

What is a “Born Global” Firm?

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ABSTRACT

In this paper, we examine how several internal and external firm characteristics influence firm decisions to become born global firms. We distinguish between early internationalizing and born global expansion strategies and analyze how different inputs and firm choices lead to different outputs and firm expansion strategies. We identify several important antecedents that lead to early international expansion strategies and propose that there are “decisive” antecedents, which determine when firms are likely to pursue a born global expansion strategy.

KEYWORDS: Internationalization; early internationalizing firm (EIF); born global firm; international new venture (INV)

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INTRODUCTION

The quick pace of internationalization by firms has been examined in several recent studies (e.g. Shrader, Oviatt and McDougall, 2000; Weerawardena et al., 2007; Fan and Phan, 2007; Zhou et al. 2007). When firms quickly expand into multiple markets, they can benefit from increased demand, access to cheaper inputs, access to managerial talent or macro-economic diversification, for example. By becoming a “born global” firm, a firm can benefit from an accelerated process of accessing competitive advantages across national borders. From both an entrepreneurial and international business vantage point, quick and early internationalizing of firm value chain activities can provide firms with business models that allow them to be as efficient, effective and competitive as possible right from the start. However, it can be much more difficult to manage rapid international expansion because of the complexity that results from this strategy. Both the entrepreneurship and international business literatures have shown that quick expansion (e.g. Andersson and Wictor, 2003; Oviatt and McDougall, 2005; Bell et al., 2003), especially in foreign markets, can be very difficult to manage. Further, accelerated internationalization is at odds with the Uppsala School (Johanson and Vahlne, 1977) in the international business literature, which suggests that firms need to go through incremental steps to learn about foreign markets before being able to succeed with international expansion.

In this paper, we seek to understand what leads firms to internationalize quickly. While a born global strategy can provide early advantages to firms, it can also introduce complexity that can destroy any potential benefits. We develop a model that considers antecedents of firm formation, firm decisions and resulting firm early internationalizing strategies. We examine how several internal and external firm antecedents influence firm decisions to become born global

firms. As discussed more below, there are multiple motivations and pathways for firms to accelerate their international expansion. We focus specifically on those dimensions that lead firms to become “born global” firms to better understand when and why firms can gain competitive advantages from business models that use rapid internationalization of value chain activities. While we build on existing literature, our approach highlights several limitations of existing studies and offers a more holistic framework from which to examine the various rationales and characteristics of firms that internationalize rapidly.

IDENTIFYING BORN GLOBAL FIRMS

The quick pace of internationalization by firms has been examined in several recent studies (e.g. Shrader, Oviatt and McDougall, 2000; Weerawardena et al., 2007). While the term “born global” has been used in many of these studies (see Knight, 1997, Knight et al., 1997, Fan and Phan, 2007), some studies use the term early internationalizing firms (see Rialp et al., 2005, for example) or international new ventures (Servais and Rasmussen, 2000) to refer to the quick pace of international expansion by firms. Though there are several terms that have been used, the term “born global” has been used most often to describe the focus on this paper: the quick international expansion of firms.

In table 1, we summarize the empirical literature on rapidly internationalizing firms. What is striking about these studies is how many of them focus almost exclusively on exporting to analyze this phenomenon (e.g. Zhou et al., 2007; Moen and Servais, 2002). For example, Zhou et al. (2007) consider a firm to be a born global firm if it has at least 10% of sales from exporting within three years of inception while Fan and Phan (2007) consider a firm to be a born global based on the percent of foreign sales at commercial launch. While the percent of exports within a

certain time period may provide an easy way to distinguish a group of firms, it does not capture numerous issues that influence the speed, timing, location, activity choice and ownership decisions that firms make before they decide to become born global firms. Consider two examples that illustrate the broad way in which born global firms are described. First, Momenta Corporation of Mountain View, California (Bhide, 1991; McDougall and Oviatt, 1991; Oviatt and McDougall, 1994), whose founders were from United States, Tanzania, Iran and Cuba. From its beginning, the founders wanted the company to be global in its acquisition of inputs and regarding its target market. Specifically, software design was done in the United States, hardware design in Germany, they did their manufacturing in the Pacific Rim, and received their funding from Taiwan, Singapore, Europe, and the United States. In contrast, consider Invetech, a company which had exports of more than 20% of total sales five years after establishment, due to successful international marketing activities (McKinsey and Co., 1993). These two examples highlight the need for very different firm characteristics and resources. The first example reveals a much more complex approach to quick internationalization – with more potential rewards. However, it is problematic to lump both of these firms into the same born global category, even if 20% of both firms’ sales are in foreign markets within three years of inception. In this paper, we move beyond a downstream exporting focus to examine what is implied by the term “born global,” and to analyze when and why firms are likely to become born globals.

Insert Table 1 about here

“BORN GLOBAL” FIRM VERSUS EARLY INTERNATIONALIZATION FIRM

Over a decade ago, Oviatt and McDougall’s (1994) identified a framework that offered a richer characterization of early internationalizing firms than most studies have examined (including those listed in Table 1 above). We propose going back to the Oviatt and McDougall focus on value chain activities to help clarify and differentiate born global firms from early internationalizing firms more generally. Oviatt and McDougall considered the number of countries and types of activities that firms perform in foreign markets. These are important issues because these characteristics provide more detailed consideration for firm internationalizing strategies. We include the country and activity dimensions in our framework below. We also include consideration for the timing of international expansion for born global firms. And finally, we focus on the issue of ownership. We add foreign direct investment as the main decisive characteristic differentiating ‘born global’ firms from EIFs. In our framework, the individual criteria to be considered are therefore timing, countries and ownership.

We propose focusing the following more clear-cut differentiation between ‘born global’ firms and other start-up types, at the time of inception of the company (t_0), as shown in Table 2.

Insert Table 2 about here

By applying and explicitly laying out such a scheme as part of the methodology pursued in studying ‘born global’ firms, we seek to examine different early internationalizing strategies by firms. The issues that are highlighted in Table 3 suggest that early internationalizing firms face several choices that impact not only their expansion strategy, but also the success of that strategy.

Timing

The time dimension has been subject to some controversy (Zahra, 2005), and as mentioned in the literature review, a number of studies works with the international at founding or very shortly thereafter (e.g. Rialp et al., 2005; Madsen and Servais, 1997; Knight et al., 2004), or “within 3 years” operationalization (e.g. Knight et al., 2004).

Following the idea of “at inception” (here: t_0) of the original definition given in the beginning, some studies have taken on the view that they would only include companies in their sample that do not have a prior corporate history in the industry or prior market presence. From our perspective for ‘born global’ firms, it is newly established firms, not spin-offs of established firms or restructured existing firms (Zahra, 2005) which we are looking at. In our view, taking this rather strict interpretation of looking at internationalization at company establishment and not at a period of several years of “accelerated” internationalization after the company is legally established is essential. We regard the complexity founders face in the former situation to be much more pronounced than in the case that they take on a path of internationalization in several steps. Therefore, differentiating both is regarded as crucial, also to maintain comparability of studies and their findings.

Countries

The number and “type” of countries that have to be involved in order to call a firm ‘born global’ has also been treated heterogeneously. Oviatt and McDougall (1994) did not explicitly define what number should be considered. Nevertheless, a few studies have made first attempts to explicitly take this aspect into account, e.g. in that the firm must have activities in at least 5 countries or that the number is rather irrelevant, but that they should be present in at least two

cultural clusters (Kandasaami, 1998; Lummaa, 2002). In our view, this is an important dimension taking into account that it strongly influences the comparability of studies. This issues will be addressed more below when we discuss ownership.⁴

Ownership

In the original definition of INVs by Oviatt and McDougall (1994), it was spelled out that new ventures do not need to own their resources in order to internationalize operations: *“they do not necessarily own foreign assets; in other words, foreign direct investment is not a requirement. Strategic alliances may be arranged for the use of foreign resources such as manufacturing capacity or marketing”*. And it was stated afterwards that “[e]ntrepreneurial firms are defined by their actions, not by the types of resources that they have or control” (Zahra, 2005, p. 21). Nevertheless, the ownership dimension has been implicitly taken into account in some (more IB-oriented) studies, when for example stating that they will exclude from the analysis companies that only rely on other companies on a subcontractor or private-label manufacturer basis (Fan and Phan, 2007). Although, for example, it has been stated that young resource-poor firms tend to favor exporting as their primary entry mode (Knight and Cavusgil, 2004), we argue that this is not a sufficient condition to call a firm ‘born global.’ We think that this could actually be one of the critical reasons why research in entrepreneurship and international business has been pursuing similar ends with different means in their operationalizations. We regard it necessary to take ownership explicitly into account, since it holds crucial potential in clarifying some of the varying assumptions taken particularly by empirical studies.

⁴ An interesting avenue for further research would be to see how the number and “type” influence the firm, since we would assume that the relationship is non-linear, but that beyond a more narrow number of countries involved at inception, benefits should decrease.

The ownership decision is also influenced by resource availability. In one study it appeared that INVs engage more in ownership in international operations, in comparison to hybrid structures, when resources are relatively more available (McDougall et al., 1994). In this context it was also found that INVs with fewer resources rely more on strategic alliances (McDougall et al., 1994).

Whether there has to be more than one function (such as marketing, sales, production, R&D) involved in the international set-up has not yet been treated explicitly. As pointed out in the literature review, the literature has adopted much more of an “output” (i.e. sales and exports) oriented operationalization. In the marketing literature, *born globals* often have a clear functional marketing focus (Knight et al., 2004). In fact, some studies use the term ‘born exporters’ to describe this type of firm (e.g. Quelch and Klein, 1996; Sharma, 2001). Extending our ownership discussion, we propose the necessary side condition that a “born global” firm owns (at least part of) these activities.

There are several characteristics that impact the early internationalization choices of firms. By considering a range of factors, we can better understand when and why firms are likely to pursue different strategies that fit their resources and expansion goals. Therefore, in the next section, we present a model to identify how different antecedents are likely to impact the type of early international expansion strategy a firm pursues.

ANTECEDENTS OF FIRM EARLY INTERNATIONALIZING DECISIONS

Our distinction between early internationalizing firms and born globals suggests that different inputs and firm choices will lead to different outputs and firm strategies. This means that a different combination of antecedent firm characteristics will result in different business

models. In this section, we consider several antecedent characteristics of firm formation to develop a more holistic model of born global firms and better understand the range of firm strategies that are pursued by firms seeking to internationalize early.

Insert Figure 1 about here

Particularly, the roles of knowledge and networks and the crucial role of the founder/entrepreneur have been offered as important factors to analyze (e.g. Andersson and Wictor, 2003; Coviello and Munro, 1995; Rasmussen et al., 2001; Ripollés et al., 2002; Ghauri et al., 2003). Figure 1 summarizes the multiple external and internal influences on firm decisions to internationalize early that we consider. Each of the external and internal antecedents are discussed in turn.

External Antecedents

Country, governments, *industry and funding bodies*. Size of a firm's home market has been identified as an important influence on the internationalizing activities of a firm. (McDougall et al., 1994; Fan and Phan, 2007; Madsen and Servais, 1997; Knight et al., 2004). If the domestic market is too small, founders will look for international market opportunities. Other factors found in this context are market scale and domestic inertia (McDougall and Oviatt, 1991). McDougall et al. (2003) have put forward that the level of global integration of an industry is also leading to early internationalization. Moreover, the presence of competitors or potential competitors has been put forward as a motivator for faster internationalization (Oviatt and McDougall, 2005). Regarding funding bodies, many international new ventures receive financial resources from venture capitalists (Mäkelä & Maula, 2005). It has been noted that venture

capitalists with an international background themselves might put pressure on the founder(s) to internationalize quicker (McDougall et al., 1994). Also, apart from financial resources, venture capitalists also contribute to and take influence on the strategic direction of their portfolio companies (e.g., Fried et al. 1998; MacMillan et al. 1989; Sapienza, 1992; Sapienza et al., 1996).

Another factor driving the founder(s) to compete internationally instead of merely locally is access to superior international networks for funding of INVs (McDougall et al., 1994). Also, the investors' national background was spelled out here.

Internal Antecedents

Resources, knowledge and capabilities *of founders and employees*. In the context of international business, the role of knowledge in providing particular advantages which facilitate foreign market entry and operations has been spelled out (e.g. Kogut and Zander, 1993). Nevertheless, how and when these ventures learn still needs to be examined closely in further research and it is unknown how INVs develop the absorptive capacity to develop new capabilities allowing them to survive and be even profitable (Zahra, 2005).

The capabilities of firms will help them to enter foreign markets early in their evolution (Knight and Cavusgil, 2004; Knight et al., 2004). An entrepreneurial owner-manager with a global mindset, prior international experience and a learning orientation (Weerawardena et al., 2007) can provide important sources of advantages for born global firms. In line with this, prior research has supported the role of prior international experience (Sapienza et al., 2006; Bloodgood et al., 2006). However, these advantages have come into existence prior to the inception of the firm. The evolution of the mission of the firm and its resource base are closely

related to managerial capacity, defined by some extent through experience prior to founding of the firm (Zahra, 2005). The aggressive pursuit of international growth opportunities is a function of the founding entrepreneurs' international competences, their vision, and awareness regarding growth opportunities at an international level (Autio, 2005; Autio et al., 2000). Founders of INVs were also recognized to more likely to have traveled overseas and to be educated (Birley and Norburn, 1987). And in general the number of people having gained international experience has dramatically increased during the last decades (Madsen and Servais, 1997). Further, it was shown that founders of INVs were often immigrants and had family and personal contacts overseas (McDougall et al., 1994). Therefore, a notion interrelated with the country level antecedents commented earlier, nations with higher numbers of immigrants may have a higher number of born globals (Madsen and Servais, 1997).

Prior founders' international experience has been spelled out as a vital aspect of 'born global' firms (e.g. Harveston et al., 2000; Madsen and Servais, 1997; Oviatt and McDougall, 1997) and that the experience and exposure of the managers prior to the start of a new venture play a role in the early internationalization decision (e.g. Busenitz and Barney, 1997; Madsen and Servais, 1997; Harveston et al., 2000; Shrader et al., 2000). International experience is also ascribed a role in diminishing the perception of uncertainty concerning international markets (Madsen and Servais, 1997). It has been found that managers who perceive higher levels of risk are less likely to take the firm to international markets than managers who perceive lower levels of risk (Sullivan and Bauerschmidt, 1990). The importance of risk aversion has been spelled out before, and found that firms that internationalize step by step are rather more risk-averse and that managers of "born global" firms have higher risk tolerance (Harveston et al., 2000; Cavusgil & Knight, 1997).

Importantly, international experience is giving the founders “experiential knowledge” (versus objective knowledge), seen as the type most crucial for international activities (Madsen and Servais, 1997). Moreover, research has identified further benefits of international experience, such as accessing strategic partners, resulting in higher foreign sales (Reuber and Fischer, 1997).

Founders, who are internationally oriented, can enable a new venture to leapfrog the generally expected stages of internationalization. In these regards it has been stated that while the definition of fast-internationalizing firms is based on the official date of inception, the founders of INVs could have been exposed to international opportunities extensively before this date (Madsen and Servais, 1997), blurring the exact lines between accelerated and staged internationalization (Fan and Phan, 2007). We even go further to say that it is therefore *individuals* going through the stages prior to founding the company, substituting for “proprietary experience” by part of the *focal firm*. This is also in line with that Johanson and Vahlne (1977) themselves stated that their model analyzes strategic decision making vested in the decision-making *system of the organization*, and the individual decision-makers are not explicitly dealt with. In our view this is the root of the perceived conflict between what is observed as internationalization processes of ‘born global’ firms versus the stage-based models. But we therefore propose that this conflict can be resolved by accepting that the experience is accumulated prior to founding.

Regarding the experiential knowledge concerning the products and/or services the ‘born global’ firm is going to offer, previous research has found that usually entrepreneurs found companies, which produce the same goods and services as that of their previous employers (e.g. Cooper and Dunkelberg, 1986; Aldrich, 1990). In a similar vein, the moderating role of

knowledge intensity of the opportunity at hand combined with the know-how already available to the entrepreneurial actor has been spelled out (Oviatt and McDougall, 2005). Also, it was proposed that ‘born global’ firms in general are more specialized and niche oriented with either more custom-made or standardized products, and rely more often on supplementary competences sourced from other firms and often rely on hybrid structures (Madsen and Servais, 1997).

Prior experience helps the ‘born global’ firm to position products in predominantly niche markets (Madsen and Servais, 1997), to conform to the needs of niche markets, communicating the credibility of the firm and what it offers, identifying appropriate distribution options and also determine adequate pricing for the value of its products in the target markets (Weerawardena, 2007). Also, recently it has been put forward that a marketing orientation gives a foundation from which then the firm interacts with diverse foreign markets (Knight and Cavusgil, 2004). Nevertheless, market orientation is only one of the six dimensions mentioned earlier.

New firms lack many capabilities that are generally examined in the international business literature. Interestingly, however, these firms also have little or no existent organizational routines to unlearn (Autio et al., 2000; Cohen and Levinthal, 1990; Autio, 2005). They appear to lack the administrative heritage that is deeply-rooted in long-established businesses (Collis, 1991; Miller and Friesen, 1984). Some authors have even gone so far as to state that the learning advantages of newness (Autio et al., 2000; Oviatt and McDougall, 2005) may actually represent a counterpoint to the widely recognized concept of “liability of newness” for young organizations (Stinchcombe, 1965). Also, it has been suggested that the fast-paced learning of these companies that are resource-constrained and technology-oriented would allow them to internationalize early (e.g. Zahra and George, 2002; Knight and Cavusgil, 2004). There are also examples of companies where from inception a multi-cultured workforce is created,

which later would be useful in marketing its product and servicing its customers in those countries (McDougall et al., 1994).

Social networks. Networks are essential for the discovery of opportunities, the testing of ideas, and the gathering of resources for establishing the new organizational structures (Aldrich and Zimmer, 1986). The importance of networks to information and knowledge flows has been spelled out clearly in previous research (Burt, 1992; Granovetter, 1985; Gould, 1994; Ellis and Pecotich, 2001; Ellis, 2000; Eriksson et al., 1997; Sharma and Blomstermo, 2003; Chen, 2003; Yeoh, 2004). To build up and maintain relevant, superior and effective networks is vital for successfully conducting internationalization processes (Liesch et al., 2002). Oviatt and McDougall (2005) have spelled out the importance of the entrepreneur's international network as a moderating force. Zhou et al. (2007) have identified three types of benefits from (home-base) social networks: Knowledge of foreign market opportunities; advice and experiential learning; referral trust and solidarity.

The majority of INVs favor a hybrid governance structure for their transactions and extensively use their business and personal networks, even though they risk losing proprietary knowledge by doing so (McDougall et al., 1994). A limitation of such hybrid structures is the threat of opportunism (Larson, 1992), but this has been argued to be avoided by reliance on members of the founders' close personal networks as partners in these hybrid structures (McDougall et al., 1994). Especially, since business and personal reputations are at stake (Oviatt and McDougall, 1994). The referral and solidarity benefit can be an effective way for enhancing legitimacy and credibility, and helps in reducing uncertainty by external parties (Zaheer, 1995; Xin and Pearce, 1996). Reflecting these considerations, the application of the network approach to the founder and organizational levels has been lauded to have proven particularly insightful

for explaining particular international development patterns of highly entrepreneurial ventures (Rialp et al., 2005).

PROPOSITION DEVELOPMENT

Highlighting the differences between the establishment of an Early Internationalizing Firm and a “Born Global” Firm, Table 3 provides an overview. We propose that on the one hand there are antecedents which more resemble “must-have” antecedents to pursue any form of accelerated internationalization. On the other hand, we propose that there are “decisive” antecedents, which make the difference whether a firm will pursue a born global expansion strategy.

Insert Table 5 about here

Based on the discussion of the antecedents discussed in prior literature we formulate the following three propositions of antecedents resembling “must-have” antecedents both feeding into the establishment of Early International Firms and “Born Global” firms:

Proposition 1: *Both early internationalizing and born global firms are likely to have founder(s) with low risk aversion.*

Proposition 2: *Both early internationalizing and born global firms are likely to have small home markets.*

Proposition 3: *Both early internationalizing and born global firms are likely to have founders with dense international social networks.*

Based on the criteria introduced earlier that serve to differentiate the two types of firms – timing, countries and ownership, we continue to formulate the following two propositions regarding decisive antecedents feeding into the establishment of “Born Global” firms:

Proposition 4: *Born global firms are more likely to have founders with proprietary industry knowledge than early internationalizing firms.*

Proposition 5: *Born global firms are more likely to have substantial VC funding than early internationalizing firms.*

The fifth is grounded in the consideration that Venture Capitalists’ funding provides the necessary means to give these start-ups the opportunity to be not only early in internationalizing, but also to provides them with the opportunity to own more of their value chain activities than possible with lack of resources.

SUMMARY AND DISCUSSION

One of the main contributions of this paper is to bring clarity to the definition and propel a common understanding of what the phenomenon of the “born global” firm implies. The understanding brought forward within this paper is that the three criteria, including timing, countries as well as ownership have to be taken into account in order to differentiate EIFs from BGFs. We hope to extend the current discussion and research efforts in the area of “born global” firms to embrace this broader perspective, going beyond exports, and embracing the whole variety of different functions that firms can own in an international setting.

Summarizing the definition of “born global” firms put forward within this paper: ‘Born global’ implies ownership of globally distributed functions (or parts thereof) at the inception (t_0) of the firm. Also, ‘born global’ firms benefit from the experience and knowledge at the

organizational and individual levels in t_{-1} , substituting for long-term accumulation normally occurring after t_0 in traditional firms. Further, as argued above, 'born global' firm strategies are contingent on the inputs at the external and internal levels. Therefore, antecedents of accelerated internationalization can help researchers to understand the "must-have" antecedents equally important to the establishment of EIFs and BGFs, and "decisive" antecedents conducive to BGFs only. Regarding the latter, proprietary knowledge and VC funding were proposed as the main antecedents.

Apart from making this conceptual contribution for theoretical purposes, we see particular value in the use of a systematic delimitation of firms with accelerated internationalization for further empirical work in the field. By identifying subsets of companies which share the same traits along the three proposed criteria, a more rigorous sample selection and, over time, easier comparable results could be achieved.

From a practical standpoint, the aspect of accelerated internationalization is particularly interesting in conjunction with considerations of competitive advantage. A clearer understanding of how EIFs or BGFs have achieved their paths of accelerated internationalization, potentially learning from them, in terms of how their decisions were made time-wise, how many/which countries were targeted and moreover if and if yes, which, functions were owned, are questions of interest to potential founders as well as funders on the private (e.g. VCs) and public (e.g. in form of government subsidies) levels.

Whereas it can be assumed that for the founders their antecedents are static up to a certain point (e.g. at a point X in time⁵ they do possess certain international experience, a certain social network), a deeper understanding of the antecedent importance could be thought particularly useful for the private and public funders' side, as they have more opportunity to manage a portfolio of different start-ups rather dynamically (e.g. decide which combinations of antecedents to take into their portfolios, by making their funding decisions).

Limitations & Suggestions for Further Research

This paper focused on making a conceptual contribution as well as directing further research to study the antecedents conducive to establishment of the characteristic start-up type of “born-global” firms. Throughout the paper it was argued that different inputs lead to different outputs and that some inputs will make a crucial difference and determine how a company goes about to achieve competitive advantage. An important extension is to empirically examine a large sample of early internationalizing firms to validate that our dimensions produce distinct groupings of firms.

Another important consideration for further research is whether the firms studied operate in a services or manufacturing setting. This will influence their business model set-ups. We propose that such set-ups can be analyzed by delimiting across component, product or services from market x (input dimension), sites in market x (process/delivery dimension) and market (output/sales dimension).

⁵ Over time they might be able to adapt these factors.

Also, empirically studying the link of the antecedents to competitive advantage is an avenue for further research, which we regard as particularly fruitful, potentially leading to some highly practically relevant insights (see also considerations in practical implications section), as to how EIFs and BGFs go about creating and sustaining competitive advantage. On the antecedent side, how does what the company does affect firm set-up? Here, future research could build on initial findings that companies pursuing competitive advantage by product differentiation are more likely to internationalize quickly (Bloodgood et al., 1996). Also, what does it mean for competitiveness when increasingly ‘born global’ firms actually compete with other ‘born global’ firms? Which advantages can they preserve, which not? Moreover, the question arises how BGFs develop over time, do they continue to behave differently or does their behavior converge towards such of matured EIFs? For example, when ‘born global’ firms mature, are they more likely to acquire (other small) firms more aggressively than other types of start-ups?

Overall, early firm internationalization has gained momentum during the last few years. Within this area, the phenomenon of firms starting internationally right from the start, being “born global” has been identified to occur around the world. As these firms are challenging the conventional management rules and wisdom, they truly deserve more attention. Moreover, understanding how these firms go about in gaining and leveraging their organizational set-ups is highly interesting to a variety of fields – international business, entrepreneurship as well as strategic management research. With the contributions made in this paper, we hope to foster fruitful future interdisciplinary efforts.

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TABLES AND FIGURES

TABLE 1

Previous Empirical Research Regarding Born Global Firms

Authors/ Year	Title of Article	Sample Size	Journal	Interpretation of ‘Born Global’
Fan and Phan (2007)	International new ventures: revisiting the influences behind the ‘born-global’ firm	n = 67	Journal of International Business Studies	Based on proportion of foreign sales at commercial launch
Zhou, Wu and Luo (2007)	Internationalization and the performance of born-global SMEs: the mediating role of social networks	n = 129	Journal of International Business Studies	Basic criteria for born-global firms: (1) the number of years delayed – three years or less from domestic establishment to internationalization (including exporting and importing activities); and (2) the significant export involvement – at least 10% of sales from exporting
Freeman, Edwards and Schroder (2006)	How smaller born-global firms use networks and alliances to overcome constraints to rapid internationalization	3 cases	Journal of International Marketing	Small firms (with less than 100 employees) that have successfully internationalized within the first two years
Knight, Madsen and Servais (2004)	An inquiry into born-global firms in Europe and the USA	32 (cases US & DK); n = 186 (survey US); n = 106 (survey DK)	International Marketing Review	Firms less than 20 years old that internationalize on average within 3 years of founding and generate at least 25 % of total sales from abroad
Knight and Cavusgil (2004)	Innovation, organizational capabilities, and the born-global firm	n = 203	Journal of International Business Studies	Companies that expand into foreign markets and exhibit international business prowess and superior performance, from or near their founding
Andersson and Wictor (2003)	Innovative Internationalisation in New firms: Born Globals – the	3 cases	Journal of International Entrepreneurship	A Born Global is a company that has achieved a foreign sales volume of at least 25% within 3 years of its inception and that seeks

	Swedish case			to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries
Moen and Servais (2002)	Born global or gradual global? Examining the export behavior of small and medium-sized enterprises	n = 677	Journal of International Marketing	Firms exporting from early on
Moen (2002)	The born globals: A new generation of small European exporters	n = 335 (Norway); n = 70 (France)	International Marketing Review	Born Global firms are defined as having export sales higher than 25 percent and an establishment post-1990
Rasmussen, Madsen and Evangelista (2001)	The founding of the born global company in Denmark and Australia: Sensemaking and networking	n = 48; then comparison of 3 DK cases and 2 AUS	Asia Pacific Journal of Marketing and Logistics	Upfront: Firms which aim at international markets or maybe even the global market right from birth. From empirical results: They have a high share of foreign sales (almost 70%) and resemble the most internationally oriented exporters with respect to internal capabilities and competitive platform (specialized production) as well as their geographical scope. However, because of their small size and limited resources they often operate on arm's length in foreign markets, sometimes even more so than very inexperienced exporters.
Madsen, Rasmussen, Servais (2000)	Differences and similarities between born globals and other types of exporters.	n = 47	Advances in International Marketing	Born Globals are defined as firms that were established after 1976 and have reached a share of foreign sales of at least 25% after having started export activities within three years after their birth
Harveston, Kedia and Davis (2000)	Internationalization of born global and gradual globalizing firms: The impact of the manager	n = 224	Advances in Competitiveness Research	Born global firm versus gradual global firm; based on timing, referring to exports

TABLE 2

‘Born Global’ Firms versus Early Internationalizing Firms at t_0

‘Born Global’ Firms	Early Internationalizing Firms
Ownership: Yes	Ownership: Not necessarily
Types of arrangement, involving multiple countries: <ul style="list-style-type: none"> - Full ownership - Joint Ventures (>10%) 	Types of arrangement, involving multiple countries:: <ul style="list-style-type: none"> - Third Party Suppliers (Arm’s length \leftrightarrow Alliances)
Examples: <ul style="list-style-type: none"> - Exporting via owned distribution - Owned R&D facilities or at least R&D employees on own payroll - Owned production facilities - Owned International Procurement Offices (IPOs) 	Examples: <ul style="list-style-type: none"> - Exporting via third parties - Supplier R&D alliance - Contract Manufacturing

TABLE 3

Antecedents of Early Internationalizing Firms versus Born Global Firms

Early Internationalizing Firms	'Born Global' Firms
Low risk aversion of founder(s)	Low risk aversion of founder(s)
Unfavorable home market	Unfavorable home market
Social network	Social network
	Proprietary knowledge
	Substantial VC financial backing

FIGURE 1

Antecedents of Accelerated Internationalization

