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Incubators' role in born globals' early phase of internationalization

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Abstract

Title: Incubators' role in born globals' early phase of internationalization

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Background and problem: Improvements in technology and communication has changed the market conditions, enabling firms to sidestep the traditional internationalization process. Small firms with an initial vision to internationalize and a rapid internationalization process are referred to as born globals. These firms typically have limited resources. There are business assistance organizations called incubators, which are established to support start-ups' development. However, it is not clear if their support is in line with the support necessary for born globals early internationalization process.

Purpose of the study: The purpose is to investigate the current role of incubators in born globals' early phase of internationalization as well as analyse how and if their support can be improved. Moreover, the purpose of this study is to yield a better understanding of born globals' needs and how incubators can support these firms with adequate resources during their early internationalization process.

Methodology: In order to gather empirical material, a qualitative research approach has been applied and interviews with four born global firms and four incubators have been conducted. The collected empirical material was compared to the theoretical framework using a template analysis method in order to find similarities and disparities.

Conclusion: The results from this study reveal three essential resources born globals need during their early internationalization process, namely network, knowledge and capital. The support provided by incubators is considered helpful with knowledge especially accentuated. Moreover, the availability of incubators' network is also appreciated, however, there was a desire to have further access to international contacts. A suggestion of improvement is to specialize incubators within certain business areas in order to provide the born globals with the support and the resources they would benefit most from. Yet, the specialization should not be too narrow as this might affect the critical mass of applicants.

Abbreviations

CEO - Chief Executive Officer

MNE - Multinational Enterprise

SME - Small and Medium Sized Enterprise

SISP - Swedish Incubators and Science Parks

Key words

Born global, Internationalization, Incubator, Resources, Support

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1. Introduction

This chapter will present background information of the topic discussed. Further on, there will be an overview of the problematization of the topic, suggesting there is need for additional research. It then continues with the purpose of the study, followed by the research question. The final section provides the reader with a delimitation of the study and ends with a synopsis of the thesis' structure.

1.1 Background

The world has changed rapidly the last decades where technology improvements and simplification of transportation as well as communication have opened up new business opportunities, creating possibilities regarding firms' internationalization process that differ from the traditional procedures (Halldin, 2012). This has contributed to new market conditions for small and medium sized enterprises (SMEs), giving them incentives to go abroad (Wictor, 2012). An alternative internationalization process has been formed, thus it has become more common for newly founded firms to explore possible future foreign markets shortly after their initial establishment on the domestic market (Laanti, Gabrielsson & Gabrielsson, 2007). These SMEs, which side step the traditional strategy of internationalization and instead enter foreign markets in a much earlier phase, are often referred to as born globals (Knight & Cavusgil, 2004; Laanti et al., 2007). The concept of born globals was originally established by Michael Rennie in 1993, an employee of the consultant firm McKinsey & Co. Born globals are described as firms that seek to compete on the international market close to their initial establishment (Madsen & Servais, 1997). These firms are born in the global arena and view the whole world as their market (Andersson & Wictor, 2003).

Born globals are typically resource-constrained, technologically oriented and innovative firms with employees holding specific competences. However, born globals are fairly young and may not possess institutional and international business knowledge nor external networks needed (Sharma & Blomstermo, 2003). Hence, there exist external support to encourage firms' growth and expansion. Indeed, firms in an early phase of their development have the opportunity to apply to incubators, business assistance organizations offering a variation of accommodating resources to born globals and other firms experiencing an early developing phase (Swedish incubators & Science parks, [2016]). Incubators supply assistance for firms in

terms of support services in order to enhance the developing process (Grimaldi & Grandi, 2005). Since born globals' experience a rapid internationalization process, they might be in need of resources and support more adequate for an early international aspiration.

1.2 Problem discussion

As the world and terms of internationalization changes, so do the conditions regarding business development as it generates more and new possibilities. In order to improve start-ups' business development, incubators have been established, which are business assistance organizations providing support and a various amount of resources for these firms (Swedish incubators & Science parks, [2016]). Engelman, Zen and Fracasso (2015) explain an incubator as a shared space for start-up firms in need of e.g. business assistance and organizational resources. During the time in the incubator, firms are introduced to markets and have the opportunity to share experiences and form networks with other firms incubated (Engelman et al., 2015). The resources provided should have an effect on firms' profitability and growth. The resources offered can be functions such as management and capital financing (Löfsten, Lindelöf & Aaboen, 2006). These business assistance organizations are considered as important contributors to the development of start-ups (Bonnafous-Boucher & Laviolette, 2009).

Many of today's start-ups are often considered born globals (Regeringskansliet, 2015). The born globals enhance in numbers and therefore, deviations from traditional internationalization processes grows larger (Andersson & Wictor, 2003). Born globals are in general resource-constrained firms and strive to hold resources that are intangible (Oviatt & McDougall, 2005; Knight & Cavusgil, 2004). Still, born globals typically lack the knowledge and experience to internationalize (Oviatt & McDougall, 2005), which may indicate these firms are in need of support and assistance in order to achieve internationalization (Engelman et al., 2015). Despite incubators' endeavour to support firms in an early developing phase, their effectiveness and contribution have been questioned (Cagcia Carvalho & Vasconcelos Galina, 2015; Schwartz & Hornyk, 2010). Some research say the survival rate of born globals is higher if they have been participating in an incubation program, whilst other mean that the incubators have no or little effect on born globals' survival (Scillitoe & Chakrabarti, 2010). Thus, there is no distinct consensus of the incubators' influence on born globals. Furthermore, it has been argued that incubators lack technological knowledge (Scillitoe &

Chakrabarti, 2010), which might be considered insufficient since born globals typically have a technological orientation and this paucity questions if incubators have the necessary resources for these firms.

Changed international conditions have developed firms with rapid internationalization desires, which seek resources relevant for an early internationalization and may potentially have challenged the role of incubators. Since there is no explicit insight in incubators' involvement regarding incubated born globals, further research of the topic have been suggested (Scillitoe & Chakrabarti, 2010; Engelman et al., 2015).

1.3 Purpose of the study

The purpose of this thesis is to analyse the present role of incubators during born globals' early internationalization process as well as investigate how and if their support activities can be improved. Furthermore, the purpose of this study is to yield a better understanding of born globals' needs and how incubators can support these firms with relevant resources in their early phase of internationalization.

1.4 Research question

What is the current role of incubators during born globals' early internationalization process and how can it be improved?

1.5 Delimitations of the study

The geographical area of this thesis is limited to Sweden, i.e. the firms and incubators interviewed are all founded in Sweden. Since this study analyses incubators' present role regarding the early internationalization of born globals, the firms selected are relatively young and meet the requirement of being a born global according to the explanation used by Madsen and Servais (1997); firms seeking to compete on the international market close to their initial establishment. An additional requirement was that the firms interviewed had a technological orientation. Moreover, in able to investigate the role of incubators, the selected born globals were required to have experiences of being incubatees. Lastly, this thesis will not analyse if incubators contribute to successful internationalization processes of born globals.

1.6 Thesis structure

This thesis consists of six sections, namely introduction, theoretical framework, methodology, empirical findings, analysis and conclusion. The six sections are outlined as followed:

1. *Introduction* - This chapter provides a background description as well as a problematization of the topic. Furthermore, the purpose of the study is presented, followed by the research question and the delimitations of the thesis.
2. *Theoretical framework* - In the section of theoretical framework, previous studies in accordance with the thesis and selected theories are featured, which include the role of incubators, the born global theory as well as the resource theory.
3. *Methodology* - This section describes and motivates the chosen methods of the study as well as defines how the empirical material was collected and how it was processed and analysed.
4. *Empirical findings* - In this chapter, answers from the qualitative interviews are featured and are categorised under headlines and subheadings.
5. *Analysis* - This chapter seeks to analyse and discuss the empirical findings as well as compare these with the chosen theories.
6. *Conclusion* - In the conclusion, the research question of the study is answered. Furthermore, this chapter will provide suggestions for further research within the studied area.

2. Theoretical framework

The theoretical framework chapter provides the reader with relevant theories conducted from precedent research. The first section presents a description of the role of incubators. It is then followed by a definition of the phenomenon born globals as well as the forces behind their rapid internationalization, and continues with the resource theory. Finally, a summary of the discussed theories will be presented in Table 1.

2.1 The role of incubators

When deciding to operate internationally, firms may face difficulties such as lack of knowledge and previous experience regarding the potential market. Born globals' early phase of development is crucial as their resources are scarce (Oviatt & McDougall, 1994) and in order to gain access to resources important for their development, support from incubators can be sought. Whilst incubated, firms receive guidance and counseling during their development. They also have the opportunity to meet with potential investors as well as entrepreneurs who experience similar processes (Hackett & Dilts, 2004). Through an incubator, there are possibilities to gain access to networks with e.g. relevant business contacts as well as financial support through venture capitalists. An incubator's purpose is to facilitate the start-ups' development phase and reduce the risk of failure (Hackett & Dilts, 2004). Grimaldi and Grandi (2005) suggest that incubators could provide more specialized support in order to satisfy the different needs of the incubated firms. Some incubators want to create a higher degree of synergy effects amongst the incubatees as well as provide more specific resources by only accepting firms within a certain sector. Such orientation could be more cost efficient, since the incubator does not have to provide differentiated resources in such a large extent (Grimaldi & Grandi, 2005). According to Aernoudt (2004), some incubators typically maintain their relationships with alumni firms, which are encouraged to pass on their knowledge and experiences to the present incubatees. This creates incubators with an wide network of alumni.

Incubators can be owned by the state but also by private actors (Hackett & Dilts, 2004). One alternative is to be connected to a university, facilitating access to intellectual resources and knowledge (Aspelund & Moen, 2001). There can be several benefits for a firm participating in a incubator, including increased credibility as a firm, access to a network, more intensive knowledge acquirements and improved problem solving (Cooper, Hamel and Connaughton,

2010). Furthermore, incubators encourage incubatees to share knowledge and personal experience in order to extend networks and foster interchange of tacit knowledge (Cooper et al., 2010). The role of incubators may however vary in different regions due to different conditions (Etzkowitz, Solé & Piqué, 2007). Moreover, incubators should not be considered as individual entities, but instead network contributors of e.g. expertise and capital. It is suggested that incubators should extend the cooperation and introduce firms with a technological and international potential from different incubators to each other to further improve the support provided (Etzkowitz et al., 2007). Collaborations between incubators operating within similar business sectors are considered especially important (Aernoudt, 2004).

2.2 Born globals

2.2.1 Definition

Born globals are SMEs and can be defined as firms adopting a global approach from the inception or closely thereafter (Andersson & Wictor, 2003). They can be explained as firms that initially have an international vision (Danskin Englis & Wakkee, 2015). This is also confirmed by Madsen and Servais (1997), describing born globals as firms that seek to operate on the international market close to their initial establishment. What characterizes these firms is that their choice of international markets is not derived by geographical location but the opportunities the specific market offer (Halldin, 2012). In addition, born globals view the entire world as their market and develop the capabilities needed to achieve early international growth (Halldin, 2012; Knight & Cavusgil, 2004). Owing to innovations in technology, communication and transportation, exploring business opportunities is not limited to multinational enterprises (MNEs) but can be utilized by smaller firms, such as born globals (Oviatt & McDougall, 2005).

Another factor that characterizes born globals is their restrained resources (Gabrielsson, Kirpalani, Dimitratos, Solberg & Zuchella, 2008). Despite limited resources, some of these firms manage to succeed in the global arena (Oviatt & McDougall, 2005). Instead, factors including having an international vision from the inception and a developed network are of importance (Oviatt & McDougall, 2005). These firms are referred to as “born globals” (Knight & Cavusgil, 2004; Andersson & Wictor, 2003; Madsen & Servais, 1997; Wictor 2012), however, the phenomenon has adopted alternative names too, such as “global start-

ups” (Oviatt & McDougall, 1994), “international new ventures” (Aspelund, Madsen & Moen, 2005; Oviatt & McDougall, 2005) and “early internationalizing firms” (Rialp, Rialp & Knight, 2005). In this thesis, however, “born globals” is the only term that will be utilized.

2.2.2 Forces behind internationalization of born globals

Madsen and Servais (1997) suggest there are three forces behind the internationalization of born globals, which are all related. The first force is changed market conditions. The increase of specialized high-technological products has influenced and opened up opportunities on niche markets and is argued to be one of the forces behind born globals’ internationalization (Knight & Cavusgil, 2004; Halldin, 2012). Niche markets may implicate significant competitive advantages, however since niche markets are usually relatively narrow and the domestic market is typically not large enough, expanding internationally become inevitable (Halldin, 2012; Madsen & Servais, 1997). Globalization’s influence towards a world with less trade barriers and a homogenization of customer preferences facilitate born globals’ internationalization process (Oviatt & McDougall, 2005; Madsen & Servais, 1997; Andersson & Wictor, 2003). Thus, firms are pulled into several markets in a short amount of time (Madsen & Servais, 1997).

Secondly, the global digitalization and technological improvements in logistics and communication are also essential contributions to the rise of born globals as these improvements simplifies the internationalization process, enabling these firms to adjust to the new market conditions (Madsen & Servais, 1997; Knight & Cavusgil, 2004; Halldin, 2012; Oviatt & McDougall, 2005; Rialp et al., 2005). Lower transportation costs of goods and people as well as increased reliability and frequency of transports have eased firms’ internationalization process (Madsen & Servais, 1997). Communication has become cheaper and more convenient thanks to technological innovations, making the world more accessible. The process of gathering information about international markets is now done with ease, even for smaller firms (Madsen & Servais, 1997).

The last force Madsen and Servais (1997) suggest is peoples’ improved abilities. Technological enhancements cannot be implemented and utilized unless there were skilled people and entrepreneurs who see opportunities on the international markets as new conditions take place (Madsen & Servais, 1997; Rialp et al., 2005; Aspelund et al., 2005). An

important reason behind this force is the increased number of people holding international experience. It has become more common for students to study abroad, familiarize and appreciate foreign language and culture, which increase the quantity of potential born global employees (Madsen & Servais, 1997).

2.3 Resource based theory

2.3.1 Definition

According to Kleinschmidt, Brentani and Salomo (2007), it is essential for a firm to control key organizational resources, since these may act as competitive advantages. Resources can be divided into three parts, tangible, intangible and personnel-based (Löfsten et al., 2006). Physical resources, such as equipment or buildings, are considered tangible resources. Intangible resources include the brand, reputation and technology, whilst personnel-based resources or human resources include training and internal education of the firm's employees (Löfsten et al., 2006). Löfsten et al., (2006) further explain that not all resources can yield a competitive advantage, but only those that are scarce or inimitable. Elementary resources are especially fundamental in a tumultuous business environment as they form a stable basis for forming strategies (Knight & Cavusgil, 2004).

2.3.2 Important resources in a born global point of view

In general, born globals do not possess resources but are instead associated with innovative products and/or services (Oviatt & McDougall, 2005; Knight & Cavusgil, 2004; Gabrielsson et al., 2008). By other means, the firms strive to control the resources rather than own them (Oviatt & McDougall, 2005). The resources must be acquired through previous experiences and knowledge of the founder or through external international and domestic networks, during an early stage of the firm's development (Laanti et al., 2007). Research made within the born global topic continuously refer to three resources which are of major importance for the early internationalization of born globals, namely networks (Oviatt & McDougall, 2005; Andersson & Wictor, 2003; Zhou, Wu & Luo, 2007; Aspelund et al., 2005), knowledge (Knight & Cavusgil, 2004; Oviatt & McDougall, 2005; Sharma & Blomstermo, 2003) and capital (Löfsten et al., 2006; Laanti et al., 2007; Knight, 2015), which will be further explained below. These three resources will be described separately, however they should not

be viewed as three independent parts, instead, they are all interrelated and the reader should therefore keep in mind that they imbricate each other.

2.3.2.1 Network

Networks are considered a significant resource for born globals' early internationalization (Oviatt & McDougall, 2005; Andersson & Wictor, 2003; Zhou et al., 2007). These networks are explained to be built upon trust (Oviatt & McDougall, 2005) and can be divided into two parts; formal networks, often instance relations with financiers or lawyers, and informal networks, e.g. personal relationships and relations with business partners and family (Löfsten et al., 2006). Both are important and contribute to the network resources for the firms involved (Andersson and Wictor, 2003). Born globals typically experience a scarcity of resources, and it is therefore fundamental to form networks from the firm's initial establishment. Networks can help provide knowledge regarding possible markets and market entries, which born globals originally do not possess during their early development phase. It also enables mutual sharing of experiences within the network in order to further develop the firm's business (Wictor, 2012). Moreover, the decision of market entries is often influenced by the founder's personal network since they may act as gateways to new markets (Aspelund et al., 2005).

Wictor (2012) argues that in order to understand the rapid internationalization made by born global firms, one must study its network as it is considered to be an essential resource. Firms participating in an international network may experience a rather simplified internationalization process, as they gain access to information not accessible for all actors present at the market (Sharma & Blomstermo, 2003). Moreover, networks are important for newly founded firms, as they are to some extent dependent on relationships with other actors, such as investors (Andersson & Wictor, 2003). Apart from the international network, it is also essential to have local networks since there could be national differences. In order to thrive on a local market, the born global need to have market specific knowledge, which could be provided through a local network (Andersson & Wictor, 2003). Despite the many scholars accentuating the role of networks in born globals early internationalization process, it is important to bear in mind that some researchers gainsay these suggestions and mean that networks play a more significant role later on in the internationalization processes, but is not one of the major resources in the initial phase (Rialp et al., 2005).

2.3.2.2 Knowledge

Born globals are strongly associated with high-technological products and having an innovative approach, meaning, a significant share of born globals' unique products are derived through innovation requiring a high technological understanding (Knight & Cavusgil, 2004; Andersson & Wictor, 2003; Gabrielsson et al., 2008). The business procedures arise from the firm's capabilities, constituted on skills and knowledge embedded within the firm's employees (Knight & Cavusgil, 2004). Thus, one of the major resources necessary for the expansion of these firms is knowledge, especially knowledge considered tacit (Knight & Cavusgil, 2004; Gabrielsson et al., 2008). Tacit knowledge is explained to be "embedded in individuals and cannot be expressed explicitly or codified in written form" (Knight & Cavusgil, 2004, p. 126). Knight and Cavusgil (2004) further mean that the most vital knowledge is unique and can not be imitated or transferred. The firm compile firm-specific knowledge internally, which engender organizational abilities (Knight & Cavusgil, 2004). These abilities arise from integration of individuals holding special competences and contribute to the development of organizational routines, which generate a unique constellation of firm resources (Knight & Cavusgil, 2004). Yet, innovations in communications have enabled knowledge to travel long distances promptly at low costs and has thus quicken the internationalization process of born globals (Oviatt & McDougall, 2005). Indeed, sharing ideas and knowledge is crucial for the firm's internationalization and if the technological know-how is on similar levels, knowledge sharing is more likely to happen (Sharma & Blomstermo, 2003). In addition, Knight and Cavusgil (2004) claim that knowledge is a key resource within the born global firm since the knowledge is continuously developed during the innovative processes, enabling the firm to provoke abilities needed for technological improvements in its products. They further argue that knowledge utilized during internationalization is often derived from networks and when combining already existing knowledge, new knowledge is created. Moreover, humans have become increasingly mobile and have in general gained more international experience, which has created a larger number of people who understand foreign culture and language (Oviatt & McDougall, 2005; Aspelund & Moen, 2001). Thus, finding qualified personnel with relevant knowledge who can manage born globals' international business has become easier than it used to (Aspelund & Moen, 2001).

2.3.2.3 Capital

The third resource of great importance in born globals' early internationalization phase is financial resources, typically limited within these firms (Laanti et al., 2007; Knight, 2015; Löfsten et al., 2006). Born globals receiving external financing are able to reach a higher growth rate and internationalize in a faster pace (Laanti et al., 2007). Important financial investors can, besides banks and founders, be the state, private investors including venture capitalists, business angels as well as strategic investors such as large enterprises (Laanti et al., 2007). Enhancement in technology, communication and transportation has not only simplified network building and employee relocation, but also capital accessibility (Aspelund & Moen, 2001). In fact, financial possibilities internationally are increasingly accessible and have benefitted born globals in particular (Aspelund & Moen, 2001), as entrepreneurs can seek financial resources anywhere in the world (Madsen & Servais, 1997). Investors frequently seek firms with an global vision (Laanti et al., 2007) and fosters opportunities for firms to execute international activities and projects (Aspelund & Moen, 2001). However, some scholars argue that financial resources are not a major contribution to born globals early phase of internationalization (Andersson & Wictor, 2003).

2.4 Summary of the theoretical framework

Born globals are typically resource-constrained and can thus benefit from external support. These firms are dependent on several resources, yet previous research emphasizes three resources, namely network, knowledge and capital, which are particularly important in their early phase of internationalization. Incubators exist to underpin start-ups development process and provide them with appropriate support, including access to networks and counseling. In order to provide the reader with an overview of the theoretical framework, it has been summarized in Table 1 below.

	Born globals	Incubators
Network	Since born globals are resource-constrained, they are dependent on networks in order to obtain adequate knowledge and financial support.	Incubated firms are able to gain access to networks and adequate contacts within several business areas.
Knowledge	Knowledge is essential since it enables born globals to edge their products. Especially tacit knowledge and competence sharing are of great importance.	Incubators encourage knowledge sharing between the incubatees and provide coaches or advisors to the firms incubated in order to develop their business.
Capital	Born globals typically lack financial resources, which are needed to reach a high growth rate and a rapid internationalization.	Through incubators, the firms receive the possibility to meet with potential investors to seek financial support.

Table 1: A summary of the theoretical framework

3. Methodology

The methodology section discusses the selected methods utilized in the study. It presents a motivation and a description of the chosen research approach, followed by the development of the theoretical framework and collection of empirical material. Moreover, a description of each method's proceeding and execution is provided. The chapter ends with the selected method for the analysis as well as the ethical position.

3.1 Scientific approach

In this thesis, a hermeneutic approach has been chosen in order to interpret the discussed subject's context by putting the empirics in relations to the theoretical framework. By interpreting the content, it seeks to reduce the subject's ambiguity and place it in a comprehensive context in order to create further understanding (Collis & Hussey, 2014). When knowledge is increased, it could give a better insight in the theoretical framework and consequently increase the understanding in a, so-called, hermeneutic circle (Eriksson & Kovalainen, 2008).

This thesis will compare the empirical findings with the theoretical framework, and therefore, the hermeneutic approach was found to be most suitable as it is essential to understand how they relate to each other. Consequently, the theoretical framework as well as the empirical findings is summarized in tables to provide an interpretation of the similarities and dissimilarities, thus facilitating the analysing process.

3.2 Research method

3.2.1 Qualitative method

Collis and Hussey (2014) describe method as “a technique for collecting and/or analysing data” and methodology as “an approach to the process of the research, encompassing a body of methods“ (p. 55). When selecting a method, a qualitative, a quantitative or a combined approach can be applied. If the purpose is to collect data through primary sources, e.g. interviews, a qualitative research method is considered more suitable. Regarding this thesis, data is collected through interviews and therefore, a qualitative research method have been chosen. A qualitative research method can be carried out differently, e.g. through a case

study, which is utilized to investigate a subject on a deeper level (Collis & Hussey, 2014) and is in line with the purpose of this thesis. This approach can be applied when analysing both one and several cases (Collis & Hussey, 2014). A qualitative research method is however sometimes criticized of being subjective and relies on the writer's opinion regarding the relevance of the gathered material (Bryman & Bell, 2015).

3.2.2 Justification of the choice of method

Regarding the research area of rapid internationalizations, there have been both qualitative studies, carried out by e.g. McDougall, Shane and Oviatt (1994) as well as by Sharma and Blomstermo (2003) and quantitative studies by e.g. Rennie (1993) and Zahra, Matherne and Carleton (2003). As the purpose of this thesis is to investigate the role of incubators during the early internationalization phase of born globals, there is a need to receive a deeper understanding of how each company have experienced their time as incubatees. When researching a rather specific area within the subject of internationalization, it is often more advantageous to apply a qualitative research method (Rialp et al., 2005). Therefore a qualitative research method has been selected for this thesis, as it is believed to be the best approach in order to fulfil the purpose of the thesis.

3.3 Research approach

3.3.1 Abductive approach

The two most common research approaches are deductive and inductive approaches. Inductive approach is when an appropriate theoretical framework is built from the empirical findings and deductive approach is the opposite, i.e. when the theoretical framework is the basis for finding empirical data (Collis & Hussey, 2014).

A third alternative is the abductive approach, which has been developed since researchers seldom use exclusively an inductive or a deductive approach. Abduction can therefore be seen as a combination of the two approaches and is commonly used when conducting case studies (Alvesson & Sköldberg, 2008). Eriksson and Kovalainen (2008) describe the abductive approach as “the process of moving from the everyday descriptions and meanings given by people, to categories and concepts that creates the basis of an understanding or an explanation to the phenomenon described” (p. 23). Abduction creates an understanding as it alternates

theory and empirical findings, thus does not rely solely on one of them (Alvesson & Sköldbberg, 2008).

This study will analyse the incubators' support and assistance provided to born globals during their early internationalization process with what previous literature argues. Consequently, an abductive approach has been applied, emphasising both the theoretical framework and the empirical data. Furthermore, an abductive approach is argued to be in line with the hermeneutic scientific approach of this thesis as the alternation of theory and empirical material increases the understanding in a hermeneutic circle (Eriksson & Kovalainen, 2008).

3.4 Developing the theoretical framework

3.4.1 Literature sources

There are three kinds of sources, namely primary, secondary and tertiary sources. Primary sources are synonymously with sources such as interviews, books or journal articles, which provides first-hand information; meaning that what is claimed is referenced to an original source (Göteborgs universitetsbibliotek, 2014). Newspaper articles and schoolbooks are on the other hand examples of secondary sources since they repeat information that has already been presented by another source (Göteborgs universitetsbibliotek, 2014). A tertiary source is a source where both primary and secondary data can be located, e.g. an online database or an encyclopaedia, through the use of search terms (Saunders, Lewis & Thornhill, 2012).

Primary and secondary sources have been utilized to develop the theoretical framework of this thesis. Through relevant search terms, several scientific articles have been collected from tertiary sources in order to provide a broad perspective and investigate previous research. The incubator theory and the born global theory are chosen in order to provide the reader with a better understanding of the thesis's phenomena. The resource theory is chosen to emphasize the resources previous research find most vital for born globals' early phase of internationalization and how the resources support this process.

3.5 Method for empirical material collection

3.5.1 Primary sources

Empirical data can either be collected through primary sources or secondary sources. Data from primary sources is collected from an original source through for example interviews or questionnaires. Data from secondary sources can, on the other hand, be collected from an existing source including publications or databases (Collis & Hussey, 2014).

To properly investigate and analyse the role of incubators during born globals' early internationalization process, we decided to speak with selected firms to receive their personal opinion on the matter. In order to collect the qualitative data, interviews were carried out, which will be explained more thoroughly later on in the thesis. The primary data collected will be compared to the developed theoretical framework, in able to answer the research question.

3.5.2 Sampling method

When selecting interviewees for a study, either a probability sampling method or a non-probability sampling method can be utilized. The first is representative of the population, while the latter is not. Since a case study was conducted in this thesis, a non-probability sampling method was considered to be most appropriate, as a small number of cases were studied. There are several ways to conduct a non-probability sampling, e.g. quota sampling, purposive sampling and snowball sampling. In this case, a purposive sampling method has been applied, since the small selection of cases had to be informative in order to answer the research question. It is important to bear in mind that samples chosen through a purposive sampling are not representative of the population and therefore, no statistically generalizations can be made (Saunders et al., 2012).

3.5.3 Choice of sample

According to Oviatt and McDougall (1994), born globals are commonly technologically oriented. Therefore, a requirement in our selection process regarding born globals was that they provide a technological service or product. Furthermore, since this study investigates incubators' current role in the early internationalization process of born globals, another important requirement was that the chosen firms were relatively young. Besides, as the

authors of this thesis are Swedish citizens, the firms selected are of Swedish origin. This provides a better access to firms within the area of research. A number of start-ups were selected from a list compiled by Veckans Affärer, a Swedish newspaper, consisting of Swedish start-ups with the best potential to succeed (Veckans affärer, 2015). From this list, we searched for firms that met the requirements of providing technological products, initially founded in Sweden and fairly young. Naturally, it was also substantial that the participating firms considered themselves as born globals. To ensure that the selected firms indeed met our criteria of being born globals, we read them Madsen and Servais's (1997) description of the born global phenomenon, meaning firms seeking to compete on the international market close to their initial establishment, to which the selected born globals agreed upon. Moreover, in order to analyse the role of incubators, it was also vital that the firms had experiences of being incubatees.

The interviewees are summarized in two tables in order to give an overview of the participants. One is describing the incubated born globals (Table 2) and one is describing the interviewed incubators (Table 3). As all the participants are anonymous, the firms will be referred to as Company A-D and the incubators as Incubator 1-4.

Companies	Size Number of employees	Founded	Product	Incubated	Interviewee
Company A	3	2011	IT communication security	Yes	CEO
Company B	5	2012	Communication Platform	Yes	CEO
Company C	5	2015	Digital service for construction business	Yes	CEO
Company D	2	2014	Non-coding apps and website building service	Yes	CEO

Table 2: Information about the firms participating in this thesis

Since this study focus on incubators' role during born globals' early internationalization process, it was important to interview incubators and thus receive their opinion of the discussed subject. Start-ups typically exist in larger cities where eminent universities are located and hence, Stockholm and Gothenburg were selected as suitable targets. In order to receive a breadth of perceptions, we contacted one incubator that is financed by the state, one incubator that is not publicly financed as well as two incubators connected to different universities.

Incubators	Size Number of current incubated start-ups	Location	Interviewee
Incubator 1	10	Stockholm	Manager
Incubator 2	16	Gothenburg	CEO
Incubator 3	46	Gothenburg	Senior Business Development Officer
Incubator 4	16	Stockholm	Business Coach

Table 3: Information about the incubators participating in this thesis

3.5.4 Justification of the choice of sample

Within the field of born globals, there has been research both in Sweden (Andersson & Wictor, 2003; Wictor, 2012) and internationally (Knight & Cavusgil, 2004; Madsen & Servais, 1994; Rialp et al., 2005; Oviatt & McDougall, 1994). The choice of samples for this thesis is however based on the perception that there is a need for further research regarding incubators' role during the early internationalization process of born globals. Furthermore, as relevant contingency within the research field was available in Sweden, it was suitable to contact those. The CEO of each firm was contacted since they were believed to possess this relevant information regarding e.g. the firm' early internationalization and support provided from incubators in this phase. We contacted incubator employees who we believed possessed relevant information about born globals desired support during their early internationalization

process. In two cases, we were directed to the most appropriate person within the organization.

3.5.5 Empirical material collection – qualitative interviews

Different approaches can be applied when conducting interviews for data collection, which is the case of this thesis. Advantages and disadvantages of the utilized approaches are outlined below.

3.5.5.1 Telephone interviews

Telephone interviews are commonly used since it eliminates distance and reduces costs of travel. Participants may also be more flexible in regard of when the interview can be held, however is important to bear in mind the possible costs of the phone call. Moreover, it might as well not feel as personal as a face-to-face meeting (Collis & Hussey, 2014).

3.5.5.2 Semi-structured interview form

A semi-structured interview form can be used in order to answer both “how” and “what” questions of a study. When conducting a semi-structured interview, preparation of questions and themes are just as important as when conducting a structured interview. The difference is the possibility to change the order of the questions and add questions not intended to be asked from the start. This can lead to a more informal conversation, yet it is also challenging as the authors have to ensure that all important questions and topics are raised and discussed during the interview (Eriksson & Kovalainen, 2008). Moreover, there is no need to ask all questions prepared if the interviewee provides the answers in a previous question (Collis & Hussey, 2014).

3.5.5.3 Developing interview questions

When planning and deciding on which questions to ask during an interview it is important to take into consideration what kind of information that needs to be gathered. With this as a starting point, questions have to be adapted in order to meet this need (Eriksson & Kovalainen, 2008). During an interview, closed questions can be asked, which only requires a yes or a no answer or for the participant to choose from a list of answers. Open questions on

the other hand cannot be answered through a yes or a no, but requires a more in-depth and developed answer (Collis & Hussey, 2014).

3.5.5.4 Recording and transliteration

Recording is an effective method as it minimizes the risk of missing important information, which may be the case if only taking notes by hand. If an interview is recorded, it is important to receive clarification from the interviewee. According to Eriksson and Kovalainen (2008), there are several options for recording an interview, including video recording and audio recording. Moreover, to transcribe interviews may take a lot of time; yet facilitate the execution of the analysis (Eriksson & Kovalainen, 2008).

3.5.6 *Execution of empirical material collection*

The interviews have been conducted over telephone. Both the born globals and the incubators chosen was firstly contacted via email, asking if there they were interested in participating in the thesis through either a face-to-face or telephone interview. If such was the case, the correspondence continued, confirming day and time.

All interviews were recorded with the permission of the interviewee, as it therefore would be possible to re-listen to the information provided. This would further facilitate the writing of both the empirical section as well as the analysis. Both authors were present at each interview and the interviewer who at the time was not asking the questions took notes. Having both authors present at each interview may be considered time-consuming but having both authors coming up with appropriate follow-up questions was advantageous.

The interviews were conducted in a semi-structured way and the questions asked during the interview were asked in open manner. This encouraged the interviewee to speak openly and enabled the authors to gain as much information as possible and conduct a comparison between theory and empirical material. It might also make the interviewee feel more comfortable, since the interview would not be as formal. Furthermore, the questions were asked in a neutral manner in order to avoid leading the interviewee towards an answer.

The questions asked during the interviews in this thesis were developed with guidance from the theoretical framework in regard of what had been studied previously. Interview questions were adapted and developed depending on whether interviewing incubators or born globals. None of the interviews have been transcribed since it was considered to be too time consuming and as the interviews were recorded, it was easy to re-listen to them in order to create the empirical section as well as facilitate the execution of the analysis. Besides, notes were taken during each interview, which simplified the analysing process. All recordings and the identity of the interviewees will be held confidential. The interviews were held in Swedish, however, as the chosen language of this thesis is English, the empirical material collected was translated to English.

3.6 Method for empirical material analysis

3.6.1 Template analysis

When analysing empirical material, the authors can create categories to arrange the collected material and form a analytical framework, which may facilitate the structure of the analysis. This is called a template analysis method. The developed categories should be in line with the research question and the utilized theoretical framework. By categorising the findings, it enables the recognition of patterns within the empirical material and thus the analysis.

When having an abductive research approach and a hermeneutic scientific approach, it would be appropriate to choose a template analysis method. A template analysis method would also include the tables generated from the theoretical framework and the empirical findings. The categories are commonly decided upon before the collection of data but can be modified, added or removed during the course of the thesis in order to fit the purpose of the study, which creates a flexible analysis method. Furthermore, the categories could be put in a hierarchical order to enable the analytical process as the collected material, depending on their importance, could be analysed on different levels and thereby increasing the interpretation (King, 2004; Saunders et al., 2012). In accordance with the arguments above, a template analysis method is considered to be best suited for this thesis as it is line with the research question as well as the purpose of the study.

3.6.2 Credibility of the findings: reliability and validity

When conducting research it is important to assure the credibility of the findings, including the aspects concerning reliability and validity. Reliability can e.g. be achieved if the findings of the study are coherent with previous researchers findings. A threat towards the reliability of study could be participant bias where an interviewee respond falsely, an issue that can be resolved by offering the participant anonymity. Moreover is it important to avoid researcher bias, where the researcher let their subjective view affect the interpretation of the research material. Furthermore, validity concerns how well the research conducted aligns with the research question. It can be achieved through the researchers having a high level of knowledge regarding the research as well as ensuring that the questions during the interviews are being properly and clearly answered (Saunders et al., 2012). In this thesis, qualitative data have been collected, which typically results in findings with a high degree of validity as the collection of data have to be methodical and systematic (Collis & Hussey, 2014).

3.6.3 Execution of the analysis

A template analysis method was utilized in this thesis in order to analyse the empirical findings. The recorded material from the interviews were re-listened to and the notes written re-read in order to enable the search for patterns and similarities as well as dissimilarities. The findings from the empirical material was written down and from these, categories were created, which are summarized in Table 4. The categories created are network, knowledge and capital, and describes the perception of the born globals as well as the incubators. These categories from the empirical findings were thereafter compared to those developed in the theoretical framework, applying the template analysis method in order to answer the research question and fulfil the purpose of this study.

To assure the credibility of the research, all interviews have been audio-recorded. Furthermore, semi-structured interviews have been conducted in order to assure that the questions have been answered. This has led to avoidance of misunderstandings regarding the subject of research and enabled the researchers to focus on the purpose of the study.

3.7 Ethical position

When conducting a qualitative research through interviews, it is vital to have an ethical research positioning. Within the positioning, principles such as voluntary participation,

confidentiality, anonymity as well as honesty and transparency are included (Collis & Hussey, 2014). Voluntary participation is essential, as the interviewee should not feel that they are obligated to participate against their will. Information regarding the subject and the amount of time required should not be withheld from the interviewee. Confidentiality should be offered to the participants, as they may not want their opinion to be of public knowledge. In the thesis, the participants can be referred to as e.g. Company A, B, C etc. Before the interview is conducted, it is essential to inform the participant and be honest about the subject of the study, in what context the information will be used as well as what their participation will contribute to (Collis & Hussey, 2014).

In this study, all participants have agreed to participate voluntarily, without any rewards being offered. It was decided to keep all participants anonymous to protect their opinions and the firms they represent. The information gathered from the interviews will not be published anywhere besides in this thesis and all participants have been informed of the purpose of the study, both in the initial e-mail conversation and in the beginning of the interview.

4. Empirical findings

In this section, a collocation of the interviews with born globals and incubators that participated in this thesis are covered. The first part describes the incubators' supply of resources according to the incubators as well as the born globals. It then continues with all the participants' perception on the incubators' current efforts, followed by suggested improvements from all the participants. The chapter ends with a short summary of the findings.

4.1 Initiatives and resources provided by incubators accommodating born globals during their early internationalization

4.1.1 Network

Four out of four incubators argue that one of the most important resources during the early internationalization process of born globals is network. Through the network it is possible to access e.g. local knowledge regarding the market of matter, which could be crucial when establishing a product or service in that particular market. For firms not having any previous experience or contacts, including born globals, this resource is especially important. Firms incubated at Incubator 4 are required to have a global vision from inception and hence, Incubator 4 argue they supply an international network. Furthermore, they state that an incubator can provide contacts to relevant investors or competences, depending on what the firms are in need of. Moreover, Company B finds that being incubated can ensure legitimisation of the firm. When a start-up is developing their network, having experience of being an incubatee can be a significant benefit as their business idea and product already have been carefully investigated and thus, a certain level of quality can be assured. Since the incubator has carefully inspected the firm's business concept and strategy, institutions and organizations have additional incentives to believe in the firm's work and vision, a statement several interviewed incubators agree with. One of the incubators explains that firms participating in their program are more likely to receive state funded subsidies and loans, since prerequisites are already achieved.

Furthermore, three of the firms interviewed also believe incubators can help provide networks and thus create opportunities, which could be essential when internationalizing. They state that firms applying to an incubator usually do not possess an extensive network, and finding

appropriate contacts on their own may slow down the internationalization process, as this is typically a time consuming process. Incubators can moreover provide opportunities to participate in international programs and collaborations, which can further increase born globals knowledge and understanding in terms of internationalization as well as the possibility to receive international validation for their product or service. At the same time, they are able to form new contacts and meet other firms in the same stage of development. Company A claims that through an incubator, firms receive invitations to events and meetings, both international and domestic, where there is a possibility to extend the network and form important contacts. They argue that even if the firm has been involved with an incubator before, extending and renewing the network will always be important. Additionally, Company D argues that network provided by their incubator have been useful to them during their time as an incubatee and they appreciate being able to choose among the offered services, depending on their current demands.

According to Incubator 1, they provide networks within the business areas of law, financial support, sales and pricing, as incubated firms most frequently demand these. Furthermore, they put the incubated firms in contact with relevant consultants and partner firms. Incubator 3 claims that they build their support mainly on international networks from which they build strategic relationships for their incubated born globals. They strive to guarantee the best practise possible in their support in order to provide network opportunities needed for a successful market entry. This might include meetings with business angels or retail connections, which without an established network can be time consuming to arrange on your own. Moreover, they state that they also use their own personal and rather informal network to support the firms in the incubator and give them guidance. Further, some of the interviewed incubators argue that networks are necessary in terms of cutting through the market buzz. One of the incubators states that entrepreneurs often have limited resources and need support from the incubator regarding international connections, including contacts with appropriate international business angels.

4.1.2 Knowledge

According to all the interviewed born globals, participating in an incubator program contributes to knowledge sharing between other participant firms. Working closely to like-minded talents from other start-ups open up possibilities for rewarding conversations. This

assertion is supported by one of the interviewed incubators as well, which mean that incubators should provide an innovative environment where firms can benefit from each other as well as give and receive valuable feedback. Moreover, an important knowledge resource utilized by several firms is the expertise supplied by incubators. The majority of the firms interviewed believe the presence of coaches and advisors giving advice within different business areas function as guidance. For example, Company C means that their coach at the incubator has developed their investment negotiation skills, both with potential investors and customers. Additionally, they explain the appreciation of having alumni present at the incubator, who gives advice about internationalization strategies and recommend relevant business contacts. Furthermore, two of the interviewed incubators say they have maintained relationships with firms and people who have similar experiences. Sharing their setbacks and success give the born globals opportunities to learn and increase their understanding of internationalization.

Company A states that even though the entrepreneur has a talent within a certain field, he or she do not possess knowledge of all the skills needed in order to internationalize and may therefore be in need of external support. Indeed, two of the incubators interviewed claim that entrepreneurs often have a unique idea or product, nevertheless require assistance regarding e.g. how to be notified in the crowd. One incubator especially emphasizes market entry as a frequently requested area of counseling. In addition, another incubator remarks that providing adequate competencies will function as door openers for the firms incubated.

4.1.3 Capital

Taking part of an incubator program, firms may be introduced to angel investors, venture capitalists or other stakeholders. Financial resources are typically limited within born globals and external investments may therefore be essential for the firms' development possibilities. Indeed, Company B received a small yet important financial support during the time spent at the incubator. Furthermore, Company C explain that they have met with important investors through their own network as well as through the network they have gained access to through their incubator. The alumni, who have similar experiences, have introduced them to relevant people wanting to invest in firms with global vision. Some of the incubators interviewed express it is essential for born globals to attract capital, especially when internationalizing as this resource is typically a scarcity amongst these firms. One of the incubators mean they

provide access to investor networks, including business angels and venture capitalists, as they believe that providing such resources contribute to born globals' early internationalization process. Another incubator express that an investment from a well-known company or international investor makes the born global's business idea more trustworthy and it is therefore fundamental to have a beneficial relationship with these actors. However, some entrepreneurs naturally have access to capital through their own contacts, including Company D, which argues that the network they have utilized in order to access capital is created by themselves.

Furthermore, all participant incubators question if an incubator should be a shareowner in the incubated firms or not. For instance, Incubator 2 states that they do not take a position of ownership in any of their incubatees, since they prefer to connect them to appropriate investors instead of investing their own capital. In addition, Incubator 1 suggests that giving up a share of ownership in such an early phase may be a difficult decision for some firms and requires certain premeditation. On the other hand, two of the incubators are shareowners in their incubatees. Incubator 3 argues that it increases the incentive for them as an incubator to ensure their incubatees succeed as it is of common interest. This creates a rather prestigeless incubator, which can reach out to external expertise when they do not possess certain knowledge or experience themselves.

4.2 The interviewees' perception on the current incubator efforts

4.2.1 Firms

A substantial aspect is the desire to not only share the incubator with other start-ups, but with other start-ups within a similar field. For example, Company B says that if they had the opportunity to work close to similar firms, they would have been able to discuss business models, strategies and development on a deeper level. Unfortunately, this was not possible to a large extent as their incubator mainly foster traditional businesses rather than technologically oriented firms. Company C on the other hand mean that they appreciate when the other incubated firms do not operate within the same business field, since it creates a non-competitive atmosphere and no rivalry regarding investors. This generates an environment where the incubatees cooperate rather than view each other as competitors.

Company C believes that understanding the incubators' network is time consuming and thus, extended information about their network would make them more proactive. Moreover, Company A argues that the incubators should utilize their international networks more actively and mean that the only way to promote the business idea is to meet with adequate people. However, Company D state they have had to utilize their own network to a large extent in order to promote their product, since they did not receive the contacts needed from the incubator.

Several of the participant firms believe the location of the incubator is of importance. For instance, Company A argues that the location is essential as different firms target different audiences. Therefore, there is a need to adapt the selection of region or city in order to attract necessary collaborations. The importance of incubators' location is further stressed by Company B, who believe it would have made a large difference if the incubator they participated in was located in a more technologically oriented city, such as Stockholm. Moreover, Company C argues that being present in a larger city automatically puts the firm in a more convenient position when it comes to reaching out and meet with investors and alumni, as they are more commonly based in these cities. In addition, events and other meet-ups are often located in larger cities. However, Company C express that firms incubated in smaller cities might benefit from extensive support from the government. Company D on the other hand claims that the importance of the location depends on the start-up climate in each city, as it is always essential to be geographically close to an appropriate network.

Company B remarks that the incubator they were accepted by did not possess adequate knowledge about digital products and business models. The lack of knowledge was reflected in two ways, firstly Company B opine they received inaccurate information about their business model and the advisors of the incubator could not give the appropriate input needed. Secondly, the paucity of relevant competencies was also impregnated in the provided network and Company B did not meet people relevant for their business. Moreover, as start-ups are typically inexperienced, the need of relevant advice and guidance is essential for their development. Knowing the advisors had experience and knowledge, Company B trusted their suggestions and recommendations, not realizing some of it were faulty for their particular business. This was later claimed to be a major reason to their loss of opportunities.

Regarding financial resources, three out of four firms are not completely satisfied with their incubators' supply. For instance, Company B states that whilst they were incubated, they received a small loan, which at the time was very important. However, they did not receive any further capital support from the incubator, which might have improved their chances of developing their business. It is further stated by Company C that there are investors creating and enabling firms to grow nationally, yet the access to investors with an international interest can be improved, thus benefit born global firms. Indeed, Company D explains that they frequently have to utilize their own network in order to find potential investors, despite taking part in an incubator program.

4.2.2 Incubators

All the interviewed incubators argue that incubators have an important role during born globals' early internationalization process, as they provide crucial resources as well as proximity to firms facing similar challenges. Nevertheless, there are firms that choose to not participate in programs offered by incubators. Incubator 3 believes it is mainly due to firms assuming they can succeed better themselves and see no purpose to participate in an incubator to gain access to the resources needed for their expansion. Moreover, some of the incubators believe it may be because the founders already have previous experience and therefore have established an extensive network. Unlike those who apply to incubators, these firms already have access to the resources and support needed. Additionally, according to two out of four incubators, some firms are not willing to give up a share of ownership in exchange for a spot in the incubator and therefore choose not to participate.

Another reason to absent applications may be due to the incubator's location. Incubator 2, for example, argues that despite the development within digitalisation, business occur when people meet and if the incubator is not located in the right region, business opportunities may be lost. The argument is concurred by Incubator 4, which further states that most incubators are located in large cities, where the stream of innovations and entrepreneurs is more substantial. Besides, a larger market is accessible since these cities attract more investors and possess an advantage in terms of recruitment.

Three out of four incubators state that they cooperate with other incubators within the country. Incubator 4 explain that they together with five other state-funded incubators have

meetings where they share information about how they conduct business, what kind of programs they utilize and how they benefit from them. Since they are located in different parts of the country they do not compete directly with each other and thus can share experiences that may benefit other incubators. In addition, Incubator 3 has collaborations with other incubators through Swedish Incubators & Science Parks (SISP), yet they collaborate with international incubators as well. They believe it contributes to their work since international incubators often conduct businesses to a larger extent and utilize better methods. They express it is important to take part of their knowledge and experience in order to share it with other Swedish incubators. Furthermore, Incubator 2 mean they cooperate with incubators within the same region, since they believe there is a need for a born global culture and in order to achieve that, collaborations are necessary.

4.3 Potential improvements

All the incubators argue that they offer eligible support for born globals during the early phase of internationalization. Nevertheless, both the incubators as well as the incubatees suggest improvements to further enhance incubators' work. Incubator 4 propose an improvement regarding financial resources and states that not many incubators can assure access to capital directly, which may lead to a time and energy consuming search for investors. If incubators instead have a certain amount of money to automatically provide the incubatees with, more time could be spent on developing and improving the business idea. Another improvement within the area of capital is suggested by two of the firms interviewed, which argue that incubators should work more efficiently with forming connections with suitable business angels as they have had to utilize their own network in order to connect with appropriate investors.

Four out of four incubators suggest improvements in terms of specialisation. For instance, Incubator 3 states that each incubator in Sweden should be specialized within a certain business field. Company A concurs with this thought and further argues that if a city or region is prosperous within a certain business field, they should niche an incubator towards that field in order to increase the synergy effects between the firms participating in the incubator program. It is further suggested by two of the interviewed firms that incubators specialized in different business areas would increase the incubators understanding of the firms' need of support and adequate competencies could thus be acquired. They explain that if the firms

incubated are similarly oriented, it may increase the exchange of experiences and information, since the firms face similar questions and issues. This benefit should however not be overestimated according to Incubator 4, since most start-up firms, despite business orientation, face similar problems and are in need of similar support. Company C means specialization could be advantageous, however the incubator should not be too niched as this could possibly create a competitive environment amongst the incubatees. Furthermore, even though the incubators interviewed believe specialization of incubators could be beneficial, they emphasize that the critical volume of applicants has to be fulfilled, in order for the incubators to make qualitative selections.

In terms of collaborations between incubators, both interviewed incubators and firms believe improvements could be made. Two out of four firms state that even though some kind of collaborations exists today it should be to a larger extent. As Sweden is a rather small country, there should be less prestige and more sharing of resources, experiences and contacts in order to build a larger network within the country. Thus, there should be less competitiveness between incubators. Company D partly concurs with this opinion as they argue it could be relevant to increase collaborations between incubators in terms of e.g. sharing investors and synchronising events. However, they explain that some competition between the incubators could be favourable, since this could increase the motivation of creating successful firms. Incubator 2 argues that in order to benefit a region or a city, there is need for increased conversations regarding collaborations between incubators to further create a culture that is advantageous for all parties. Indeed, Incubator 4 express that they have established collaborations with other incubators in the country, a cooperation they are content with as it enables exchange of experiences. Incubator 3 argues that even though there exist some collaboration today, it could be further extended, as it would be of interest to take part of both national and international knowledge as well as experiences. Collaboration would benefit the Swedish start-up climate and encourage increased exchange. Company C concurs with this argument and suggests a further cooperation between incubators from different countries in order to decrease the uncertainty of entering a new international market. Their incubator formed collaboration with an foreign incubator and the outcome was positive as Company C gained access to new and relevant partners on the international market.

4.4 Summary of empirical findings

Table 4 provides an overview of the discussion in the empirical findings. The outline of the table is in consistence with Table 1 in the theoretical framework section. This will simplify the process of finding relationships and linkages between the theoretical framework and the empirical section, which will be analysed in the following chapter.

	Incubated born globals	Incubators
Network	<p>Three out of four firms believed the incubators had supplied networks for their early internationalization process. The network was however suggested to be more visible. Moreover, one of the firms did not meet with appropriate contacts and thus, had to rely on their own network.</p>	<p>All the incubators believed network is one of the most important resources they provide for born globals early internationalization process. These networks can provide access to both people holding knowledge in certain business areas as well as potential investors. Furthermore, the majority of the incubators specifically stressed the importance of providing a international network.</p>
Knowledge	<p>Three out of four born globals experienced that their incubators supplied knowledge, by offering coaching and counseling. One of the firms received some support, yet the advice was not always in line with their digital business. Moreover, four out of four firms thought sharing experiences with other entrepreneurs at the incubator was contributing to their business development.</p>	<p>All interviewed incubators provide this resource and three out of four incubators claimed knowledge to be a crucial resource during the early internationalization process. They provide a variety of coaching opportunities and advisors within different business areas. One of the incubators highlighted market entry strategies as especially essential.</p>
Capital	<p>Two out of four firms considered they had received financial support from the incubators or the incubators' contacts. There was however a request of a larger number of investors interested in born</p>	<p>Three out of four incubators viewed capital as an essential resource for the early internationalization process of born globals and one of the incubators explained it was the most desired resource</p>

	globals specifically. Some of the firms also expressed they utilized their own network to obtain investments.	amongst the incubatees. Moreover, the majority of the incubators express they put their incubatees in contact with potential investors.
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Table 4: An overview of the participants' perception regarding incubators support

Moreover, the interviewees expressed a few suggestions of potential improvement areas. The main proposal was to specialize incubators, meaning becoming experts within different business fields. This could possibly increase the incubators understanding of born globals' need of support and thus be mirrored in the provided network. Collaboration, both between national and international incubators, was another suggestion of enhancement.

5. Analysis

In this chapter, an analysis of the empirical material in relation to the theoretical framework is provided. In order to find linkages and possible relations between the two sections, a comparison of the findings presented in Table 1 and Table 4 will be presented. The chapter ends with an analysis of potential improvement areas. Furthermore, the analysis provides a basis to the conclusion.

5.1. Network

The findings from the interviews held indicate that network is an essential resource for born globals during their early internationalization process, and provides access to important investors and relevant knowledge. These findings are in line with what has been brought up by previous research (Oviatt & McDougall, 2005; Andersson & Wictor, 2003; Zhou et al., 2007; Aspelund et al., 2005) in terms of what resources are essential in born globals' early phase of internationalization. Three out of four firms interviewed agree that through networks, they can gain access to e.g. knowledge and investors, a statement that is consistent with Hackett & Dilts' (2004) previous research. Furthermore, one of the benefits of participating in an incubator put forward by Cooper et al. (2010) is the increased credibility of the firm. This is concurred by Company B, which states that the legitimisation has facilitated their process of building a network. Since they lacked previous experience, it was beneficial for them to have their idea validated by an incubator. One of the interviewed incubators is also in agreement with Cooper et al. (2010) and states that being incubated increase the credibility of the firm and thus enhance the chances of receiving capital from important financial sources through e.g. venture capitalist investments or state funded subsidies (Laanti et al., 2007).

However, Company B states that since the incubator program they took part in did not have the resources they desired, it reflected upon the incubators' network and they were not provided with an adequate network. Hence, they might not have received the most suitable support for their internationalization. Furthermore, Company C claims they had some difficulties finding the right contacts within their incubator's network, since they were not informed of their existence. This might indicate that incubators should work more actively on providing the right kind of network for their incubatees in order to fulfil their purpose, which according to previous research by Hackett & Dilts (2004) is to facilitate the development

phase for start-ups. Forming a network by the firms themselves could be difficult and time-consuming. Hence, incubators' networks can help the born globals gain access to appropriate business contacts during an early stage of development. This is consistent with previous research by Andersson & Wictor, (2003), explaining that through networks, firms can gain access to knowledge regarding possible markets and market entries, which newly founded born globals originally do not possess. However, there are born globals that chose to not apply to incubator programs. Some of the incubators believe it is due to the born globals' already established network, which can provide them with relevant resources without the support from incubators.

Incubator 3 express they constantly work on keeping their network updated in order to be able to provide the best support for their incubatees. Furthermore, they state that when their formal network is not sufficient, they turn to their informal network to find the knowledge or experience desired. This is consistent with previous research, suggesting informal networks can be equally important as formal networks during the process of internationalization (Löfsten et al., 2006; Andersson and Wictor, 2003).

The importance of the location of the incubator is pointed out by both firms and incubators, a matter that has not been found in previous research. However, Etzkowitz et al. (2007) explain that the location of incubators can vary in different regions since the conditions are not equivalent. Indeed, Company B claims that it would have made a difference for them to be located in a more technologically oriented city. Company A and Company C further argue that it is easier to attract investors as well as form important connections with other market actors if located in a larger city. Moreover, two of the incubators interviewed state that the location of the incubator might have an influence on firms' decision whether to participate in an incubator program or not. They concur with the opinion of the interviewees above regarding how larger cities tend to attract more investors and it is advantageous for a firm to participate in an incubator located in a larger city.

5.2 Knowledge

This study implies that knowledge is one of the most important resources provided by incubators. In fact, all the firms interviewed state that their incubator has helped them extend their understanding of some part. Three out of four firms highlight the importance of having

coaches and advisors, who taught them different market entries, business strategies and guidance in negotiations, which have been important for the early internationalization process as well as when developing their business. All the participating incubators in this study also argue that knowledge is an essential resource to provide born globals. These empirical findings are in line with earlier research by Cooper et al. (2010), who explains that giving counseling support is one essential part of incubators' role. It is also consistent with the resource theory, where several scholars (Knight & Cavusgil, 2004; Oviatt & McDougall, 2005; Sharma & Blomstermo, 2003) claim that knowledge is a vital resource for born globals' expansion. Moreover, one of the incubators explains that guidance within the field of market entry is frequently requested. Knowledge regarding market entries is also emphasized in Victor's (2012) research, which explains that this is typically not in possession of born globals. However, the quality of knowledge supplied by incubators is not equivalent amongst the incubators according to the findings of this study. Thus, even though Company B appreciates the support received from the advisors, it was not sufficient enough. They claim that the incubator could not provide advisors possessing adequate competencies nor give necessary input. In fact, Company B was given incorrect advice regarding their business model and means that since they lacked experience, they trusted the advisors, who radiated authority. This shows that the knowledge provided may not correspond with the knowledge born globals need and thus implies that the counseling may have to be further adapted in order to facilitate born globals' internationalization processes.

Knight and Cavusgil (2004) as well as Gabrielsson et al., (2008) mean that knowledge considered tacit is especially valuable during born globals' expansion, which can be shared amongst firms participating in the same incubator program (Cooper et al., 2010). It is further argued by Cooper et al. (2010) that working close to other entrepreneurs enables knowledge sharing and creates possibilities to learn from each other's experiences. Indeed, four out of four interviewed firms contend that being incubated with other firms enabled them to share experiences as well as discuss different strategies. Learning from the other incubated firms is accentuated as a substantial advantage for the incubatees. On the one hand, it is argued by Company C that it is more favourable to be incubated with firms operating in other business areas, since it develops an atmosphere of reduced competition and contributes to an environment where the firms support each other. Company B on the other hand claims that due to the lack of similar firms incubated, they were not able to discuss business developments on a deeper level and could therefore not conduce to each other's processes in a

large extent. This statement could be argued to be in line with previous research by Sharma & Blomstermo (2003), meaning the possibilities of knowledge sharing are more likely to happen if the technological know-how amongst people are on similar levels.

Previous research has specified the importance of having former entrepreneurs and incubator alumni present at incubators (Aernoudt, 2004). Indeed, alumni have helped Company C meet with eligible people and supported them to experimentalize. They further suggest that meeting with alumni who have been successful, yet also those who have failed can provide valuable advices. This is also in line with Aernoudt's (2004) proposal, explaining that having access to an alumni network give the incubatees opportunities to receive advice and take part of knowledge sharing. It is further explained by Company C that they appreciate the presence of alumni, both those who developed their business recently but also those who have been active on the market for some time. The importance of maintaining relationships with people holding former experiences of rapid internationalization is also concurred by Incubator 1 and Incubator 3, which mean that they can increase the incubatees' internationalization apprehension.

5.3 Capital

Two out of four firms interviewed explain they have received financial support through their incubator, which is of importance according to Laanti et al. (2007), as it enables born globals to grow and reach international markets in a faster pace. Company C explain that having alumni presenting them to investors only interested in firms with a global vision have been an essential contribution to their development. Thus, Company C suggests a larger number of such investors would benefit firms wanting to internationalize rapidly, which might indicate that some incubators need to broaden their supply of capital contacts in order to attract more born globals and support their development. Company D states that they have obtained the majority of their financial resources from contacts within their own network, rather than receiving capital from the network provided by their incubator. This may suggest that incubators need to increase the amount of international investors, who find firms with international vision and potential particularly interesting.

The results of this study further show that three out of four incubators agree with scholars highlighting capital as a substantial resource during born globals' early internationalization

process (Löfsten et al., 2006; Laanti et al., 2007; Knight, 2015). Having relationships with international venture capitalists is essential according to Incubator 3, since such investors typically are better known on the global market. If they were to invest in born globals, it could possibly increase the firms' credibility. Consequently, having advantageous relationships with international venture capitalists is fundamental. Moreover, Incubator 2 states there is a general need of capital amongst their incubated firms as many of them lack financial resources. Indeed, this is in agreement with research by Oviatt and McDougall (2005) as well as Knight and Cavusgil (2004) who explain that capital is a resource born globals typically do not possess.

Incubator 3 and Incubator 4 suggest that, as an incubator, own a share of the incubated firms in order to increase the incentives to support the firms' development. However, the opinions regarding this question vary amongst the incubators, since the two remaining incubators interviewed do not consider owning shares in the incubatees necessary. Thus, this implies that premeditation amongst the firms is required before applying to an incubator, as they must consider advantages and disadvantages of giving up a share of ownership.

5.4 Potential improvements

Despite the support provided by incubators during born globals' early internationalization process, improvements have been suggested. Several of the firms interviewed suggest that even though incubators have connections with potential investors, these may not be the most appropriate investors for born globals. For example, Company A express that incubators should utilize their international network more actively. Hackett and Dilts (2004) have explained that the purpose of incubators is to provide tools for facilitating born globals expansion, however, if the network provided is not sufficient, the purpose is not completely fulfilled. Company C and Company D express that it is essential to be introduced to relevant investors in order to experience a rapid internationalization process. Laanti et al. (2007) confirm that having access to external capital support will speed up the internationalization. Indeed, Incubator 3 explains that if less time could be spent on searching for investors and other external financiers, more time could be spent on developing firms' businesses. Moreover, according to Aspelund and Moen (2001), improvements in technology, transportation and communication have made financial resources more accessible worldwide.

Hence, this might imply that incubators could utilize this opportunity to a larger extent in order to accommodate born globals' needs.

Another improvement questions whether incubators should specialize in one business field or several ones. All the incubators interviewed believe specialization could be beneficial, yet only if the critical volume of applicants is fulfilled. Company A express that each incubator should focus on one specific business area, as the incubatees would receive more specific support from the incubator. Consequently, it would increase knowledge and experience sharing amongst the incubatees and the incubators' ability to supply adequate support to the firms incubated. This suggestion is in line with previous research by Grimaldi & Grandi (2005), where they suggest that some incubators specialize within certain business sectors. Company C and Company D claim that it could be advantageous with niched incubators, yet they should not be too specialized. Company C believes a too narrow specialization would lead to increased competition rather than increased knowledge sharing between the incubatees.

Furthermore, two of the firms interviewed suggest that incubators should collaborate to a larger extent than they do today, since it could enhance the support provided by the incubators and decrease the competitiveness between them. For instance, Company C states that having international collaborations could ease entrances into new markets. Collaborations between sector specific incubators have been brought up in previous research by Aernoudt (2004) as well as Etzkowitz et al. (2007) and explain that collaborations can lead to improved support for incubatees. Indeed, Incubator 3 argues that it would be beneficial to take part of collaborations both nationally and internationally to further benefit the start-up climate in Sweden. This is concurred by Incubator 4, which state that their collaborations with other incubators have been beneficial for themselves as well as their incubatees.

6. Conclusion

The final section provides a conclusion, which is based on the analysis. Furthermore, the research question will be answered. Finally, the chapter ends with suggestions for further research as well as implications for practitioners.

6.1 Empirical and theoretical contributions

The purpose of this study was to investigate the incubators' role in born globals' early phase of internationalization as well as yield a better understanding of incubators' support activities regarding born globals' needs. This thesis provides contribution regarding how incubators can support born globals' development and early phase of internationalization by providing necessary resources. The findings of this study show that network, knowledge and capital are resources born globals are in particularly need of, which concurs with previous research (Oviatt & McDougall, 2005; Knight & Cavusgil, 2004; Laanti et al., 2007). Based on our empirical findings we would like to suggest that incubators play an important role in born globals' early internationalization process. Furthermore, knowledge appears to be the best provided resource, with the majority of the firms believing they received appropriate counseling and advices during their time as incubatees. Moreover, all the born globals highlighted and appreciated the entrepreneurial atmosphere created at the incubators, which encourage incubated firms to share knowledge and experience with each other. The incubators also give access to valuable networks, yet these are not always consistent with the networks most appropriate for born globals. Even though several of the incubators interviewed claim they have international connections, a wider international network with foreign investors and incubators appears to be desired amongst born globals. In addition, the results of this study indicate that the location of the incubator have an impact on how well the provided support corresponds to born globals' needs.

Furthermore, our purpose of this thesis was also to analyse if any support activities could be improved. According to the findings of this study, there are suggestions of possible enhancements. We would like to agree with Grimaldi and Grandi's (2005) research regarding specialization of incubators and wish to propose incubators to transition into being more specialized in certain business fields. We argue, based on the empirical findings of this thesis, that the incubators thereby would be able to supply more suitable support for born globals. These firms' products or services are typically high-technological and hence require a certain

level of technological knowledge. By specializing incubators, the provided resources will possibly have higher chances of being in line with what born globals demand. However, we wish to suggest that the field of specialization should not be too narrow in order to receive a critical volume of applicants and thus being able to make a qualitative selection. In addition, if the incubators are excessively specialized within a certain business area, there is a risk of an increased competitiveness between the incubated firms. We argue that the discussion regarding specialization and the risks involved is a contribution to previous research and that incubators choosing to specialize their businesses should bear those in mind. We would also like to agree with previous research by Aernoudt (2004) and Etzkowitz et al., (2007) regarding collaborations between incubators. Indeed, as incubators are established to assist start-ups during their early development, providing an extended network would potentially increase the possibilities to find appropriate investors as well as advisors. Based on our discussion of specialization of incubators above, we opine collaborations between sector specific incubators are especially important since it could benefit born globals in particular.

6.2 Suggestions for future research

Scholars have suggested further research of incubators' influence on born globals since there is no explicit insight in this topic (Scillitoe & Chakrabarti, 2010; Engelman et al., 2015). This study gives comprehension of the incubators' role during born globals' early internationalization process as well as areas that can be improved upon. However, the number of participants is rather scarce and in able to make generalizations, we believe a quantitative research would be contributively. Moreover, we argue that an extensive research regarding specialization of incubators would be beneficial in order to further understand the concept of transitioning incubators into narrower business areas and what such effects would have on born globals.

6.3 Implications for practitioners

The results of this study are worthwhile for incubators wanting to foster the development of born globals. Thus, it yields a better understanding of the support born globals demand in order to expand and how incubators can act in able to supply such assistance. The study also have implications for born globals, as it suggests resources essential for their early internationalization, as well as what support incubators can provide these firms. However, as

previously mentioned, the reader should bear in mind that the findings do not indicate on any generalizations, but are rather results from the cases studied in this thesis.

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8. Appendix

In this section, information about the interviews is presented. Lastly, the interview questions asked to the participant firms as well as the incubators are featured.

8.1 Interview information

Table 5 below reveals interview information from all the conducted interviews. It describes each and every participant's date of interview as well as the length of interview. Moreover, all the interviews were conducted via telephone.

Company/incubator	Date of interview	Length of interview	Type of interview
Company A	2016-04-12	44 min	Telephone
Company B	2016-04-14	27 min	Telephone
Company C	2016-05-06	37 min	Telephone
Company D	2016-05-11	32 min	Telephone
Incubator 1	2016-04-22	24 min	Telephone
Incubator 2	2016-04-26	17 min	Telephone
Incubator 3	2016-04-28	28 min	Telephone
Incubator 4	2016-05-03	25 min	Telephone

Table 5: *An overview of the conducted interviews*

8.2 Interview questions

8.2.1 Interview questions asked to the born globals

- Do you consider yourselves as a born global firm?
- What resources have been most important during your early internationalization process?
- Have the incubator been essential for your business and international expansion? Why/why not?
- How important is the location of the incubator?
- In what way can incubators improve their business to provide better support for born globals?

8.2.2 Interview questions asked to the incubators

- What does your incubator do in order to foster born globals' early internationalization process?
- Why do some born globals choose to not take part of your program?
- What do you believe is advantageous when taking part in an incubator program?
- How important is the location of the incubator?
- In what way can incubators improve their business and provide better support for born globals?