link activities and resources of the partners in a relationship together (Chetty, 2003). Networks are especially needed by Born-globals who often deal in single knowledge-intensive products (Coviello and Munro, 1995). Networks enable them to discover and develop knowledge-intensive products. Through networks, Born-globals are able to find partners that complement their weaknesses and strengths in the lead markets. Other role network play in SMEs rapid internationalization is the ability of a firm to form and maintain relationships. So in a sense, networks help to train a firm's network competence.

An important variable that should not be overlooked in SMEs rapid internationalization is owner-managers/ management teams' role. The owner-managers can appropriately be referred to as entrepreneurs as well. Their attitudes, past experience in international market entry or foreign exposure affects their

behavior towards internationalization and developing and maintaining of relationships. The past experiences and exposure to international markets can be understood in terms of the education level of the owner managers, where they are born, lived, language learnt, places they have been and information they have obtained about a foreign market. Lack of internationalization knowledge among owner-managers/ management's team decision makers affect activities of the firm (Eriksson et. al., 1997). The research findings will better enlighten the understanding of the role owner managers play to enhance SMEs internationalization process.

1.9 Usefulness

The results from this research are especially useful to owner-managers and/ or management team of SME and start-up SMEs that are internationalization focused. It is also useful to government agencies that are put in place to assist the SMEs in their internationalization drive, so that they may know when and where to focus that intervention strategy. It may also be of tremendous help as a foundation for further research in this field as the gaining of insight into the phenomenon studied here is in any way conclusive.

2.0 Limitation(s)

The main limitation of this research is related to sample size. The sample size is limited to only one software company in the category of small and medium-sized enterprises, in Finland. Although this sample thoroughly represents the occurrence of the phenomenon under study, comparable results may have been enabled by sampling more than one case company. So, the results may not be generalised to the entire software firms in the SME category in Finland due to the limited sample size. In the same vein, limited interviewees were used from the same sample company meaning that there was limited opportunity to compare their insights across board.

Also, self-report of the interviewees were used, and this may result in inflated causal linkages among constructs as a results of the interviewees self-generated validity.

CHAPTER 2 – LITERATURE REVIEW

2.1 Small and Medium Enterprises (SMEs)

European Union (2005) as cited by Greene and Mole (2006) defined the small and medium sized enterprises (SME) as one employing less than 250 people and having their annual turnover not exceeding €50million.

2.2 SMEs and the Internationalization Process

Largely due to the smaller size of SMEs, some have doubts about their ability to compete effectively in international markets. Why, the small size carries along side with it flat structures without the hierarchical chains of command found in the Multinational Enterprises (MNEs); scarcity of specific internal and external resources such as international experience, technical know-how and managerial skills; and integration of business activities residing in owner managers or decision makers minds only (Wright et al., 2006,p. 217).

In discussing some of the limitations of SMEs, Li and Qian (2007) add that SMEs also face external constraints such as being vulnerable to environmental changes. It cannot be disputed that SMEs face various challenges during their internationalization process. For instance, research reveals that even though some SMEs have gained experience in exportation, managing innovation processes at times become very challenging (Patel and Vega, 1999). In addition, during the initial stages of foreign market entry, SMEs are constrained in resources, lack of adequate information, managerial capabilities and lack of insight in dealing with environmental challenges. Despite all these, some SMEs are not deterred or discouraged from internationalization. Infact, not only are SMEs becoming more involved in internationalization but also they appear to internationalize at an early stage than before (Andersson et al, 2004). The aspect of SMEs internationalization that occurs right at the inception of the firm will subsequently be discussed in this research.

Furthermore, SMEs have different motivations for internationalization. Some firms internationalize their operations based on two internal determinants as

identified by Chetty and Campbell-Hunt (2003, p 801): management's expectations; and the degree of commitment to internationalization. As explained by Chetty and Campbell-Hunt (2003), the owner managers may expect to have a tremendous growth in organizational performance through internationalization and this propel them to actively participate in international operations. In addition, with high level of commitment to an international market with tremendous financial reward, a firm may decide to internationalize even further to other international markets.

Also, Calof (1994), in contributing to the motivation discussed, adds that attitudes of decision makers are one of the driving forces of internationalization. Studies reveal that the success of SME internationalization depends largely on the management's characteristics such as knowledge, experience, and attitudes; especially towards foreign market entry (Hutchinson et al., 2006, Chetty et al., 2003). In commenting on the role that managers play in the internationalization process Reid (1981) as cited by Hutchinson et al. (2006) confirmed that the progress of an organization from one stage to the other especially when it comes to acquiring knowledge of the foreign market and resource commitment depends largely on the decision-makers. He further stated that the right attitudes and perception of risks and beliefs of decision makers have great impact on their action towards internationalization, and that actions towards internationalization are often shaped by decision makers' past experiences. Hence, lack of such experiences affects the decision making process and the attitudes towards internationalization.

In line with the above discussion, Hutchinson et al. (2006) grouped the main characteristics of SMEs decision makers into objective and subjective characters. He identified the components of the objective characters as knowledge and experience and the components of the subjective characters as attitudes, perception and personality. Both characters groups of managers are needed for effective competition in the new international market. The ability of management to form inter-organization or interpersonal networks is a potential catalyst to internationalization.

Firms may also embark on internationalization due to some other reasons such as opportunity recognition and utilization. Opportunities differ in terms of the importance of the potential of the innovation involved. Some opportunities involve introducing a totally new product, services, new venture, brand and organizational strategy into the new (Eckhardt and Shane, 2003), while some opportunities involve fine tuning an already existing product or services to attract and suit the market (Eckhardt and Shane, 2003) When SMEs internationalize, they utilize opportunities by exploiting their innovative products. Their knowledge concerning the foreign market broadens and deepens as they internationalize and the firm's innovative capabilities is enhanced as well (Zahra et al; 2009).

In summing up the reasons for internationalization, some studies show that increase in domestic competition, opportunity exploitation, ability to strengthen innovative capabilities, advancement in technology, changes in customer needs and desire to be recognized both domestically and internationally are forces that may drive SMEs to embark on an internationalization drive (Rammer and Schmiele, 2009; Singh *et al*; 2008; Czinkota and Tesar, 1998; Pinho, 2007; Zahra et al; 2009).

2.3 Opportunities for Internationalization by SMEs

Despite SMEs scarcity of resources and flat organizational structure, it is possible for them to expand their operations internationally. Through diversification and network of relationships, SMEs can recognize and exploit opportunities in the international market (Caliano et al., 2001). Also, thanks to advancement in technology that facilitates the internationalization process (Sambamurthy et al., 2003).

The modes SMEs may use to penetrate a market are very important in the internationalization process. The mode of market entry opens the way for the internationalizing firm to gain access to social knowledge (Pinho, 2007, Zahra et al; 2009). Root (1994) as quoted by Pinho (2007, p 716) defines market entry mode as “an institutional arrangement that facilitates the entry of a company's

products, technology, human skills, management and other resources into a foreign country". Hence, any firm that may be interested in internalizing must carefully consider the different international market entry modes and subsequently choose that which will help it to maximize its limited resources for the drive. Since some of the modes of market entry can expose the internationalizing firm's core competences to third parties, Zahra *et al* (2009) suggests that internationalizing firms should select a mode of market entry that can protect their core competences or competitive advantages.

2.4 International Market Entry Mode

There are a number of international market entry modes available to firms that may be interested in internationalization. These international market entry modes include: exporting (direct and indirect) and importing; contractual entry (licensing and franchising); foreign direct investment (FDI); and joint ventures (Agndal and Chetty, 2007, p. 1450). However, these market entry modes can be generally classified as equity or non-equity mode according to Pan and Tse (2000) as cited by Pinho (2007). Pan and Tse (2000) as cited by Pinho (2007) explained that equity modes involve high resource commitment, high returns, high risk and high level of firm control and examples include joint ventures, or/ and foreign direct investment (Agndal and Chetty, 2007). On the other hand, non-equity mode involves low resource commitment, and example includes exporting. Unlike multinational enterprises (MNE), SMEs are limited in specific resources such as international experience, technical know-how and managerial skills (Collinson and Houlden, 2005, Gamser *et al.*, 2004) which makes it very necessary to consider carefully the risk perceptions of the form of market entry mode selected (Ellis, 2000) as stated earlier.

Based on SMEs' choice of market entry mode, access to social knowledge can be partial or wholly in terms of the extent of the firms' international involvement. SMEs choice of entry mode defines the strength of the networks with foreign partners. Consistent with studies made in this context, Zimmerman *et al*; (2009) suggests that strength of SMEs' international ties exposes SMEs to international experiences and resources such as social knowledge of the foreign market and

distribution channels. Firms that select non-equity entry modes have less control over their international operations (Agarwal and Ramaswami, 1992) and it affects the ties of the relationship(s) which may exist with foreign counterparts. SMEs entry mode selection is part of the firms' initial internationalization process (Johanson and Vahlne, 1990) but the amount of research focusing on the actual entry mode decision process of SMEs is limited (Nakos and Brouthers, 2002). However, researching the decision process leading to the selection of an international market entry mode is out of the scope of this research.

2.5 Internationalization theories

Several theories and concepts abound in literatures attempting to capture the firms' internationalization process. Though these theories were initially developed for MNEs' internationalization, they can likewise be useful to medium sized firms' internationalization process.

Models for SMEs internationalization can either be seen from a firm's perspective, market perspective or entrepreneur perspective (Havnes, 1994). Research on firm's perspective of internationalization includes the stage models which are very common in literature. The market perspective often deals with the strategies MNEs use to diversify their operations. The entrepreneur perspective, are very limited in literature. However, in this research, SMEs internationalization cannot be discussed while isolating entrepreneurs. Hence, entrepreneurial perspective to internationalization with regards to Born-globals will be discussed later in this section.

Meanwhile, the following section briefly discusses some selected theories on MNEs internationalization and the subsequent section will highlight some of SMEs internationalization theories.

2.5.1 Internalization theory

Every firm has both tangible and intangible assets. At times, external markets are unable to value some types of intangible assets of a firm such as knowledge and experience. This is when the internalization theory comes in. The theory of

internalization affords firms the opportunity to develop and transfer assets within the firm rather than outside the firm. The theory of internalization reduces the costs of transaction (Buckley and Casson, 1993). Ruzzier et al. (2006, p. 481) adds that multinational enterprises are built when internalizing activities are carried beyond national borders for instance through an intermediary.

2.5.2 Transaction cost theory

The transaction cost approach (TCA) and the internalization theory are closely related. Both theories emphasize more on minimization of transaction costs (Rugman and Chang Hoon, 2008). Transaction cost theory promotes the ability to evaluate and control the costs involved in operating in a specific market or in some products or services. Therefore, the theory summarizes that, for a firm's internationalization process to be efficient, it should consider a pattern that will help minimize transaction cost (McNaughton, 2002).

2.5.3 The electric paradigm

This approach to internationalization is based on the theory of Internalization. The electric paradigm theory focuses on several sectors of a firm's production and effective selection of foreign market for foreign direct investments (Ruzzier et al., 2006). The theory argues that three types of advantages explain the involvement of firms in foreign production. They include: ownership advantage; internalization advantages; and location advantages. The first advantage, the ownership advantage, is firm specific advantage and it is intangible and can be transferred within MNEs at a low cost. Such intangibles include technology, brand name, benefits of economics of scale etc. The second advantage, the internalization advantage, is related to firms' ability to manage and organize the firms' operations internally in the value-added-chain in order to reduce transaction costs (Ruzzier et al., 2006). The last advantage, the location advantage, is country specific advantages that determine which geographic location will become host countries for MNEs. The country specific advantages can be grouped into three classes: Economic; Political; and Socio-cultural advantages.

2.6 SMEs internationalization model

Here, the stage models and network perspective are discussed. The stage models have been tested and shown to be effective in explaining the internationalization process of traditional SMEs from Nordic countries (Welch and Luostarinen, 1993). There are basically two primary stage models that describe the internationalization process, and these are: the Uppsala Internationalization model; and the Innovated-related model.

2.6.1 Uppsala internationalization model

This model, developed by Johansson and Vahlne (1990), depicts the internationalization process as an experiential learning process where the firm increases its international involvement as a result of increase in knowledge. According to the model, resource commitment, market strategy development and decision to enter a foreign market are made based on knowledge acquisition and experience gained in the foreign market. The experience affects the behavior and attitude of the firm and owner managers in relation to the foreign market entry. Since the international engagement is seen as a gradual process and more commitment to foreign market occurs with increase in market knowledge, the international process can then be said to occur in cycles (Osarenkhoe, 2009; Andersen, 1998). For this model, lack of knowledge should be perceived as an obstacle to the internationalization drive of a firm.

Uppsala model attempts to explain the initial stages of internationalization process as first occurring in markets closer to the firm using low committed entry mode such as exporting (Belso-Martínez, 2006). According to this model, it is advantageous for SMEs for instance to start the internationalization process with markets closer to them in order to overcome resource deficiencies, uncertainties, and psychological distances. Psychological distances are the group of factors that constraint easy flow of resources and information between a firm and its market. Examples of psychological distances are : language, social-cultural factors and political factors. At the start of a firm's growth, these factors can be very challenging to overcome, thus the Uppsala model suggests firms to

internationalize in sequence in terms of psychological distance. Subsequently, with increase in market knowledge and experience, the internationalizing firm may then increase its commitment to the market in terms of other factors. Belso-Martínez (2006, p 795) summarized the international process this way: “The company develops its national market first, secondly it begins to carry out irregular exports, later it uses independent agents, in fourth place it establishes commercial branches, and the process concludes with the setting up of international productive branches”.

The Uppsala model like other research theories has received considerable amount of criticism. The model has been criticized as too deterministic (Reid, 1981). Some are of the opinion that the model imply that internationalizing firms have to follow a specific pattern to internationalize and if firms follow such pattern it means they will have no strategic choices (Gankema et al., 2000, Oviatt and McDougall, 1994, Hill, 2003). Meanwhile, there are born-global firms who right from their time of creation have globalization in view and thus do not have to go through the stages prescribed by the Uppsala model.

Despite the criticisms, there are empirical evidences showing that many SMEs internationalized in incremental stages (Crick, 1995). SMEs have specific limitations; most importantly they lack adequate market information and resources to internationalize. To acquire adequate market information requires knowledge of the cultures, norms and traditions of a market, which also require time and effort. As owner managers gain social knowledge of their markets the level of perceived risks is reduced. It is therefore very important that the Uppsala model encourages market experience before commitment. Experience before commitment reduces not only the risks involved in doing business in the market but also allows the owner managers to retain control over the firms’ international activities and requires less initial commitment of resources. The model in addition encourages a low mode of market entry such as exporting for SMEs.

Experiential learning comes with interacting with people who understand the traditions and norms of the target market. In the course of learning from the experience about a new target market, the internationalizing firm can interact with

customers, distributors, suppliers and competitors in the market. Such interactions lead to formation of relationships. More than one of such relationships forms a network. As firms internationalize, they increase the number of networks they have and strengthen the bonds of the existing ones at the same time. As limited as SMEs, through such networks of relationships, they can internationalize gradually and successfully, as depicted by the stage model.

2.6.2 Innovated Related Model (I-model)

The Innovated Related Model (I-model) also describes the internationalization process as occurring in stages where each subsequent stage is considered as an innovation for the firm (Gankema et al., 2000). The primary focus of this model is on exportation. As noted by Gankema et al. (2000), the I-model operates through the ratio of export sales to total sales and the ratio signifies the extent to which the firm is involved in exportation. Ruzzier et al., (2006, p. 483) identified three generic stages of the export process, and these are: the pre-export stage; initial export stage; and advanced export stage. Consistent with this, Cavusgil (Gankema et al., 2000, p. 17) identified five stages of the internationalization process based on the I-model. According to the study, the first stage is the *domestic marketing* where the firm is not interested in any exporting at all yet, and hence the export ratio sales is 0. The second stage is *pre-exporting* where the firm begins to show interest in exporting but it is limited in the information needed to enhance the process, so the export ratio sales is still nearer to 0. The third stage, according to Cavusgil is the *experimental involvement* stage where the process of exporting starts, but on small scale, with the nearest market available to the firm. Here, the export ratio sales are between 0-9percent. The fourth stage is the *active involvement* stage. As the name shows, the firm at this point becomes very active in exportation to various countries through an organized structure and market strategy. The export ratio sales are between 10-39percent at the active involvement stage. The final stage according to the model is the *commitment involvement* stage. At this stage, the exporting firm becomes committed to its foreign market but often faces the challenge of how and where to allocate their limited resources either in the domestic market or foreign market. Most firms at

this stage enter the foreign market through licensing or direct investment. The export ratio sales are between 40percent and more for the commitment involvement stage.

The Innovated Related Model encourages the formulation and utilization of export strategy which is the main market entry mode for most SMEs. The stages in this model represent an improvement in the firms' activities. Each stage involves more commitment than the previous stage. Cavusgil's study further reveals that a firm's level of exportation can be classified into three, and these include: experimental exporters; active exporters; and committed exporters (Gankema et al., 2000). The study concludes that any of these levels of exportation occurs as a result of the international experiences of owner manager's, their expectations of profit, amount of information at their disposal, their technical know-how and their ability to take risk.

The thorough description of the I- model looks intuitively attractive. However, it has also witnessed some measure of criticism for the past years. Opponents of this model argues that, nowadays, experienced international management team can be hired by firms to export and so firms can accelerate the internationalization process without going through some of the stages suggested by the model. Oviatt and McDougall (1994) especially argue that the I-model does not hold true for born globals. He argues that the born globals are created with globalization in view and do not have to go through the five stages to internationalization, namely, domestic marketing, pre-exporting, experimental, active and commitment involvement. High entrepreneur firms as Born-globals pursue niche markets not only domestically but internationally and all these occur at the very beginning of the firms' operations.

However, following the wave of criticism of the stage model, attempts has been made to improve it in order that it may become capable of explaining the rapid internationalization process that is common to some SMEs (Collinson and Houlden, 2005; Johansson and Mattsson, 1988; Johansson and Valne, 1990; Johanson and Forsgren, 1992).

2.6.3 Network theory

Networks are defined as a “set of connected exchange relationships between firms” (Johnsen, 2007, p. 136). The Networks theory emphasizes the effect of relationships on the growth of firms through the internationalization process. Networks consist of actors - organizations or firms and people (Zimmerman *et al*; 2009). Furthermore, every form of network “contain three essential components, and these are: the content of the relationship; the governance of the relationship; and the structure or pattern that emerges from the ties” (Zimmerman *et al*; 2009, p. 146). Existing literature shows how important networks are in the internationalization process as they link actors, resources and activities together (Johnsen, 2007; Chetty, 2003). The roles that the different actors play in a network are defined by their activities in the network and resources available to them.

A firm’s position in a web of relationship can be viewed from two main perspective - micro and macro perspectives (Ruzzier *et al.*, 2006). Ruzzier *et al.* (2006) identified micro perspective as firm-firm relationships and macro perspective as firm-network relationship. They further explain that at the initial stages of the internationalization process, a firm can develop business networks with it domestic counterparts and with time increase the size of the network by developing other relationships of business networks with other international firms.

The most important characteristic of networks are interaction and, cooperation and trust, and how these are maintained in a relationship. The nature of network relationships is that, the kind of relationship an actor may have with other actors in the relationship can affect the focal actor’s beliefs, perceptions and actions. Most studies on network perspective to internationalization emphasized on industrial networks (Johanson and Mattsson, 1988). Firms in industrial systems engage in production, distribution, and use of goods and services. Each aspect of this function, though divided, requires coordination and dependency on each other in other to work effectively. It can thus be said that industrial systems are made up of network of relationships. The interactions and coordination occur among the firms in the network. Firms in such networks have the right to choose other

business partners externally. Meanwhile forming such kind of relationships can be very costly because it takes time and efforts to build and develop trustworthy relationships thereby constraining firm's possibilities to change business partners.

Also, in a web of relationships, individual firms have their own relations with customers, suppliers and distributors. At times, through an indirect means, knowingly or unknowingly, a firm forms relationship with its suppliers' supplier, customers' customers, distributors' distributors and the relations may go on and on. This leads to different forms of relationships. Agndal and Chetty (2007) reveal three main forms of relationships as: business and social relationships; direct and indirect relationships; and reactive and proactive change relationships.

2.6.3.1 Social/ Interpersonal networks

Zimmerman *et al.*, (2009, p. 145) as cited by Brass (2004) defined social networks as "interconnection of social relationships that offer opportunities for and constraints on behavior". In social networks the actors in the relationship are the individuals (Zimmerman *et al.*, 2009; Agndal and Chetty, 2006), and this form of network is sometimes referred to as Interpersonal networks in some literature (Zimmerman *et al.*, 2009). Social networks may consist of friends and acquaintances, family members or relatives (Zimmerman *et al.*, 2009; Agndal and Chetty, 2006; Hutchinson, 2006).

Social network is a sub-network within the business relationship. From the definition, it can be deduced that social networks is a form of relationship that enhances the discovery of opportunities. For instance, it influences the choice of foreign market, entry mode, social knowledge acquisition and the process of market developments (Coviello and Munro, 1995; Agndal and Chetty, 2006; Hutchinson, 2006). It enables firms to overcome internal resource restraints by accessing resources of other firms (Bagwell, 2008). In addition to resources accessed, social networks enable firms to access both human and social capital (Johannisson, 2000; and Rath, 2002 as cited by Susan, 2008). Social capital has been defined as the amount of resources at a firm's disposal derived from the network of relationships (Nahapiet and Ghoshal, 1998). Consistent with this,

Coviello and Munro (1995) found out that the social networks of a firm are the most important resource available to the firm. These forms of network- have a significant effect on entrepreneurs and their business and the extent to which the social groups learn to imitate each other which subsequently increase exportation (Ruzzier et al., 2006).

2.6.3.2 Business/ Inter-firm networks

This form of network exist at the organizational level and considers organizations as actors in the relationship (Agndal and Chetty, 2006; Zimmerman *et al.*, 2009). Some examples of business networks are: “Joint ventures; strategic alliances; joint programming; collaborations; business groups; consortia; relational contracts; and some forms of franchising and outsourcing” (Zimmerman *et al.*, 2009, p. 147). Business networks can occur between “a firm and its customers, suppliers, distributors, competitors and government contacts” (Johansson and Mattsson (1988) as cited by Agndal and Chetty, 2006, p. 1452).

Business (Inter-firm) or Social (interpersonal) network consists of both strong and weak ties. Ties with diverse set of people where there are no frequent interaction such as in friends of friends and acquaintances are weak ties (Zimmerman *et al.*, 2009). Burt (1992; 1997) adds that weak ties can bring about new source of ideas and can connect networks of relationships with different groups of people. A firm may come in contact with some network of relationships through their acquaintances. When this happens, it leads to formation of weak ties of relationship. Such relationship leads to identification of international opportunities and diverse source of significant information that were not deliberately searched for (Burt, 1992). The more a firm gets involved in international business, the more it forms weak ties of relationships which lead to an increase in market knowledge and opportunities.

Strong ties, on the other hand, develop with time through strong intimacy and frequent interactions (Zimmerman *et al.*, 2009 from the study of Granovetter, 1973). In discussing the effect of strong ties on a firm’s international diversification, Uzzi (Zimmerman *et al.*, 2009, p. 148) explained that it enhances

easy flow of information and resources such as market and cultural knowledge, contacts and distribution channels between the internationalizing firm and its international business counterparts. It can be added that strong ties also develops mutual trust between participating firms which is a key to international diversification and access of resources.

2.6.3.3 Direct and Indirect relationships

In direct relationships, both parties deal directly with each other without a third party. Immediately a third party comes into the picture, a new form of relationship is formed; indirect relationship. An example of direct relationship may be a firm supplying a customer with some services or product without any third party. A third party can be a friend of a customer who provides information to a buyer and seller and through that means brings them together as an instrument in the new market. This form of relationship explains the strength of ties between the parties.

2.6.3.4 Reactive and Proactive change

A firm may enter into a relationship or a new market due to pressure from the external or internal environment. The pressure is related to the relationships with firms or individuals. This refers to reactive change where the firm changes its internationalization strategy due to pressure.

Proactive change on the other hand occurs when the firm willingly decides to go in for a change in internationalization strategy by virtue of formation of relationships. This change is not due to pressure from external or internal environment.

2.7 Owner-managers/ management team and internationalization

A firm's internationalization usually follow a decision making process. The decision to internationalize largely depends on owner managers or decision makers. Managers' attitude towards internationalization is the key in this context. Some managers may have different biases in focusing on domestic markets or international markets. Some managers fear losing out to domestic competitors if

they internationalize and this often deters them from doing so. Other factors such as the managers' level of education and past experiences may also affect their perception of risks toward internationalization, either positively or negatively. Perhaps some owner managers have never been exposed to international business and so lack experience in conducting business in a foreign market. It may also be that lack of information about a foreign market, which is the greatest barrier to internationalization for most SMEs, brings fear to internationalize. Therefore, the role that decision makers play in shaping a firm's internationalization strategy should never be underestimated. The know-how and acquired experiences of decision makers affect the firm's advancement in a large way.

There are various reasons why some SMEs also decide to internationalize which had been discussed in the previous chapter. Whatever the reasons may be, the first step to internationalization is for decision makers or owner managers to have the right attitudes towards internationalization and to be willing to learn and integrate the knowledge into organizational activities (Coveillo and McAuley, 1999; Chetty and Campbell-Hunt, 2003). The attitudes of decision makers toward internationalization and their abilities to develop alliances with other business partners enhance the internationalization process (Singh *et al.*, 2008). The ability of decision makers to identify internal weakness and form internal networks serves as a gateway to internationalization (Coveillo and McAuley, 1999). Owner managers are responsible for the mode(s) used to enter a market, the direction and the pace of the firm's internationalization process.

The decisions to internationalize occur in incremental stages according to the stage model of which the decision to internationalize often depend on the owner managers. As firms internationalize, they develop structures and routines to match their internal resources to assist them to acquire knowledge of the foreign market. On the other hand, lack of motivation to internationalize on the part of owner managers will affect their ability to take measures to penetrate a market. However, there are certain factors that can cause the lack of motivation and constraint to internationalization. Among such factors are information and resources. Some owner managers may be skilled and experienced but with lack of financial

resources and limited size of experienced team for example, it may be impossible to internationalize. In overcoming these limitations, some owner-managers have sought for business networks (Chetty and Campbell-Hunt, 2003). Through this means, they gradually learn and develop structures to assist them penetrate the foreign market (Johanson and Mattson, 1993). Through business networks SMEs gain access to resources of other firms. Examples of business networks can be the relationship between a firm and its customers and distributors or suppliers (Coveillo and McAuley, 1999). Firms that lack market knowledge can gain such knowledge from interacting with their foreign partners such as customers and suppliers. Through such relationships, the internationalizing firm gain market knowledge and experience and that makes it easier to commit resources into the new market as suggested by the stage model. The larger the network of relationships the larger the social capital gained from the network (Collins and Clark, 2003).

Another role networks play in SMEs internationalization process is to minimize the perception risk that internationalizing firm may have concerning the new market. From the Uppsala model, it can be deduced that firms have high perception risk at the initial stage when they have little or no market knowledge. However, through business networks, internationalized firms are exposed to international business practices and social knowledge of the foreign market and this helps calm down the fear and perceptions that might arise before and during the international process (Zimmerman *et al.*, 2009). In addition, since networks serves as eyes and ears to enlighten firms' awareness to international opportunities, business networks help increase the firms knowledge of when and how to discover opportunities in different markets (Zimmerman *et al.*, 2009 from the study of Ellis, 2000). Furthermore, networks provide internationalizing firms access to innovation and technology which is key to customer satisfaction (Ford and Saren, 2001).

In network of relationships there is creation of value and mutual commitment. Some firms are efficient in developing capabilities and acquiring resources in networks than others do. There are advantages and disadvantages in creating

networks. As networks provides opportunities and help develop capabilities, a firm is limited in the number networks formed since this requires time and effort. Also, a poor network developed can lock up a firm's operations and development. Business and social networks have its own challenges. At times there is the problem of cooperation and business partner's behavior towards rules set within the network of relationships (Fink and Kraus, 2007). To be able to overcome these behaviors, Fink and Kraus (2007) suggests that business partners have to set up coordination mechanisms to reduce and control the latitude of opportunism which governs the behavior of the inter-firm actors in the relationship. The study adds to it that an inter-firm relationship based on trust have positive effects on the success of the participating partners.

In fact, in other to enhance understanding of SMEs internationalization more research needs to be done on how business networks affect the internationalization process.

2.8 The Born Globals (Entrepreneur perspective)

Over the last two decades, studies into the evolution of a certain group of firms that are characterised by early or instantaneous engagements in foreign markets from their birth. The focus on this type of firms has been rapid since Oviatt and McDougall (1994) observed that previous research in the field of internationalization tend to overlook this group of special firms. Now, there is considerable body of knowledge concerning this group of firms, their characteristics, and strategies, among others (Moen, 2002).

The above described phenomenon of firms that start exporting or engage in international marketing right from or not far from their birth has been described by many different terms. Comprehensively and as cited by Moen (2002, p. 156), they have been referred to as "International New Ventures" by McDougall et al. (1994); "Born Global" by many researchers such as Rennie (1993), Knight and Cavusgil (1996), and Madsen and Servais (1997); "Instant Internationals" by Preece et al. (1999); and finally as "Global Start-ups" by Mamis (1989) and Jolly et al. (1992). It must be noted that these terms are often used interchangeably in

literature, however, for the purpose of this research the phenomenon shall be referred to as Born Globals.

As may be expected, there are many definitions for Born Global in literature. Notwithstanding, it may be most beneficial to consider a couple of definitions of the Born Global phenomenon from available literature. There are various definitions of the term “born global”. As cited by Chetty and Stangl (2010, p. 1727):

Rennie (1993) defines it as firms that internationalize within two years of inception and have 75 percent or more of their sales in international markets. Chetty and Campbell-Hunt (2004) define the born global firm as having either a small or no domestic market before it starts to internationalize. It starts to internationalize within two years of inception and has 80 percent or more of its sales worldwide.

Furthermore, as cited by Loane and Bell (2006, pp. 471), Oviatt and McDougall (1994), defines Born Globals as:

those new ventures that exhibit an innate propensity to engage in a meaningful level of international business activity at or near inception with the intent of achieving strategic competitive advantage.

In the vein, Shrader et al. (2000) as cited by Loane and Bell (2006, p. 471) defined Born Globals as:

those that derive at least 25 per cent of total sales from international activities within six years of formation.

In literature and as summarized by Loane and Bell (2006), other criteria have also been set that must be met by a firm to be so classified as a Born Global. Chief among them is that the firm must employ less than 250 staff to qualify as an SME. In addition, the firm must be an independent agent and must not in a way be an offshoot or subsidiary of an MNE. For the purpose of this study, the definition proffered by Shrader et al. (2000) and as cited by Loane and Bell (2006) will be

adopted. The firm(s) employed here as sample is also expected the additional criteria stated in the preceding sentences.

2.8.1 Characteristics of Born Globals

Now that the definition of the Born Globals to be adopted for the purpose of this study has been established, it is pertinent to also look into existing literature so as to be able isolate and discuss the characteristics of these firms. Obviously, as the Born Globals have defiled the idea of incremental internationalization, it is expected that they shall exhibit characteristics and/ or features that may distinctively differentiate them from the traditional international firms. In this light, the specific characteristics, from existing literature, of the Born Globals are discussed here.

Chief among the characteristics of the Born Global firms is, as described by McDougall et al. (1994) and as cited by Crick (2009, p. 455), a management team or an owner-manager with an “unusual constellation of competencies”. These competencies, according to McDougall et al. (1994) may have been acquired and nurtured from these individuals’ previous experiences and makes them to be sensitive to tapping and combining available resources from different geographical and/ or psychic markets that the firms may otherwise not have access to. According to Knight (2000), the competencies so displayed by the management team or owner-manager often have a positive impact on their strategy development and orientation which often point the firms in the direction of rapid internationalization. Furthermore, the management team and/ or owner-manager also tend to have acquired invaluable internationalization experience even before the firm was established (Nummela et al., 2004; Harveston et al., 2000). More importantly, these owner-managers and/ or management team of Born Globals may be said to have conceived an international and/ or global outlook for the firms from the birth of these firms (Oviatt and McDougall, 1995; Moen, 2002; Sapienza et al., 2004). Crick (2009, p. 455) citing Jolley et al. (1992); Coviello and Munro (1997); Keeble et al. (1998); Chetty and Campbell-

Hunt (2003); and Bell et al. (2004) stated that the competencies and other associated characteristics of the management team and/ owner-manager:

[...] reinforces other factors such as the recognition of having a small domestic market, knowledge exchange with network partners, buying-in knowledge by recruiting individuals that possess particular experience, acquiring other firms and utilising their resources, and undertaking focused research.

Kundu and Katz (2003) and Zahra et al. (2003) as cited by Crick (2009) are of the opinion that other factors, post internationalization process, peculiar to the owner-manager including their knowledge, experience, learning, and motivation are instrumental in determining the strategy and marketing mode pursued by the Born Global firms.

2.8.2 Contributing trends

As noted in pertinent literature, the Born Globals pose a serious challenge to the popular stage model of firms' internationalization. This has generated the need for new or improved conceptualization to put meaning to and explain the occurrence of this group of firms. However, it is of importance to scrutinize the developments that have enhanced the emergence of Born Globals as firms have been previously known to only go international in stages, testing out the waters close to home first before venturing to even further far away lands. Interestingly, existing but recent literature does not leave us in the dark as to some of the trends that have facilitated the emergence of the Born Globals.

An occurrence that facilitates the emergence of the Born Globals is the growing importance of niche markets (Knight and Cavusgil, 1996). Due to this increasing significance of the niche markets, Small and Medium Sized Enterprises, in an attempt to be competitive, are pushed to serve small niches in various geographical and/ psychic markets across the world. Another factor that was identified by Knight and Cavusgil (1996) are the advancement in technology. Most notable of these advancements are to be found in process technology and

information and communication technology with their associated benefits and opportunities that spring from them. Other facilitators of the Born Global phenomenon include the rapid diffusion of innovative technology, especially found with knowledge-intensive or knowledge-based firms, and the ever increasing role of networks and networking in global business.

2.8.3 Why study the Born Global phenomenon

There are many reasons why it may be necessary to study the Born Globals extensively. To start with, Moen (2002) pointed out that the population of Born Global firms is increasing by the day. This phenomenon is also quite pronounced in the Nordic countries where Lindmark et al. (1994) observed that about 50% of new enterprises in the high tech field begin to expand into foreign markets just with 2 years of their inception. More specifically, Waagø et al. (1993) reported that in Norway, 44% of start-up companies participate in exportation within the first two years of their operation. In the same vein, more and more start-ups in Denmark were reported to be involved in the exportation of their products and/ or services within few years of their operation (Christensen and Jacobsen, 1996). Hence, this phenomenon should be studied among the Finnish start-up companies as well, as “it must be expected that the phenomenon of Born Globals will become more widespread in the future” (Madsen and Servais, 1997, p. 566).

Also, there is apparent inability of the well-known traditional theories in internationalization of firms to explain the occurrence and behaviour of the Born Globals (Moen, 2002). Many researchers have since exposed the challenges faced by the traditional theories of internationalization in relation to the Born Globals. For instance, McDougall et al. (1994), Knight and Cavusgil (1996) and Madsen and Servais (1997) have detailed the short-comings and/ or challenges faced by the Uppsala internationalization model and the innovated-related model, as traditional internationalization models, in explaining the emergence of firms that have been observed to engage in international marketing activities, in various geographical and psychic markets, just after their establishment. However, it must be noted that the difficulties faced by these traditional models is not unconnected with that view that firms must internationalize going through various stages, but

the Born Globals have been shown to leapfrog the prescribed stages. So, how are the Born Globals to be explained following the short-comings of the traditional models? What possible flicker of light may be followed in this quest? Well, Madsen and Servais (1997, p. 579) and as cited by Moen (2002, p. 157) suggested that the “network theory and evolutionary economics” may provide promising theoretical foundation for explaining the Born Globals in the face of the short-comings associated with the traditional Models. Hence, this study will attempt to shed some light, empirically, on the Born Global phenomenon using the network approach.

Furthermore, economic growth (Hawkins, 1993) and job creation as well as innovation (Harmon et al., 1997) have been associated with SMEs and/ or new business start-ups (Moen, 2002). Therefore, it becomes imperative to follow the behaviour of this group of firms in order to develop adequate and up-to-date knowledge about them so as to enhance their growth potentials (Jolly et al., 1992). In a similar way, and as pointed out by Moen (2002), the owner-managers, as often the case with SMEs, are often overwhelmed with the various challenges that may confront the SMEs, especially with regards to gaining a portion of international markets, hence the knowledge generated from research of this sort may help to put the owner-managers on good footing.

Besides all of the above discusses on why the study of Born Globals is essential, there is also the government aspect of the equation. This government aspect, often referred to as the societal aspect, is concerned with government initiate to promote export and internationalization of local and national firms within their jurisdiction (Weaver et al., 1998; Welch et al., 1998). However, the agencies set up to facilitate the internationalization of local and national firms, such as Finpro and FinnFund in Finland, rely heavily on the prescription of the traditional internationalization models. These models having been found to be lacking with respect to the Born Globals may render the agencies’ advice and support to a start-up firm interested in internationalization right from its establishment. Hence, research focused on the Born Global phenomenon is expected to generate useful

knowledge that may be very useful to the government agencies supporting the internationalization of local and national firms in Finland, for instance.

Based on the above discussions, research into the behaviour and activities of the Born Global firms has become important due to the challenges that their emergence now pose to: traditional theoretical understanding in the field of internationalization; owner-managers and/ or management teams of the Born Globals themselves; and the government agencies responsible for helping local and national firms to internationalize.

2.8.4 Born Globals and network relationships

The Born Global phenomenon has been discussed as much as need to form a foundation for this study. Now, the nature and role of network in the emergence and enhancement of the Born Global phenomenon shall now be discussed. An important starting point is the fact that SMEs, even the Born Globals, are often limited in resources and hence will take part in activities that will enable them to acquire the necessary resources to meet their limitations. Essentially, the firms will carry-out the resource building activities across all of their operations, “including network acquisition” (Loane and Bell, 2006, p. 471). The network so generated, with sustained interaction often results in greater trust and market knowledge among the interacting firms, and this often “leads to greater foreign market commitment and internationalisation” Loane and Bell (2006, p. 471).

Many researchers such as Johanson and Mattsson (1993), Jones and Tagg (2001), Coviello and Munro (1997), Crick and Jones (2000), and Sharma and Blomstermo (2003) as cited by Loane and Bell (2006, p. 471) pointed out that the growth of the SMEs into the international market is possible through their developed networks and the extensions that they make to their networks, and this results from the active investments they make to sustain their existing network and acquire new network relationships. Therefore, the SME may be perceived as being placed at the centre of a web of relationships with some other firms. Hence, Loane and Bell (2006) and Bell (1995) stated that the network that a firm belongs

to appears to exert some influence on the strategy relating to the market and mode of market entry that the firm opt for.

A key observation made by Loane and Bell (2006, p. 477) were that internationalizing SMEs, especially Born Globals are quite conversant with the role of network in their internationalization drive. This is evident in the fact that a significant proportion of the Born Global firms are very active in the acquisition of networks. They realise that it is through the acquisition of such networks that they may make head-way in new markets in which they have no existing networks and/ or the network they have are not potentially helpful. The most critical part of their study is the discovery that Born Globals are focused on building new network as against focusing on “leveraging established ones”. The presence of the Born Global firms in many foreign markets within a short time of their establishment is clearly connected to the fact that:

Network-building activities were not just confined to the first export market, but occurred in subsequent ones. Indeed, some of the early network partners often proved invaluable in entering later markets (Loane and Bell, 2006, p. 477).

In similar light, the Born Global firms recognising the importance of networks in their internationalization drive have also been found to “buy” new networks in cases where they lack relevant partners in given markets. This they do by hiring management staff with specific experience, knowledge and networks in the market of interest (Loane and Bell, 2006, p. 478).

The short-comings of the network model of internationalization that this study will endeavour to correct includes: lack of consideration for the critical role of the owner-manager and/ or management team and the characteristics of the firm in the internationalization process; and the controlling effect of the networks on the strategic choice of the firm in the internationalization drive (Chetty and Blankenburg Holm, 2000). Hence, consideration for the role of the owner-manager and/ or management team is featured in this research as well as a

consideration for the controlling effects of the network relationship on the Born Globals' strategic actions.

2.8.5 Born-globals in the software industry

This study is carried-out, empirically, within the context of the software industry in Finland. Exploring the Born Global phenomenon with a representative sample from this industry is due to a number of reasons, and some of these reasons have been found in similar previous research as well. First, the study agrees with Yin (1989) as practiced by Chetty and Stangl (2010) that samples for this type of study should be chosen from a pool where the phenomenon under consideration may be easily observed. This is because the Born Global phenomenon has been found to be pronounced with knowledge intensive firms, such as in software industry (Johanson and Mattsson, 1988; Jolly et al., 1992; Bell, 1995; Coviello and Munro, 1997; Keeble et al., 1998; Crick and Jones, 2000; Loane and Bell, 2006; Ruokonen et al., 2008). Second, the software industry made up largely of SMEs are often a source of growth in many economies, such as in Finland, and are often sources of innovative products (Möller et al., 2005) but they lack adequate resources to commercialize on their own (Tödtling and Kaufmann, 2001), although they need to take advantage of being the “first to market” with those innovative products. This study will, therefore, study the Born Global phenomenon within the Finnish software industry and generate useful knowledge to the software firms within this group and government agencies that support the internationalization drive of the Born Globals in Finland.

CHAPTER 3 – RESEARCH METHODOLOGY

3.1 Method

The research methodology used in this study is qualitative. The qualitative research methodology was so chosen primarily because it has been demonstrated to be most effective for exploratory study of this nature and for providing deep insight into the “how?”, “why?” and “what?” questions about the phenomenon under research (Yin, 1989; 1994). Furthermore, it was a very useful way to obtain deep information on the way SMEs exploit their networks and associated relationship to gain entrance into new international markets (Chetty and Stangl, 2010). The in-depth interviews conducted with selected participant were instrumental to obtaining useful information on the Born Global phenomenon as found in SMEs’ internationalization. As in previous research around the same subject (Chetty and Stangl, 2010), the firm served as the basic unit of analysis.

3.2 Sample

A case company, from Finland, was isolated in which the phenomenon to be studied is quite apparent following the recommendation of Yin (1989) as practiced by Chetty and Stangl (2010) that samples for this type of study should be chosen from a pool where the phenomenon under consideration may be easily observed. The Born Global phenomenon has been found to be pronounced with knowledge intensive firms, such as in software industry. Second, the software industry made up largely of SMEs are often a source of growth in many economies, such as in Finland, and are often sources of innovative products (Möller et al., 2005) but they lack adequate resources to commercialize on their own (Tödtling and Kaufmann, 2001), although they need to take advantage of being the “first to market” with those innovative products.

Also, it was critical that the firm chosen as the unit of study should not be many years old for two reasons (Crick, 2009). One, to allow room for the interviewees to be able to recall details concerning the earliest internationalization drive of the company and increase the probability that some if not all the starting employees

of the firm instrumental to their internationalization may still be present. Two, to make it possible in elimination of bias since the company age may fall within the definition of the age for the Born Globals and their internationalization drive. Interestingly, the company employed in this research is just 6 years old and meets the definition of internationalization drive from the start.

Furthermore, the size of the firm to be used, as a matter of utmost importance, is expected to be 250 staff or below to meet the definition of an SME. Also, the firm must not be an appendage of some MNE but must be an independent entity from its start. Here, the company used in this study has staff strength of 30 at its home office and it has always been independent right from its inception in the year 2005.

A brief insight into the case company employed in this research is given in the next section.

3.3 Data collection procedure

Interviews were conducted employing semi-structured questions with participants from the case company who are readily involved with the internationalization activities at the company. These individuals were able to provide insights into the “how” and “why” questions posed to them by reflecting on their knowledge, experience, and expertise. Employing these types of individuals in this type of study is known to yield valuable insights of the phenomenon under study (Yin 1994; Gummesson, 1991).

The main data collection procedure used was semi-structured interviews. The interviews were conducted solely by the author, and generally between 15 to 30 minutes. The interview items designed to provide insights into the variable of the model to be measured were adapted chiefly from literature, modified to reflect the peculiar context of this study. The interviewees, 2 of them, employed in this research are the International Operations Managers of the SME they work for.

Two forms of research data exist- primary and secondary. Primary data does not often exist and requires the researcher to investigate into details the research

problems, collect and analyze the results of the research findings. Secondary data on the other hand are already existing data, collected and proved to be reliable and valid by some researchers. Secondary data may not be gathered for the same purpose of study but may have been gathered for other study which may be closely related. Examples of secondary data includes: annual reports, books, journals and electronic sources such as internet.

In this research, both sources of research data are used. Secondary data was collected based on previous studies conducted in similar research. Also, background information about the case study, when it was established, their products and services, field of operations, international operations and network of relationships was collected from the company's official webpage. Primary data was conducted and collected through qualitative research approach.

3.4 Data analysis procedure

A system search of the interviews transcript was carried-out during the analysis process. The internationalization activities of the firm and its success to date were examined so as to determine whether it was rapid or otherwise. Comparison of the data generated from the interviews after transcription was compared to definitions and standards from existing literature in arriving at any conclusions.

3.5 Reliability and Validity

A serious problem that usually occurs whilst conducting research on SMEs is gaining access to more than one respondent in order to reduce bias. The sample size used is limited to only one software company in the category of small and medium-sized enterprises, in Finland. Although this sample thoroughly represents the occurrence of the phenomenon under study, comparable results may have been enabled by sampling more than one case company. So, the results may not be generalised to the entire software firms in the SME category in Finland though results are valid and reliable.

In addition, International Operation Managers who were interviewed occupy a central role in this software medium sized company and they control access to

information about the company's operations. Hence, interviewing them based on the research questions to a large extent makes the research results valid and reliable. Meanwhile, the secondary data collection procedure used included written documents made available by the interviewee and information that may be readily found from the company's website which makes information gathered to be valid.

CHAPTER 4 – EMPIRICAL RESEARCH

CASE STUDY

4.1 UpCode- at the beginning

UPC, a printing firm, located in Vaasa, is a communication company that is known for printing high quality publications (Printing.indiabizclub.com, 2010). It has been in business since 1978 with the focus of adding value to the printed products for clients. The firm has always been abreast of consumer needs and interested in adding new technologies to increase the knowledge of their clients and consumers.

In 2005, the firm discovered an excellent idea of adding something unique to its printings and they realized that to be able to distinguish their products from competitors and make their products very reliable and genuine, codes should be placed on the printed products. As a result of this idea, UPC which is the parent name for the printing firm was blended with the word “code” and thus created a new logo, UpCode, with the strap line “Ignite your imagination”.

4.2 UpCode defined

The manufacturing of codes on different products such as on packages and posters are becoming very competitive within the software industry. However, UpCode has recognized an effective way to implement the importance of these applications to their users. One most effective way they have been able to accomplish this is to develop a technology which uses mobile phones or other electronic devices as optical readers or scanners that can read codes on any surface. The application of this technology is very simple. First, the UpCode program can be downloaded on the mobile phone, then pointing the phone to the codes a picture can be taken. The software will then reveal any information concerning the product to the user. The software can also help in buying tickets or prove the authenticity of the item (upc.fi). This application can be used anywhere, in any country and in any

language. In a way it can be said that UpCode has created its own world of communications and interactions.

4.3 An excellent idea

Finland is known for the manufacturing of the famous mobile brand Nokia and it has one of the world's best technological industries. About 3.5 percent of Finland's gross domestic product goes into R&D with two-thirds of R&D funds generated from the private sector and only one-third of the funds come from the government (Kanellos, 2008). These figures reveal the importance of the technology industry to the Finnish economy, and this summarizes and explains why UpCode was attracted to this industry. Other reasons why UpCode uses mobile devices as a free optical barcode scanner are that mobiles are universally used and accepted devices in any market in the world, it is easy to use, very simple and not complicated device to manipulate and easy to handle.

4.4 Products and Services

UpCode offer business solutions in different areas such as in : Logistics, Education, packaging, anti-counterfeit or smuggling, supply chain management, mobile payments, money transfer, credit cards, eLearning, track & trace, mobile event discount, assets management, Marketing, Games/gambling, to mention but a few (upcode.fi).

4.5 UpCode – a Born Global firm

The company's activities reveal that it had internationalization in view right from its day of establishment. The company has its own Research and Development (R&D) of optical/ NFC reading and mobile function- (upc.fi). UpCode is an independent entity and known to be reliable in implementations, maintenance and providing business solutions (upc.fi).

The UpCode group is made up of 30 very experienced and skilled staff in all aspects of the firm's operations. One unique aspect of the company is its ability to develop local expertise worldwide. They also train their own official

representatives at the company's training centre. By this way, the official representatives are trained to understand and apply optical reading, mobile functions and information systems. Within 6 years of its establishment, UpCode has been able to operate in multiple markets with rapid internationalization performance. Majority of Upcode's sales come from the international market. The above discussions, among other things, reveal that the company fits to be referred to as a Born Global.

4.5 Foreign markets

Within 6 years of operations, UpCode has been able to enter into about 60 different countries in different continents. Some of the foreign markets they have entered and are presently operating in are as follows: Africa: Rwanda; Congo; Burundi; Uganda; Tanzania and Nigeria, Albania, Argentina, Asia: China, Austria, Brazil, Germany, Netherlands, Korea, Macedonia, Lithuania, Middle East, Russia, Sweden, Switzerland, Turkey, U.S.A; Venezuela and Mexico.

CHAPTER 5 – FINDING AND DISCUSSIONS

5.1 Research Findings

In the previous chapters it was discussed that the network theory which has been developed to explain the internationalization of firms and that has been suggested to be useful in the explanation of the emergence of Born- Globals fails to consider the role of the owner-manager and/ or management team and the characteristics of the firm in the internationalization process. Using the case study, this research intends to consider the role of owner-manager and/ or management team in the internationalization process of the case company and the controlling effect of networks on the strategic choice of the Born- Globals in the internationalization drive.

The following details the research questions used and the response with its relation to the research problems under study.

RQ1: What is the critical role that owner-manager and/ or management team play in the development of network relationships in Born- Global firms? How does network relationship emerge in Born Globals?

The empirical research findings reveal that, owner-manager and/ or management team play a very significant role in UpCode's international operations. The managing director who is also the decision maker's attitudes towards internationalization and his willingness and abilities to develop alliances with other business partners enhance the internationalization process. In UpCode the managing director initiates the internationalization process and takes the lead in meeting high level people who may be prospective clients for the company. The owner manager together with the other UpCode sales and marketing managers realise that development of network relationships does not occur overnight; but over time and with considerable efforts. The owner-manager strategically pursues and develops network relationships to meet the firm's internationalization drive over time.

The formation of network relationships can be understood by examining the path followed by UpCode in building its own networks of partners locally and globally. First, it is best to differentiate between fundamental networks and Secondary networks. To understand what is meant by fundamental networks, an example is taken from UpCode's own experience. It was revealed that the owner-manager already had networks of relations before the emergence of UpCode. The owner-manager was therefore armed with these wide networks of relationships that he had built over time while serving in similar role in UPC, and this created opportunities for the firm to internationalize and widen out its field of networks. From this example, fundamental networks can be understood as networks that are held by the owner-managers which were inherited right from inception of the firm. This discovery with UpCode agrees with the observation that the management team and/ or owner-manager also tend to have acquired invaluable internationalization experience and networks of relationships even before the firm was established (Nummela et al., 2004; Harveston et al., 2000).

Secondary networks are those that the company build on their own over time during the company's growth process as a result of exploiting market opportunities and competition. In this instance, UpCode has been able to build secondary networks over the past 6 years with which it have been able to gain entrance into much of its target markets. The findings show that UpCode's owner-manager play strategic role in identifying and pursuing fundamental and secondary networks. Also, as the company internationalize, the owner-manager is able to "develop structures and routines to match their internal resources" which will assist them to acquire knowledge through experience from the foreign market (Chetty and Campbell-Hunt, 2003). This agrees with previous research in this domain, for instance a key observation made by Loane and Bell (2006, p. 477) were that internationalizing SMEs, especially Born Globals are quite conversant with the role of network in their internationalization drive. This is evident in the fact that a significant proportion of the Born Global firms are very active in the acquisition of networks. They realise that it is through the acquisition of such networks that they may make head-way in new markets in which they have no existing networks and/ or the network they have are not potentially helpful.

RQ2: What are the behavioral patterns of the Born-Globals during the building of networks of relationships?

Most Born Globals exhibit characters like that of highly internationalised entrepreneurs such as being proactive and innovative. UpCode deal in software and technology development and so are highly innovative. SMEs are known to be restricted in resources such as managerial experiences and technological know-how. UpCode, unlike some other medium sized firms' internationalization was not constrained in resources or lack of managerial skills. Granted, they encountered challenges of getting the right people with the right mental attitude of doing something different and advancing in the use of technology. In order to come in contact with the right people, initially, they were invited to hold presentations concerning their products and business solutions. After such presentations, potential clients contacted the company from different countries and the efficiency and/ or pro-activity of the company was demonstrated in a way that they immediately responded to the prospective clients and initiated business agreements. It can thus be said that through such business relations they formed with their clients they were able to overcome the challenge of getting right people to transact business with them. Today, they operate in about 60 countries of which their success largely depend on their ability to build relations and maintain the relationships.

Furthermore, the innovativeness of UpCode is demonstrated through their innovative products and business solutions. The universality of these applications, in almost every country, makes it attractive for industries operating with them to be drawn to the company's business solutions. This appears to be in agreement with Chetty and Stangl (2010, p. 1740)'s empirically substantiated conclusion that "Firms with a radical innovation and diverse network relationships are more likely to have radical internationalization". This leads to relationships being formed with their clients or end users. When more than one relationship is formed, then networks emerges.

Moreover, the research findings reveal that, UpCode's behavioural characteristics towards building of networks are seen from the high degree of the risk behaviour.

Right from the company's inception, they developed products and business solutions that they believe would satisfy the needs of the international markets even though their business solutions had not been tried in the international market as at that early stage of the company's operations.

RQ3: What is the role of networking in exploiting opportunities in foreign markets and its impact on SMEs rapid internationalization?

In answering this question, research findings show that the ability to form networks affords firms many opportunities in the foreign market, more exactly to be able to do things acceptable to the market you operate in. For instance, when UpCode entered into international markets it encountered some challenges of which includes cultural differences. However, after forming relations with official representatives in various markets, the culture shock and challenges were reduced considerably. How? The official representatives are mostly experts from the foreign market and they have market-experience and social knowledge of the market. They understand better the traditions and norms of the market and in some instances they have been exposed to other international markets. Therefore, through communication, interactions and formation of relationships with the representatives, UpCode has/is able to gain clients through those representatives and they are also able to extend their network relations in other sectors in the same or similar markets.

The findings suggest that if a company is unable to contact reliable network partners with the right business knowledge and experience, it could disrupt the company's internationalization process and the ability to seek opportunities. In similar light, the Born Global firms recognising the importance of networks in their internationalization drive have also been found to "buy" new networks in cases where they lack relevant partners in given markets. This they do by hiring management staff with specific experience, knowledge and networks in the market of interest (Loane and Bell, 2006, p. 478).

RQ4: What role does networking play on Born Globals' rapid market performance?

This question is closely related to the previous question concerning networks and opportunity recognition. The ability to form networks and perform successfully in international operations is measured in the company's ability to enter multiple markets and their rapid market expansions. In the same year of UpCode's establishment it entered a psychically close market; Sweden. After some few years of operations, it expanded its activities into England, Russia, U.S.A, and many other countries. More recently, the company is operating in Rwanda, and other African countries. All these multiple market entry occurred within a period of 6years from the company's establishment. Without formation and maintenance of relationships the pace of the internationalization process may be slow and may not be successful. Many researchers such as Johanson and Mattsson (1993), Jones and Tagg (2001), Coviello and Munro (1997), Crick and Jones (2000), and Sharma and Blomstermo (2003) as cited by Loane and Bell (2006, p. 471) have previous shown that the growth of the SMEs into the international market is possible through their developed networks and the extensions that they make to their networks, and this results from the active investments they make to sustain their existing network and acquire new network relationships. Therefore, the SME may be perceived as being placed at the centre of a web of relationships with some other firms. Hence, Loane and Bell (2006) and Bell (1995) stated that the network that a firm belongs to appears to exert some influence on its strategy relating to the market it enters into and mode of market entry it adopts.

RQ5: What effect does networking have on Born Globals knowledge intensive products?

Networking affords firms the opportunities to acquire market knowledge through business partners. Besides the owner-managers' ability to form networks gives them the privilege to acquire technological knowledge and market trend knowledge which enhances their ability to develop innovative knowledge-intensive products, based on market pull, subsequently. This was the case with the case company. Though UpCode has its technical expertise based in its headquarters, through interactions with their business partners they have acquired more knowledge about changes in various markets; needs of consumers, customers and competitors and the knowledge acquired affects the owner manager's knowledge concerning developing innovative and knowledge based products to suit the market. As a result of this, UpCode has developed and enhanced its innovative competence by constantly developing and introducing new business models and up-to-date solutions to its users.

5.2 Main Findings

Small and medium sized firms are noted by their limitations in “firm and management characteristics such as size, management commitment to exporting, managers' attitudes and perceptions towards exporting, competition, market potential, risk and profitability” (Sohail and Alashban, 2009, p. 51). Though it is true that SMEs have less management team and employees, the case study proves that not all SMEs lack management teams that are internationally oriented or not committed to international operations such as exportation and commitment. UpCode’s owner management/ and management team have been internally focused from the business’ inception. They are willing to and are committed to multiple markets. The owner manager of UpCode and the Sales and Marketing managers interviewed have considerable oversea exposure before the decision was made to internationalize. Also, it was clear from the company’s operations that at the early stage or inception of the company’s operations they had planned to pursue opportunities in international markets, starting with the market nearer to them. The company’s rapid internationalization and success depended on certain variables such as: innovative products which conform to global quality and competitive standards; abilities to develop relations with business partners and consumers or end users; abilities to identify and pursue niche market; well planned systematic approach to internationalization; abilities to respond promptly to customers and well organized customer relationship management system; and the design of training programs to train their representatives to understand optical reading- mobile functions and information systems.

Literature reviews also concludes that foreign market knowledge is embedded in the culture, traditions and mores of the foreign market, thus the acquisition of the foreign market knowledge requires an overall understanding of these aspects of the foreign market (Zahra et al; 2009, p.81). This fact was also proved true in the case of the empirical research findings. One of the major challenges UpCode faced during its international exposure was culture differences. Penetrating the foreign market was not easy for them initially because they were not familiar with the social knowledge of the new market. The language, culture and traditions were

a challenge. Thus through skilled and experienced representatives who are often from the native market the company was and is able to understand the culture and behaviors of the market.

CHAPTER 6 – CONCLUSIONS

6.1 Area(s) for further research

It is hereby suggested that future research on the phenomenon of Born Global and their internationalization drive in relation to the network relationships building and the software industry may follow the direction for future research listed below:

- i. Conduct a large qualitative research employing much larger number of SMEs in the software industry in Finland so the results may be generalised to the entire software firms in the SME category in Finland. In the same vein, future research should employ more opinion leaders in each of the firms to be used in future research to eliminate the limitations associated with using few interviewees to create opportunity for comparing insights across board;
- ii. Conduct similar research but employing quantitative methodology in the same software industry, and in Finland so as to establish a basis for adequate comparison of results, and statistical generalization of the phenomenon under study.

6.2 Implications and recommendation

A number of implications and their associated recommendations may be deduced for the numerous stakeholders that may be interested in the internationalization and/ or rapid internationalization of SMEs, especially in the software industry, in Finland. Chief of these stakeholders include the owner-managers and/ or management teams of the software firms and the government agencies that are charged with the responsibility of assisting the SMEs in their internationalization drive.

First, the owner-managers and/ or management teams of the SME with Born Global tendencies will want to imbibe network into their internationalization strategy. This recommendation is based on the established evidence that networks and their relationships play active roles in the internationalization of firms as they

serve as an effective means of generating knowledge about both the geographical and psychic markets that the firm may be interested in exploiting. Hence, the owner-managers and/ or management teams should endeavour to set the acquisition of network relationship and the expansion of such as priority in their internationalization drive. Furthermore, they must note that the acquisition and expansion of their networks must be based on their overall strategy and should be a continuous key activity.

Second, the government and its agencies that are charged with the formulation and implementation of the government's initiative to promote export and internationalization of local and national firms within their jurisdiction may want to start their giving help to their client right from the beginning. These agencies set up to facilitate the internationalization of local and national firms, such as Finpro and FinnFund in Finland, rely heavily on the prescription of the traditional internationalization models that encourage assistance to only firms that are fully established locally and are making slow in-roads to neighbouring markets. However, in the light of this study, such agencies want to render assistance to the SMEs right from their inception. Equally, they may want to pay adequate attention to helping the owner-managers maximize their current network relationships while helping them to acquire and develop even more relationships.

6.3 Summary

The research problem (s) that was used to guide the research lays within how Born Globals emerge, the critical role owner-managers/ management team play in Born Globals internationalization process and the role of network in explaining Born Globals rapid internationalization. In order to answer the research problem(s), qualitative research was employed. The research method made it possible to reveal the mechanisms and generative processes that certain medium sized firms who were created as international start-ups undergo during the internationalization process. The study findings also support the view that one main characteristic of Born Globals is their capability to develop networks, and through such networks they are able to expand even into other multiple markets. Additionally, the research findings revealed the critical role played by born-global

owner-managers in building and maintaining networks and in turn, how the networks built affect Born Globals rapid internationalization process.

6.4 Critical self-examination

In every research, there are limitations. The main limitation of this research is related to sample size. The sample size is limited to only one software company in the category of small and medium-sized enterprises, in Finland. Although this sample thoroughly represents the occurrence of the phenomenon under study, comparable results may have been enabled by sampling more than one case company. So, the results may not be generalised to the entire software firms in the SME category in Finland. In the same vein, limited interviewees were used from the same sample company meaning that there was limited opportunity to compare their insights across board.

Also, self-report of the interviewees were used, and this may result in inflated causal linkages among constructs as a results of the interviewees self-generated validity (Taylor and Todd, 1995; 1995b).

The outcome of research of this nature that employs qualitative research may only be applicable for “analytical generalization” (Chetty and Stangl, 2010, 1740). Hence, the outcome of this study may only be applicable for analytical generalization.

APPENDIX (1)

INTERVIEW GUIDE

The questionnaire used during the interview to answer the research questions are as follows:

1. What is the critical role that owner-manager and/ or management team play in the development of network relationships in UpCode (Born-Global firms)?
 - a. How does network relationship emerge in UpCode (Born Global)?
2. What are the behavioral patterns of UpCode (Born-Global) during the building of networks of relationships?
3. What is the role of networking in exploiting opportunities in foreign markets and its impact on UpCode's (SMEs) rapid internationalization?
4. What role does networking play on Born Globals' rapid market performance?
5. What effect does networking have on Born Globals' knowledge intensive products?

APPENDIX (2)

Interviewer 1

Name: Camilla Sellberg

Title: International Operations Sales Manager

E-mail: Camilla.sellberg@upcode.fi

Mode of interview: In-depth face to face interview

Date: 13th December, 2010

Time: 13:00pm

Interviewer 2

Name: Joakim Strand

Title: International Operations Sales Manager

E-mail: joakim.strand@upcode.fi

Mode of interview: In-depth telephone interview

Date: 22nd December, 2010

Time: 10:00am

APPENDIX (3)

SMEs	in	EU.....	7
-------------	-----------	----------------	----------

REFERENCES

BOOKS

Bennett, J.R. (2006), "Government and small business", in "Enterprises and Small Business – Principles, Practice and Policy", Pearson Education, England, Edited by Carter, S. and Jones-Evans, D. 2ND Edition.

Buckley, P.J. and Casson, M. (1993), "A theory of international operations", in Buckley, P.J. and Ghauri, P.N. (Eds), *The Internationalization of the Firm: A Reader*, Academic Press, London, pp. 45-50.

Burt, R. (1997). The contingent value of social capital. *Administrative Science Quarterly* 42: 339-365

Burt, R.S. (1992). *Structural Holes: The Social Structure of Competition*, Harvard University Press, Cambridge, MA.

Hill, C.W.L. (2003), *International Business: Competing in the Global Marketplace*, McGraw-Hill, Boston, MA

Ford, I.D. and Saren, M. (2001), *Managing and Marketing Technology*, Thomson Learning, London.

Greene, F. and Mole, K. (2006), "Defining and measuring the small business", in "Enterprises and Small Business – Principles, Practice and Policy", Pearson Education, England, Edited by Carter, S. and Jones-Evans, D. 2ND Edition.

Johanson, J. and Mattsson, L.G. (1993) 'Internationalization in Industrial Systems: A Network Approach, Strategies in Global Competition', in P.J. Buckley and P.N. Ghauri (eds), *The Internationalization of the Firm: A Reader*, London: Academic Press

Johanson, J., & Vahlne, J-E. (1990). The mechanism of internationalization. *International Marketing Review*, 7(4), 11-24.

Johanson, J. and Mattsson, L. (1993), "Internationalisation in industrial systems – a network approach", in Buckley, P. and Ghauri, P. (Eds), *The Internationalization of the Firm*, Academic Press Ltd, London, : 303-21.

Kirby, D.A. and Watson, A. (2003), *Small Firms and Economic Development in Developed and Transition Economies: A Reader*, Ashgate, Aldershot.

Welch, L. and Luostarinen, R. (1993), "Internationalization: evolution of a concept", in Buckley,

Wilson, H.I.M., Chetty, S.K. & Shergill, G.S. (2004). International expansion of New Zealand firms in Dana, L.,-P. (Ed). Handbook of Research on International Entrepreneurship, Edward Elgar, Cheltenham. 549-63.

Mamis, R.A. (1989), Global Start-up Inc., August, pp. 38-47

P.J. and Ghauri, P.N. (Eds), The Internationalization of the Firm: A Reader, Academic Press, London. 155-71.

Electronic Sources

Kanellos, M. (2008), Why is Finland Europe's technology leader? The prime minister explains. (Accessed 31/12/2010) Available from the internet: http://news.cnet.com/8301-11128_3-9852832-54.html

Printing.indiabizclub.com (2010), Directory – Company Profile: UPC Print Oy. (Accessed 31/12/2010) Available from the internet: http://printing.indiabizclub.com/profile/1680068~upc+print+oy~vaasa_finland

UpCode Company information: (Accessed 26/01/2010) Available from the internet: www.upc.fi/en/upcode/company

UpCode Company information: (Accessed 26/01/2010) Available from the internet: www.upcode.fi

Journals

Agndal, H. & Chetty, S. (2007). The impact of relationships on changes in internationalization strategies of SMEs. In *European Journal of Marketing* 42: 11/12, 1449-1474

Andersen, O. (1993). On the internationalization of the firm: a critical analysis. In *Journal of International Business Studies* 24: 2, 209-31.

Andersson, S., Gabrielsson, J. and Wictor, I. (2004), International activities in small firms: examining factors influencing the internationalization and export growth of small firms. In *Canadian Journal of Administrative Sciences* 21:1, 22-34

Andersen, S. & Wictor, I. (2003). Innovative Internationalization in New firms: Born-Globals- the Swedish case. In *Journal of International Entrepreneurship* 1:3, 249-276.

Armario, M. J., Ruiz, D. M., & Armario, E. M. (2008). Market Orientation and Internationalization in Small and Medium-sized Enterprises. In *Journal of Small Business Management*. 46: 4, 485-511.

- Bagwell, S. (2008). Transnational family networks and ethnic minority business development: The case of Vietnamese nail-shops in the UK. In *International Journal of Entrepreneurial Behavior and Research*. 14: 6, 377-394.
- Bell, J., Crick, D. & Young, S. (2004). Small firm internationalisation and business strategy: an exploratory study of 'knowledge-intensive' and 'traditional' manufacturing firms in the UK. In *International Small Business Journal* 22: 1, 23-56.
- Bell, J.D. (1995). The internationalisation of small computer software firms – a further challenge to 'stage' theories. In *European Journal of Marketing* 29: 8, 60-75.
- Belso-Martínez, J.A.(2006). Do Industrial Districts Influence Exports performance and Export Intensity? Evidence for Spanish SMEs Internationalization process. In *European Planning Studies* 14: 6, 791-810
- Cagliano, R., Caniato, F. & Spina, G. (2006). The linkage between supply chain integration and manufacturing improvement programmes. In *International Journal of Operations & Production Management* 26:3, 282-99.
- Calof, J. & Blemish, P. (1995). Adapting to foreign markets: explaining internationalization. In *International Business Review* 4: 2, 115-31.
- Chetty, S. & Blankenburg Holm, D. (2000). Internationalisation of small to medium-sized manufacturing firms: a network approach. In *International Business Review* 9, 77-93
- Chetty, S. & Campbell-Hunt, C. (2003). Explosive international growth and problems of success amongst small and medium sized firms. In *International Small Business Journal* 211, 5-27
- Chetty, S., & Campbell-Hunt, C. (2003). Paths to Internationalization among small to medium sized firms: A global versus regional approach. In *European Journal of Marketing* 37: 5/6, 942-947
- Chetty, S. K. & Stangl, L. M. (2010). Internationalization and innovation in a network relationship context. In *European Journal of Marketing* 44: 11/12, 1725-1743
- Collins, C.J., & Clark, K.D. (2003). Strategic human resource practices, top management team social networks, and firm performance. The role of human resource practices in creating organizational competitive advantage. In *Academy of Management Journal* 46: 6, 740-751
- Collinson, S., & Houlden, J. (2005). Decision-Making and Market Orientation in the Internationalization Process of Small and Medium sized Enterprises. In *Management International Review*; Fourth Quarter 45: 4, 413-436

- Coviello N. E., & Martin, K. A.-M (1999). Internationalization of Service SMEs: An integrated Perspective from the Engineering Consulting Sector. In *Journal of marketing* 17:4, 42-66
- Coviello, N.E. & McAuley, A. (1999). Internationalization and the smaller firm: a review of contemporary empirical research. In *Management International Review* 39, 223-56
- Coviello, N.E. & Munro, H.J. (1997). Network relationships and the internationalization process of small software firms. In *International Business Review* 6: 4, 361-86
- Crick, D. (1995). An Investigation into the Targeting of UK Export Assistance. In *European Journal of Marketing* 29: 8, 76-95
- Crick, D. (2009). The internationalisation of born global and international new venture SMEs. In *International Marketing Review* 26 :4/5, 453-476
- Crick, D. & Jones, M.V. (2000). Small high technology firms and international high technology markets. In *Journal of International Marketing* 8: 2, 63-85
- Eckhardt, J.T & Shane, S. A. (2003). Opportunities and entrepreneurship. In *Journal of Management* 29: 3, 333-349
- Eriksson, K., Johanson, J., Marjard, A., Sharma, D. D. (1997). Experiential Knowledge and Cost in the Internationalization process. In *Journal of International Business Studies* 28:2, 337-360
- Fink, M., & Kraus, S (2007). Mutual Trust as Key to Internationalization of SMEs. In *Management Research News* 30:.9, 674-688
- Forsgren, M. (2002). The concept of learning in the Uppsala internationalization process model a critical review. In *International Business Review* 11:2, 257-77
- Gankema H. G. J., Snuif, H. R, & Zwart, P. S. (2000). The Internationalization process of SME: An Evaluation of Stage theory. In *Journal of Small Business Management*. 38: 4, 15-27
- Gemser, G., Brand, M.J. & Sorge, A. (2004). Exploring the internationalization process of small businesses: a study of Dutch old and new economy firms. In *Management International Review* 44: 2, 127-50
- Harmon, B., Ardishvili, A., Cardozo, R., Elder, T., Leuthold, J., Parshall, J., Raghian, M. & Smith, D. (1997). Mapping the university technology transfer process. In *Journal of Business Venturing* 12: 6, 423-34
- Harveston, P., Kedia, B. & Davis, P. (2000). Internationalization of born global and gradual globalizing firms: the impact of the manager. In *Advances in Competitiveness Research* 8: 1, 92-9

Havnes, P. (2003) Dynamics of Small Business Internationalisation: A European Panel Study, Kristiansand: Agder Research

Hawkins, D.I. (1993). New business entrepreneurship in the Japanese economy. In *Journal of Business Venturing* 8 No. 2, 137-50

Hutchinson, K., Quinn, B. & Alexander, N. (2006). The role of management characteristics in the internationalization of SMEs, Evidence from the UK retail sector. In *Journal of Small Business and Enterprise Development* 13: 4, 513-534

Hynes, B. (2004). International Small Business Growth: A Process Perspective. In *Irish Journal of Management*.83-106

Johnsen, R. E. (2007). The role of focal suppliers in strategic networks for internationalization: Perspectives from small and medium-sized Italian and Thai silk suppliers. In *Journal of Fashion Marketing and Management* 11: 1, 135-147

Jolly, V.K., Alahuhta, M. & Jeannet, J.P. (1992). Challenging the incumbents: how high technology start-ups compete globally. In *Journal of Strategic Change* 1, 71-82.

Jones, M.V. & Tagg, S.K. (2001). Profiling internationalisation behaviour: patterns of start-up and development, paper presented at The Fourth McGill Conference on International Entrepreneurship: Researching New Frontiers, University of Strathclyde, Glasgow, 21-23 September, 58-84

Keeble, D., Lawson, C., Smith, H.L., Moore, B. & Wilkinson, I.F. (1998) Internationalisation processes, networking and local embeddedness in technology intensive small firms. In *Small Business Economics* 11: 4, 327-42

Knight, G.A. & Cavusgil, S.T. (1996). The Born Global firm: a challenge to traditional internationalization theory. In *Advances in International Marketing*. 8, 11-26

Li L., & Qian, G. (2007). Partnership or self reliance: Prescriptions for small and medium sized enterprises. In *Journal of Business Strategy* 28: 6, 29-33

Lindmark, L., Christensen, P.R., Eskelinen, H., Forsström, B., Sorensen, O.J. and Vatn, E. (1994), Småföretagens Internationalisering- en Jämförande Studie, Nord REFO (in Swedish).

Loane, S. & Bell, J. (2006). Rapid internationalisation among entrepreneurial firms in Australia, Canada, Ireland and New Zealand – An extension to the network approach. In *International Marketing Review* 23: 5, 467-485

Madsen, T.K. & Servais, P. (1997). The internationalization of Born Globals – an evolutionary process? In *International Business Review* 6: 6, 561-83

McDougall, P.P., Shane, S. & Oviatt, B.M. (1994). Explaining the formation of international new ventures. In *Journal of Business Venturing* 9: 6, 469-87

- McNaughton, R.B. (2002). The use of multiple exporting channels by small knowledge-intensive firms. In *International Business Review* 19:2, 190-203
- Moen, O. (2002). The Born Globals – A new generation of small European exporters. In *International Marketing Review* 19: 2, pp. 156 – 175
- Morrison, A. (2000). Entrepreneurship: what triggers it? In *International Journal of Entrepreneurial Behaviour & Research* 6: 2, 59-71
- Mtigwe, B. (2005). The entrepreneurial firm internationalization process in the Southern African context – A comparative approach. In *International Journal of Entrepreneurial Behaviour & Research* 11: 5, 358-377
- Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. In *Academy of Management Review* 23, 242-266
- Nakos, G., & Brouthers, K. (2002). Entry mode choice of SMEs in central and eastern Europe. In *Entrepreneurship Theory & Practice Fall*, 47-63
- Nummela, N., Saarenketo, S. & Puumalainen, K. (2004). A global mindset: a prerequisite for successful internationalization. In *Canadian Journal of Administrative Sciences* 21:1, 51-64
- Osarenkhoe A. (2009). An integrated framework for understanding the driving forces behind non-sequential process of internationalization among firms. In *Business Process Management Journal* 15: 2, 286-316
- Oviatt, B. M. & McDougall, P. P. (1994). Toward a theory of international new ventures. In *Journal of International Business Studies* 25: 1, 45 – 64
- Oviatt, B.M. & McDougall, P.P. (1995). Global start-ups: entrepreneurs on a worldwide stage. In *Academy of Management Executive* 9: 2, 30-43
- Preece, S.B., Miles, G. & Baetz, M.C. (1999). Explaining the international intensity and global diversity of early-stage technology-based firms. In *Journal of Business Venturing* 14:3, 259-81
- Reid, S (1981). Firm internationalization, transaction costs and strategic choice. In *International Marketing Review* 1:2, 44–56.
- Rennie, M.W. (1993). Global competitiveness: Born Globals. In *The McKinsey Quarterly* 4, 45-52.
- Rugman, A.M. and Chang Hoon, O. (2008). The international competitiveness of Asian firms. In *Journal of Strategy and Management* 1:1, 57-71.
- Ruokonen, M., Nuumela, N., Puumalainen, K. & Saarenketo, S. (2008). Market orientation and internationalisation in small software firms. In *European Journal of Marketing* 42: 11/12, 1294-1315

- Ruzzier, M., Hisrich, R. D., & Antoncic, B. (2006). SME internationalization research: past, present, future. In *Journal of Small business and Enterprise Development* 13: 14, 476-497.
- Sambamurthy, V., Bharadwaj, A. & Grover, V. (2003). Shaping agility through digital options: reconceptualising the role of information technology in contemporary firms. In *MIS Quarterly* 27: 2, 237-63.
- Sapienza, H.J., Parhankangas, A. & Autio, E. (2004). Knowledge relatedness and post spin-off-growth. In *Journal of Business Venturing* 19: 6, 809-29
- Shane, S. and Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. In *Academy of Management Review* 25:1, 217-226
- Sharma, D.D. & Blomstermo, A. (2003). The internationalization process of born globals: a network view. In *International Business Review* 12: 6, 739-53.
- Singh, R. K., Garg, S. K. & Deshmukh, S.G. (2008). Strategy developments by SMEs for competitiveness, a review. In *An International Journal* 14: 5, 525-547
- Sohail, M.S; & Alashban, A. A. (2009). An analysis of product-market strategy and export performance: Evidence from SMEs in Saudi Arabia. In *International Journal of Entrepreneurship, Special issue* 13, 49-61
- Taylor, S. & Todd, P. (1995). Assessing IT usage: The Role of Prior Experience. In *MIS Quarterly* 19: 4, 562-570.
- Taylor, S., & Todd, P. (1995b). Understanding Information Technology Usage: A Test of Competing Models. In *Information Systems Research* 6: 2, 144-176.
- Tödttling, F. & Kaufmann, A. (2001). The role of the region for innovation activities of SMEs. In *European Urban and Regional Studies* 8: 3, 203-15.
- Waago, S.J., Pettersen, P.G., Skjelnes, A.B. & Nesse, P.J. (1993), Evaluering av Offentlige Forsknings og Utviklingskontrakter, NTH, Trondheim (in Norwegian).
- Weaver, K. M., Berkowitz, D. & Davies, L. (1998). Increasing the efficiency of national export promotion programs: The case of Norwegian exporters. In *Journal of Small Business Management* 36: 4, 1-11 26
- Welch, D., Welch, L., Young, L.C. & Wilkinson, I. F. (1998). The importance of networks in export promotion: Policy issues. In *Journal of International Marketing* 6: 4, 66-82
- Wright, L. T., Ul-Hug, R., & Oktemgil, M., (2006). Integrated Marketing for SMEs in the global Market place. *Journal of Direct, Data and Digital Marketing Practice*, ABI/ INFORM Global 7, 216-238
- Yin, R. (1989), Case Study Research: Design and Methods, Sage Publications, Newbury Park, CA.

