



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

THE CHARACTERISTICS OF RISK MANAGEMENT IN BORN GLOBAL SMEs

*A case study of Business Sweden's Internationalization Consulting
Process with Born Globals*

Department of Business Administration
International Business
Industrial Financial Management
Bachelor Thesis
Spring 2017

Authors

Alice Holmberg, 950306

Emma Karlsson, 941110

Tutor

Zehra Sayed

Acknowledgement

During the writing process of this thesis there have been several people who have played a considerable role. We would like to express our gratitude to Business Sweden and all participating interviewees for taking the time and effort to work with us, giving us many interesting insights and the opportunity to conduct the study of this thesis. We would also like to express our greatest gratitude to our tutor Zehra Sayed, Ph.D. from Jönköping International Business School, who has contributed with solid guidance, great laughs and motivation throughout this process. Your well-advised inputs have been of high importance to our writing process and it has been educative to receive your feedback.

Thank you!

Gothenburg, 2017-06-02

Alice Holmberg

Emma Karlsson

Abstract

Title: The Characteristics of Risk Management in Born Global SMEs - A case study of Business Sweden's internationalization consulting process with born globals

Authors: Alice Holmberg, Emma Karlsson

Tutor: Zehra Sayed

Background and problem: An increasing number of firms, operating internationally from an early stage in their development - born globals - are emerging worldwide. Born globals meet different challenges and uncertainties linked to risk compared to traditional firms, which also have resulted in that consulting firms often take an important role as a supporting partner. How risk management is considered in these challenges and how it specifically affects the demand of consulting services, with respect to the unique characteristics of born global Small and Medium-sized Enterprises (SMEs), is yet relatively unexplored. Risk management is an old phenomenon but, due to the new dynamic context, it has developed to a more integrated view, called Enterprise Risk Management (ERM). In order to be successful, born global SMEs might need different guidance from consulting organizations and incubators in risk management. The study will therefore look at the evolution of consultant risk management practices in born global SMEs with a case study of the processes and programs used at Business Sweden with born global clients.

Purpose: The purpose of this thesis is to examine consulting services for born global SMEs in order to understand how risk management dimensions are different and unique in the born global context, compared to traditional firms. To do this, a single case study of the internationalization process of Business Sweden's born global clients is undertaken.

Methodology: For this study a qualitative research method has been used with a deductive research approach. The empirical data has been collected through a single case study on the consulting firm Business Sweden. The empirical material is based on semi-structured interviews with three respondents that all are involved in the consulting services with traditional and born global firms. Two respondents are especially involved in the new program for born global firms.

Results and conclusion: The findings show that the born globals face different risks and challenges, in terms of time frame, different mind-set and the importance of networks. Therefore, they need an internationalization process unfolded differently, compared to traditional firms. The risks are similar to the risk seen in the ERM practices. In conclusion, the findings shows that the consulting program for born global clients includes an adapted risk management approach. Potential links between the born globals and the new risk management approach can therefore be confirmed.

Table of contents

| | |
|--|-----------|
| 1. Introduction | 7 |
| 1.1 Background | 7 |
| 1.2 Problem Discussion | 8 |
| 1.3 Purpose | 9 |
| 1.4 Research Question | 9 |
| 1.5 Delimitations | 9 |
| 1.6 Contributions | 10 |
| 1.6.1 Potential Theoretical Contribution | 10 |
| 1.6.2 Potential Managerial/Consulting Contribution | 10 |
| 1.7 Disposition of the Thesis | 11 |
| 2.Theoretical framework | 12 |
| 2.1 Born Global SMEs | 12 |
| 2.1.1 Governmental impact on Born Global SMEs..... | 13 |
| 2.2 Traditional Risk Management in SMEs | 14 |
| 2.2.1 Enterprise Risk Management..... | 18 |
| 2.2.2 Summarized comparison of RM in SMEs and ERM..... | 20 |
| 2.3 Born global risk dilemmas | 20 |
| 2.4 Table of Definitions | 22 |
| 3. Methodology | 23 |
| 3.1 Research Method | 23 |
| 3.2 Single Case Study | 23 |
| 3.2.1 Choosing the Case Study | 23 |
| 3.3 Research approach | 25 |
| 3.4 Research process | 25 |
| 3.5 Empirical Material Collection | 25 |
| 3.5.1 Primary Data Collection | 25 |
| 3.5.2 Interview Design | 25 |
| 3.5.3 Selection of interviewees | 26 |
| 3.5.4 Secondary data..... | 28 |
| 3.6 Analysis process | 29 |
| 3.7 Research Quality | 28 |
| 3.7.1 Dependability | 28 |
| 3.7.2 Credibility | 28 |
| 3.7.3 Confirmability | 29 |
| 3.7.4 Transferability..... | 29 |
| 4. Empirical study | 31 |
| 4.1 Introduction to the consulting industry | 30 |
| 4.2 Business Sweden | 30 |
| 4.3 Traditional consulting process for Internationalization | 31 |
| 4.3.1 Steps-to-export program (STE) | 32 |
| 4.3.2 RM in the traditional consulting process | 33 |
| 4.4 Expressed challenges with born global clients | 34 |
| 4.4.1 Time Frame | 34 |

| | |
|---|------------------|
| 4.4.2 Financial Differences | 34 |
| 4.4.3 The Importance of Networks | 35 |
| 4.4.4 Business Mind-set | 35 |
| 4.4.5 Newness | 36 |
| 4.5 Born Global Consulting Process for Internationalization..... | 36 |
| 4.5.1 New LEAP-program | 37 |
| 4.5.2 RM in the born global consulting process | 39 |
| 4.6 Summarized comparison of the Internationalization Programs | 41 |
| 5. Analysis | 42 |
| 5.1 Born Globals Risk dilemmas..... | 43 |
| 5.2 Adapted consulting process | 43 |
| 5.2.1 Governmental impact | 43 |
| 5.3 ERM characteristics in Born Global SMEs | 44 |
| 5.3.1 Emergence..... | 44 |
| 5.3.2 Comparison..... | 44 |
| 6 Conclusion..... | 49 |
| 6.1 Theoretical Contribution | 49 |
| 6.2 Managerial and Consulting Implications..... | 49 |
| <u>6.3 Limitations and suggestions for further research.....</u> | <u>51</u> |
| Reference list | 51 |
| Appendix 1. Interview guide | 56 |

Table of Abbreviations

ERM - Enterprise Risk Management

RM - Risk Management

SME - Small and Medium-sized Enterprise

Keywords: risk, risk management, RM, enterprise risk management, ERM, born globals, consulting process, internationalization

Figures:

Figure 1. Business Sweden's "Steps-to-export" program

Figure 2. Business Sweden's "Going global" program

Figure 3. Analysis of risk management in the consulting programs

Tables:

Table 1. Summary of literature on risk management in SMEs

Table 2. Dimensions of ERM

Table 3. Summarized comparison of RM in SMEs and ERM

Table 4. Table of definitions

Table 5. Table of respondents

Table 6. Comparison of the consulting programs

1. Introduction

This chapter begins with a background of the emergence of born global firms and the evolution of risk management. This leads to the problem discussion identifying some of the issues regarding how risk is managed and considered in born global firms and earlier studies in this field. The purpose will thereafter be presented, followed by the research question and potential contributions.

1.1 Background

An increasing number of firms that operate internationally from an early stage of their development - born globals - are emerging worldwide (Oviatt & McDougall, 1994; Knight & Cavusgil, 2004; Cavusgil & Knight, 2015). Since the rapid globalization starting during the 1980's the born global phenomenon has been highlighted in various business studies (Ibid.). It appears to be a universal phenomenon and can today be found in nearly every major trading country (Cavusgil & Knight, 2015). The born globals are commonly SMEs and have a global origin since they, from or near their founding, seek success internationally, typically exporting, based on entrepreneurial innovativeness, knowledge and managerial global focus (Knight & Cavusgil, 2004).

The increased number of born globals has been argued to originate from three interconnected factors: (1) the skills of people due to high education, (2) technological development in several markets and (3) new market conditions, prominently explained by growing importance of niche-markets, global sourcing, increased human-resources capacity etc. (Madsen & Servais, 1997). By operating under asset parsimony (to have as few assets as possible per unit produced), with non-traditional operational assets and dynamic capabilities, the born globals tend to overcome and manage complex tasks in the internationalization process (Cavusgil & Knight, 2015). The performance of these firms has also been argued as strongly related to networks and the importance of how they have benefited from knowledge about foreign market opportunities, advice and referral trust (Zhou & Wu, 2007). As a result, consulting services have been established in countries like Sweden to overcome challenges and uncertainties related to internationalization that firms like born global face (Business Sweden, 2017; PWC, 2017a; KPMG 2017).

An important aspect in the consulting process to overcome uncertainties during the internationalization process, is risk management (PWC, 2017a; Mazars, 2017). Accordingly, Stickle (2001) argues that several risk management practices are about minimizing uncertainties. Practices that mean risks should be managed, identified and avoided. However, Servaes, Tamayo and Tufano (2009), believe that risk management can identify value creating key factors that create advantageous positions for organizations. Nevertheless, traditional risk management is an old phenomenon which in the last thirty years mostly has denoted the task associated to financial risks; purchasing insurance and

hedging due to fluctuations in economic factors such as exchange rates and interest rates (Lundqvist, 2014). However, over the last fifteen years, firms have begun to complement the specific financial risks by including a broader scope of other kinds of risks - notably strategic risk, operational risk and reputational risk. This complementation is due to factors such as globalization, deregulation and industry consolidation (Liebenberg & Hoyt, 2003; Nocco & Stulz, 2006). The latter risk approach is what is often called; Enterprise Risk Management, ERM (Lundqvist, 2014).

1.2 Problem Discussion

Mary Douglas (2003), theorist within the risk field, states that risk is primarily a product of globalization because of the effect of increasing vulnerability of being part of a world system. A world system is a social system consisting of boundaries, complex compositions, member groups, regulations of legitimations and cohesions (Wallerstein, 1976). Being part of a world system, with open economic conditions, exposes countries to several sources of risk, not only associated with financial risks, that might create new challenges (Gao, 2000). Further, globalization has created new types of enterprises and phenomena like born globals. How, or if, RM is considered or specifically adapted in these firms, has not yet been distinctly examined, neither how consulting services in regard to these factors have been adapted to the new born global context. However, earlier studies imply that both the phenomenon of born globals and the evolution of RM seem to be a result of globalization. Therefore, the examination of potential links and characteristics of RM in born global firms is important for the born globals to succeed and stay relevant in the new context (Liebenberg & Hoyt, 2003; Cavusgil & Knight, 2015).

Toulová, Tuzová and Straka (2016) state that previous studies show that especially SMEs do not consider RM in general, to the same extent as larger firms. Toulová et al. (2016) imply that the reason for this could be explained by the absence of resources in terms of employees or the lack of awareness of the usefulness of RM. Further, they suggest that SMEs, to some extent, still operate activities to reduce the risk to which they are exposed, considering both business activities and transactions. On the contrary, Alquier BAM and Tignol LMH (2006) argue that RM is seen increasingly as a key attribute to the success of SMEs in terms of seeing RM as a driver for business process innovation. The implementation of RM should be supported by a knowledge and decision support system.

In order to be successful, born global SMEs therefore might need different guidance from consulting organizations and incubators in RM, compared to traditional firms, since studies show that networks and market knowledge play a more crucial role for born globals in their decision-making process. Additionally, little is known about how RM is considered in this consulting process and yet how the RM work has been taken into account to meet the new born global clients. In July 2016, the Swedish

Government announced a new mission to the partly state-owned organization Business Sweden to help born globals in their internationalization process with a new program, called Going Global. The aim of the program is to increase the opportunity to get foreign contacts within valuable networks in terms of potential investors, business development, firm establishment and recruitment (Regeringskansliet, 2016), which is crucial for successful internationalization (Zhou & Wu, 2007). Therefore, to understand the characteristics of RM in born global SMEs, we will examine the evolution of Business Sweden's consulting services in regards to their RM practices in born global SMEs with a case study of the processes and programs used at Business Sweden.

1.3 Purpose

The purpose of this thesis is to examine consulting services for born global SMEs in order to understand how risk management dimensions are different and unique in the born global context, compared to traditional firms. To do this, a single case study of the internationalization process of Business Sweden's born global clients is undertaken.

1.4 Research Question

In order to address the purpose of this thesis, in a structured and efficient way, the research is narrowed down to answering the following research question.

- How are Business Sweden's consulting services, in regard to risk management, adapted to born global SMEs when entering international markets?

1.5 Delimitations

This thesis will focus on examining risk management in born global SMEs. To do so a case study of Business Sweden's internationalization processes is undertaken. Of all the consulting services Business Sweden provides, this study is delimited to only consider two specific internationalization programs at Business Sweden; the *Steps-to-export* program and the *Going global* program. Further, the research is delimited to only examine the Business Sweden born global-relationship, and excludes all third parties that might be part of the internationalization process. Additionally, this study only covers Business Sweden's perspective as confidentially agreements with the Born Globals would not allow us to identify them. The research duration of the thesis is delimited to two months.

1.6 Contributions

1.6.1 Potential Theoretical Contribution

In relation to earlier research within RM and ERM, this study will have the potential to contribute with a *different view* of these risk phenomena put into a born global and consultant context, more than new *theories* of risk management due to the size and narrowed scope of empirical data. Also, in regard to earlier studies of the born globals, the case study will have the potential to contribute with insight in how risk is considered in a born global context.

1.6.2 Potential Managerial/Consulting Contribution

After looking at how dimensions of RM are being considered by born global firms and how consultants take this into consideration in connection with various theories, this study will potentially contribute to managers and consultants with answers regarding how to handle risk in this type of firms. The research aims to help them getting an overview of risk from a theoretical perspective and will hopefully contribute to future decision-making in problems regarding risk.

1.7 Disposition of the Thesis

This thesis consists of six main chapters that will be presented and briefly explained below.

Introduction - This chapter includes a short background and a problem discussion informing the reader of the current situation and some general information which motivates why these topics are being studied in this thesis. The purpose with the thesis and the research questions are also presented. Additionally, potential theoretical and managerial contributions are discussed as well as delimitations.

Theoretical Framework - In this chapter, theories about born global firms, RM, ERM and the born global risk dilemma are presented.

Methodology - The methodology chapter explains and motivates the methods used to conduct this thesis. It includes a description of the research process and an explanation of how the empirical material was collected, as well as the analysis process.

Empirical background - The empirical chapter consists of the results from the interviews conducted with consultants at Business Sweden.

Analysis - In the analysis chapter the empirical findings are merged with the theoretical framework in order to analyse the findings.

Conclusion - In this chapter the conclusions based on the findings and the analysis are presented. The two research questions are answered and theoretical and managerial contributions are presented, as well as limitations and suggestions for future research.

2. Theoretical Framework

In this chapter we will start with a presentation of born global SMEs and the government's role in a society with this new type of enterprises. Thereafter the concept of RM in SMEs and the holistic evolution of RM, ERM, will be explained and the appearance of the risk management dilemma in born globals is discussed. Lastly, a table of definitions used throughout the thesis will be presented.

2.1 Born Global SMEs

In the international business literature, the phenomenon of firms with a global approach from or near their founding, has been referred to various titles (Oviatt & McDougall, 1994; Knight & Cavusgil, 2004; Madsen & Servais, 1997; Preece, Miles & Baetz, 1999; Andersson & Wictor, 2003). These kinds of firms challenge the traditional internationalization models, such as the Uppsala model (Johanson & Vahlne, 1977, 1990), with gradual development and internationalization after a period of domestic maturation. The term that will be used in this study is “born globals” and was first mentioned by Welch and Luostarinen (1988). The definition of born globals has consequently been argued. A review of the literature regarding born globals was made by the Australian and New Zealand Academy for Management (2009:12) where they arrived to the concise definition:

“A Born Global Firm is: a new firm that makes at least one international sale to any new market within two years of formation.”

The definition is based on 126 earlier born global studies and has stepwise been identified, which provides a more reliable definition of the phenomenon (Australian and New Zealand Academy for Management, 2009), and will be the definition used throughout this thesis. In addition, looking at the entrepreneurial literature the definition of a born global firm focus on the global approach from day one and the innovative entrepreneurial mind-set (Jones, Dimitratos, Fletcher & Young, 2009).

Knight and Cavusgil (1996) argue that factors such as advanced communication skills and inherent advantages of small firms, with quicker adaptability, flexibility and response, can be added to the mentioned factors of the emergence of born globals, stated in previous chapters. Furthermore, they claim the importance of the trend towards a global network. This has in later studies been argued of being strongly related to the performance of born global firms and is nowadays seen as a reality rather than a trend (Zhou & Wu, 2007; Cavusgil & Knight, 2015). The use of networking in born globals and how the dynamic positions and roles are being operated within the network may not be fully understood (Smith, 2014). However, Smith (2014) continues by arguing that born global firms develop a “suite of connectors” from which they can use inputs during the internationalization

process. These inputs are usually from different business incubators, consultants and start-up hubs creating an entrepreneurial ecosystem (Isenberg, 2011).

2.1.1 Governmental impact on Born Global SMEs

The emergence of born globals has had an increasing impact of the economy and SMEs in general play an important role in most economies worldwide (Ayyagari et al., 2007; Burgstaller & Wagner, 2015). For example, 99 per cent of the economic activities in the EU can be explained by SMEs, which stands for 67 per cent of all employments in the private sector (Gama & Geraldes, 2012).

In the Global Risk Reports (2016, 2017), the World Economic Forum explains that resilience against risk factors becomes critical due to mobilization of people and social instability. In today's dynamic and challenging world, it is necessary to ensure that different communities, institutions and individuals are prepared and able to respond to unexpected disturbances (World Economic Forum, 2017). As a conclusion, it is critical that the relationship between policy-makers and stakeholders - across government, citizens, academia among others - is designed to create more nimble and adaptive types of local, national and international governance and RM (Ibid.). Accordingly, governments recently started to foster the born global SMEs, in order to gain economic growth and create stability both in the domestic market and internationally. They do so by strengthening the link between state and business actors (Regeringskansliet, 2016).

The Swedish Analysis Agency, Growth Analysis, is a part of the Ministry of Enterprise and Innovation. They have the commission from the Swedish government to evaluate and analyse the Swedish growth policy (Tillväxtanalys, 2017). The Swedish National Audit Office conducted a review of Sweden's publicly funded trade promotion support in 2013. The review resulted in the finding that of that there is lack of knowledge in regards to both the impact of publicly funded support on enterprises as well as its national welfare effects - important aspects to create incitements of maintaining a government that fosters SMEs and born globals (Ibid.). A situation without being totally clear about the impact would make it hard to create an efficient trade promoting system. Therefore, the finding further resulted in the Swedish government commissioned Growth Analysis organisation to examine methods for evaluating the actual impacts of publicly funded support. Since several governmental organisations offer a broad and diverse range of trade promotion services, examine all types wouldn't be workable. The focus was therefore primarily on the impacts of trade promotion within the categories of marketing and advisory services at the firm level. These include activities such as business plan development, market selection analysis, trade delegations and matchmaking which are in other terms common consulting services (Ibid.). Consulting services which also are similar to what Business Sweden offer. In the final report in 2015, the evaluation method Growth Analysis recommends is called counterfactual evaluation. This method includes estimating

the level of internationalization of firms that have used publicly funded trade promotion services, as compared with what would have happened if they had not used the services. The finding is therefore an example of a crucial occurrence for today's situation where the Swedish government believe in supporting and investing in SMEs and born globals. Well-operated and successful SMEs stimulate positive dispersion effects in Swedish welfare such as increasing employments and innovations (Tillväxtfakta, 2016).

2.2 Traditional Risk Management in SMEs

Due to the often low equity ratio of SMEs, together with ignorance, they are relatively sensitive to external factors compared to larger enterprises, which shows that not only larger firms face various risks but also SMEs (Altman et al., 2010). This often leads to SMEs taking help from different external actors, such as consulting firms, which become necessary to optimizing decisions that arise within the organization. According to the previous part regarding the Government's interest in supporting SMEs, this means that companies and the Government have a cross mutual interest of collaboration. The company itself usually does not have enough competencies or resources to handle these decisions in-house and a decision of external help is therefore the first step towards risk management (Soriano, Roig, Sanchis, & Torcal, 2002).

Talking in terms of risk generally refers to uncertainties, probabilities and priori information based on historical data, mostly with a negative connotation (Lundqvist, 2015). Risk and traditional RM are in general important and major issues for all companies. Early studies show that RM includes a broad scope of actions but refers to help SMEs to identify significant risk that might endanger the success of the company, and efficiently manage them (Miller, 1992; Brustbauer, 2014). The traditional view of RM often refers to management of probability based, financial and operational risks. If looking at the risk management services provided by the "big four" consulting companies; KPMG, PWC, EY and Deloitte, they all present their risk management services mostly in regards to financial and operational aspects. (KPMG, 2017; PWC, 2017b; EY, 2017; Deloitte, 2017). Additionally, traditional RM implicates single risks that are handled individually, e.g. in terms of market insurances and derivatives, which Lundqvist (2014) describes as a "silo" approach. This "silo" approach refers to specific risks managed decentralized and distributed to relevant fields and managers within the firm, or, decentralized in terms of outsourcing to an external consulting expert. Again, the way the "big four" consulting companies offer their risk management support is also by provide risk management within very specific risk areas e.g. capital risks, IT or controlling (KPMG, 2017; PWC, 2017b; EY, 2017; Deloitte, 2017). Furthermore, traditional RM tends to focus on the negative outcomes and downsides of risks.

The absence of addressing risks or misjudging risks can have tremendous damaging consequences ranging from customer loss to damaging liabilities, environmental harm and potentially, even financial distress and bankruptcy (Falkner, 2015; Lundqvist, 2014). An early comprehensive review of the body of literature on RM in SMEs examined the characteristics of risk in three clusters of findings, in terms of (1) different types of risk and also demonstrates (2) the importance of a RM process in SMEs. In addition, the review made findings regarding (3) the characteristics of the owner of the SME firms, which seem to have relevant impact on their business strategy (Falkner, 2015). A summary of this comprehensive literature review is found in table 1. Notably, the comprehensive review has taken the general characteristics of SMEs into consideration, and not specifically considered the born global SMEs since born global is a relatively new phenomenon. In view of the unique features of born globals, this framework therefore might be inadequate to apply into the born global context, which will be discussed in the analysis chapter. This somewhat critical argument against traditional RM theories is therefore also one reason for utilizing the ERM theory, presented later in this chapter. This RM framework is used to make a comparison between the stated RM characteristics in the existing literature on SMEs and the findings of born global characteristics, in order to contribute to the purpose of this thesis.

Table 1. Summary of literature on traditional RM in SMEs

| Cluster of findings | Sub-cluster | Main cluster |
|---|------------------------------------|---|
| <i>Different types of risks in SMEs</i> | Interest rate risks | Reducing information asymmetry with banks may lower interest rate risks for SMEs. |
| | | A strong financial position compensates for high risk tolerance. |
| | E-business and technological risks | Rapid technological changes - significant risks to SMEs that can undermine the success of their business. |
| | Supply chain risks | Many SMEs are no longer able to concentrate only on local markets, which lead to increased complexity and higher levels of supply chain risks. |
| | | SMEs are often limited to one supplier in the procurement of products, and any difficulties with the supplier can lead to production interruptions. |
| | Growth risks | Among internationalization strategies, SME managers see the least business risk in export. |

| | | |
|-------------------------------------|--------------------------|--|
| | | SME managers often connect the development of new market and associated projects as an enormous entrepreneurial risk. |
| | | In general, business growth can be regarded as risk relevant to SMEs. |
| | | SMEs with a proactive RM approach show higher propensity to expand to new markets and invest in new technologies. |
| | Management and employees | Information knowledge on RM hinders RM capability building in SMEs |
| <i>Risk management process</i> | Risk identification | The identification of possible risks should be carried out continuously and systematically |
| | | Different methods or tools can be used to facilitate the identification of risks of loss (checklists, financial statements..) |
| | | Strategic project risks should be avoided, while operational risks should be identified and managed. |
| | | Risk identification in SMEs may be hindered by employees' limited RM knowledge. |
| | Risk analysis | The risk analysis step may result in a comprehensive list of risks, which - due to limited resources - only those with the highest likelihood and/or the highest potential impact are handled in the RM process. |
| | | Simplified processes to analyse risks in SMEs may be useful. |
| | Selections of techniques | Several tools might be considered (insurance, derivatives, emergency plans, networking relations). |
| | Strategy implementation | <i>No empirical findings</i> |
| <i>Risk behaviour of SME owners</i> | Risk appetite | Decision-makers in smaller companies have a lower risk tolerance. |
| | | Younger SME managers have a higher risk appetite than older ones. |

The table is remodelled by the authors with the reason to elucidate the main elements of traditional RM theories by only include the relevant findings of Falkner (2015). The clusters of findings are subsequently presented in sub-clusters with main findings. In conclusion, the main findings of types

of risks in SMEs are related to financial risks, risks related to fast changing technologies, growth risks and supply chain risks as a result of a position of dependence to often few partners. Further, the main findings in regard to the risk management process explains how simplified risk analysis methods might be beneficial since the RM knowledge of in-house employees might be limited. Also, the risks taken into consideration are often prioritized and some risks get left behind, again, due to limited resources. Strategic risks should be avoided while operational risks should be identified and managed since they cannot be avoided. The last cluster findings of the risk behaviour of SME owners state that the risk appetite of the owners is low, but younger managers might be more risk tolerant than older ones (Falkner, 2015).

These findings regarding traditional risk management in SMEs show several areas connected to risk management that the born global SMEs can get help with from external partners, such as consulting firms, since they lack special competencies or resources. However, Mikai-Yiannaki & Stokes (2012) found that the way we operate in RM could be explained by the fact that the context surrounding risk has shifted in recent times due to different factors (i.e. globalized markets and sophisticated organizational forms). This new era has caused complex challenges of RM and even developed new RM concepts, such as ERM. This also implies new challenges and developed routines in terms of consulting and business services.

2.2.1 Enterprise Risk Management

The development of traditional RM has evolved from a narrow, insurance-based view to a holistic; all risk encompassing view, commonly termed Enterprise Risk Management, ERM. ERM has rapidly emerged as the new paradigm for managing the complex portfolio of risks faced by enterprises (Tufano, 1996; Liebenberg & Hoyt, 2003; Beasley et al., 2005; Slywotzky & Dzik, 2005). In a recent study, Lundqvist (2014) examined the fact that ERM has increased and taken a more important role in firms, specifically larger firms, and is a general consensus resulting from a response to flawed RM and corporate governance systems. Further, with many working definitions of ERM, the study resulted in some consensus regarding the definition: firms approach a portfolio view of risk instead of managing risks in “silos” and they take strategic and more qualitative risks into consideration (Lundqvist 2014, Bromiley, McShane, Nair, & Rustambekov, 2014).

A “non-silo” approach addresses and covers several organizational risks and integrates these across the firm with strategy and the help of people (Lundqvist, 2014). Culp (2002) comes to a further conclusion, to look at ERM as a synonymous to integration and comes down to three dimensions of integration: integration of the risks themselves, integration of RM with the strategy of the firm, and integration of the RM system organizationally. Firstly, integration of risks essentially means that firms

consider events from all areas of the firm and examine potential intercorrelations or portfolio effects of combined risks, including both financial and business risks (Lundqvist, 2015). A firm with a more traditional approach, a “silo” approach, distributes RM activities to various departments and jeopardizes to exclude these important aspects (Bowling & Rieger, 2005). Secondly, in ERM, the focus is not entirely on the downsides of risk but also the opportunities which are related to the strategic risk integration and factors that might have a direct impact on the objectives of the firm (Bromiley et al., 2015). As an example, the firm might map different enterprise events, from all areas of the firm, and their impact on operating earnings. This makes sure that the risk analysis is tied to the objectives of the firm and that the firm assesses risk relative the strategic objectives (Lundqvist, 2015). In traditional RM, risk has a more negative connotation and is generally something that we want to get rid of (Ibid.). Lastly, the organizational integration is essential and refers to decentralize RM within several levels of the firm and the establishment of processes and procedures - the governance of RM (Moeller, 2007, Lundqvist 2014, Culp 2002). Lundqvist (2014) explains similar types of dimensions with other words, which could be summarized as follows (Table 2).

Table 2. Dimensions of ERM

| |
|--|
| <p>Integration Dimension</p> <ul style="list-style-type: none"> → exhaustive risk identification → interactions of risk → abandon silos → portfolios of risks |
| <p>Strategic Dimension</p> <ul style="list-style-type: none"> → view risk as possible opportunities → risk appetite, risk tolerances and key indicators → risk assessment relative strategic objectives |
| <p>Governance Dimension</p> <p><i>strategy and integration requires structure, organization, accountability and communication</i></p> <ul style="list-style-type: none"> → consolidate organizationally → risk governance |

As seen, the dimensions of ERM are divided into three main topics. Firstly, the integration dimension with focus on integrating a portfolio of risks in all departments of the firm. Secondly, the strategic dimension focusing on viewing risks as opportunities, tied to the firm's objectives, and evaluating risk appetite. Lastly, the governance dimension which focuses on structuring and organizing the first mentioned dimensions in the firm.

Globalization is, among others, an important explanatory factor for this evolution of RM as firms face a broader range of risks (Liebenberg & Hoyt, 2003). In the Global Risk Report (2016) the World Economic Forum further build on the importance of creating a culture of integrated RM and the value of multi-stakeholder partnerships. All parts of an organization have to collaborate transparently with RM and need partnerships to recognise global risks.

2.2.2 Summarized comparison of RM in SMEs and ERM

In this section, the major differences between RM and ERM are presented as a summary of earlier presented theories, in aspects of the cluster of findings in the theory regarding RM; types of risks, risk process and risk behaviour.

Table 3. Summarized comparison of RM in SMEs and ERM

| | Risk Management <i>From</i> | Enterprise Risk Management <i>To</i> |
|-----------------------|--|--|
| Types of risks | Main focus on calculable and financial risks | Including several risks, e.g. business risks |
| | Avoid strategic project risks | Integrate and include strategic risks |
| Risk process | Overcome and minimize specific issues | Addressing uncertainties |
| | Minimizing risk | Evaluating risk appetite |
| | Focus on negative outcomes | Focus on downsides and upsides |
| Risk behaviour | “Silo” approach | Integrated approach |

2.3 Born Global Risk Dilemmas

The complex situations born globals face often carry risks that need to be managed in order to reach a successful internationalization. The view of how traditional firms internationalise their business has for a long time been dominated of theories which take ground in a slow and stepwise process, where the company gradually heads towards an international expansion (Halldin, 2012). However, in recent times, with the dynamic context, a factor that seems to influence the performance of smaller firms is the speed of internationalization (Crick & Spence, 2005), which in contrary points to the need of faster internationalization processes. Earlier studies have found that the characteristic of successfully internationalizing born-global SMEs is an organizational culture that is risk taking, adaptable, innovative and proactive, which in an internationalization context, refers to firms undertaking risky ventures in foreign markets (Dimitratos & Plakoyiannaki, 2003). Furthermore, born globals tend to have a different mind-set compared to traditional firms in the internationalization process (Cavusgil & Knight, 2015).

In a study on how born global firms use networks to overcome constraints in the internationalization process, Freeman, Edwards and Schroder (2006) came to the conclusion that the born globals face three main constraints of, (1) poor access to economies of scale, (2) lack of financial and knowledge research and (3) aversion to risk taking. However, it was found that the born globals implement strategies to overcome these restrictions. Strategies like, personal network contacts, strong relationships with foreign actors, client followership, the use of advanced technology and multiple entry modes.

In summary, the born global risk dilemma consists of different ways of approaching born globals' risk appetite. However, the risk taking behaviour is seen as a required characteristic of a successful internationalization and the risk aversion is seen as a restriction needed to overcome. This implies risk taking being the factor to strive for.

In conclusion, the theories presented in this chapter discuss the emergence of the new phenomena born global SMEs and ERM. Further, a discussion regarding the risk dilemmas the born global firms face is additionally presented to support and strengthen the main theories to our research question. The summarized comparison of the RM and ERM theories and the discussion regarding born global risk dilemmas will be used in regard to the empirical findings, in order to analyse potential links.

2.4 Table of Definitions

This table provides summarized definitions and descriptions from the literature in the background and theory chapter, with sources from academic journals, organizations and industry publications. These definitions will consistently be used as foundation throughout the thesis.

Table 4. Table of definitions

| | |
|------------------------------|--|
| Risk | Probability, a priori information, historical data. Generally a negative connotation. |
| Strategic risk | Risk associated with strategic events and changes in the business environment with potentially impacts on operational and business objectives. |
| Financial risk | Risk associated with financial position and performance. E.g. financing, currency, credit risks and interest rates. |
| Traditional RM | Implicates single risks handled individually. Refers to management of probability based, financial and operational risks with a defensive approach. Often in terms of market insurances and derivatives. Management in "Silos". |
| ERM | ERM is a systematic and integrated approach of management of the total risks a firm faces. Shifts the focus of the risk management function from primarily defensive to increasingly offensive and strategic. |
| SMEs - Medium (Small) | Companies with less than 250 (50) employees and a turnover less than or equal to 50 (10) million Euros. |
| Born Global Firms | A new SME that makes at least one international sale to any new market within two years of formation. Usually within the tech-industry. |
| Traditional firms | Non-born global SMEs, operating within the Swedish market. |
| LEAP-program | Introduction program for internationalization. |

3. Methodology

The subject of this thesis has in previous parts been discussed and explained by relevant theory. In this section, the methods used when conducting the study will be explained.

3.1 Research Method

This study has examined Business Sweden's consulting services offered to born global SMEs and how, or if, risk management has been adapted to this process when entering international markets. Risk management in the internationalization process of born global SMEs is vaguely explored in the literature and a deeper understanding of the processes that are being used is therefore of high importance, since both the born globals and new risk management practices have emerged from new complex situations, explained in the theory chapter. As we explore a relatively new field where theory is not established, rather than measuring existing theories, a qualitative research approach is most suitable (Cooper & Schindler, 2011).

Since the intention of the study is to see how consulting services for born global SMEs are different and unique in regard to risk management, the study is of exploratory nature. According to Cooper and Schindler (2011), the exploratory research approach is usually used when the area is vaguely researched and where the researchers commonly need to learn something new about the topic.

3.2 Single Case Study

In this thesis one organization and its work in a specific process has been studied, which defines this study as a single case study. A single case study commonly examines one area of an organization closely, which is in line with this thesis that examine the consulting process with a certain type of enterprise (Bryman & Bell, 2015). A single case study is motivated since it gives the authors a greater and deeper understanding of how risk is being managed in firms that have an early internationalization process and face a great amount of uncertainties. A case study is suitable when having an exploratory research approach (Cooper & Schindler, 2011).

3.2.1 Choosing the Case Study

The case with Business Sweden was chosen to get new insights and fit the purpose of the thesis and allow the possibility of answering the research question. The reason for specifically choosing Business Sweden was due to their collaboration with the Swedish Government and the upcoming launch of a born global program. By choosing a consulting firm for a case study, instead of a single born global firm, the research question can be answered in a more nuanced way with different insights and knowledge. If the case study would consist of only one born global firm, the empirics would be more specific to that one company and it would be harder to identify any general principles.

3.3 Research Approach

Bryman and Bell (2015) state that a study can be done through three different approaches: deductive, inductive and abductive. The deductive approach concerns the development of a hypothesis from existing theory and then constructing a research strategy to test it (Wilson, 2014). The deductive reasoning begins with an expected pattern, from a relationship implied by a particular theory or case, that is then tested against observations, whereas the inductive reasoning is the opposite, which begins with observations and seeks to find a pattern (Babbie, 2010).

The abductive approach is a combination of the two first mentioned strategies and consequently addresses the use of both theory and empirical findings simultaneously in order to understand a certain phenomenon (Bryman & Bell, 2015).

In this thesis, the deductive research approach has been used since the theories of the new phenomenon of born global SMEs and the new risk management practices evolving from similar contexts have led to the hypothesis of potential links between them. The hypothesis has then been put in comparison with the observations from the case study of Business Sweden's consulting practices with born global SMEs in order to either confirm or reject the hypothesis.

3.4 Research Process

The research process for this thesis has been divided into four phases. The first phase consisted of reviewing the literature for the theoretical framework to gain a clearer understanding of the phenomena of born global SMEs and the evolution of RM to ERM. Organizational information about Business Sweden and their work with born globals was collected mainly from their website and during the first e-mail contact with the interview respondents. Based on this information, the interview guide was created and the main topics were sent to the respondents.

In the second phase, the interviews were held with the respondents to collect empirical data, alongside with an extension of the theoretical framework based on new insights gained during the interviews. The collection of more theoretical material during the empirical collection is in line with the exploratory method used in this thesis (Saunders, Lewis, & Thornhill, 2009).

The third phase consisted of analysing the empirical data and drawing relevant links to the theoretical framework. The authors had a theoretical focus to understand the process found in the empirical data. A clearer explanation of the analysis process can be found later in this chapter. During this phase the authors sent follow-up questions to the respondents if any uncertainties came up, in order to guarantee that the empirical findings reflected their answers. Answers to the follow-up questions were later

integrated in the empirical data. By analysing the empirical findings with the theoretical framework the authors found links and could draw conclusions related to the research question.

In the last phase, the findings and the analysis were summarized in a conclusion. Based on this conclusion, a discussion regarding theoretical and managerial contributions was held, as well as suggestions for further research. The different phases have not been strictly worked through in order, instead several steps have occurred simultaneously as the authors have received new insights.

3.5 Empirical Material Collection

For this thesis both primary and secondary sources have been used and will be explained in the following paragraphs.

3.5.1 Primary Data Collection

The empirical data in this study is fundamentally collected through interviews. The primary data is based on qualitative interviews conducted at Business Sweden's Gothenburg Office and via phone. In total, three interviews took place with employees from different departments at Business Sweden. By collecting this primary data the possibility of comparing the findings with the pre-existing literature enhanced the ability of answering the fundamental research question and either confirm or reject the hypothesis.

3.5.2 Interview Design

The reason for conducting qualitative interviews is due to that the purpose of this thesis demands a deep understanding of the consulting process of Business Sweden and RM used in born global SMEs. The approach has been on conducting semi-structured interviews in order to receive more flexible answers from the interviewees based on what they find most relevant regarding this topic. Bryman and Bell (2011) state that the semi-structured approach opens up for new and follow-up questions since it does not follow a specific schedule and can therefore give a deeper insight in the problem which is being examined.

An interview question guide was prepared in advance with open questions and topic guidelines aligned with the purpose of the study. This helped the interviewers to stay in line with the topic but still be flexible with information received during the interviews, which is in line with the exploratory research method. The questions were based on earlier research regarding RM and ERM and background information about Business Sweden received from their website. To enhance trustworthiness and limit presumptions the questions in the interview guide were neutral, in order to

receive as honest answers as possible. The same interview guide was used for all interviews to give the authors the ability to compare the interviewees' answers. The main topic and purpose of the thesis was introduced to the interviewees before conducting the interviews. The interview guide can be found in Appendix 1.

3.5.3 Selection of interviewees

In accordance with the purpose of this thesis and our research question, the sample needs to be drawn from Business Sweden and their consulting process with born global SMEs and traditional firms. Since this thesis focused on born global SMEs and was grounded in the need to explore how risk is being managed in these firms, a criterion was that the consultants work closely with born globals but also traditional firms in order to compare the differences. The different backgrounds of the respondents enable a deeper understanding and a broader view of the examined problem. The fact that only six consultants in total, all positioned in Sweden, work closely to the new program for born global firms, makes the number of respondents relevant. Further, to receive another and important perspective regarding how Business Sweden work abroad, one respondent represents Business Sweden's London office and the local consulting department to get complementary insights in the consulting processes. All three respondents have experience of working with the traditional consulting program, Steps-to-export.

Table 5. Table of respondents

| Professional Title | Background | Time at Business Sweden | Circumstances | Length |
|--|--|--------------------------------|----------------------|---------------|
| Respondent A Regional Export Advisor LEAP-program | Own experience of running a Born Global start-up company | 6 months | Face-to-face | 60 min |
| Respondent B Regional Export Advisor LEAP-program | Project Manager In Central Europe /Sweden | 12 years | Phone | 30 min |

| | | | | |
|---|--|----------------|--------------|---------------|
| <p>Respondent C Consultant Tech-industry</p> | <p>Consultant at the London Office. Many Born Global clients</p> | <p>4 years</p> | <p>Phone</p> | <p>30 min</p> |
|---|--|----------------|--------------|---------------|

The interviews were recorded to minimize the risk of misconceptions, with the interviewees' permission. During the face-to-face interview, both authors were in charge of asking questions and taking notes in order to come up with relevant follow-up questions. During the phone interviews, one author was in charge of asking the question in order to make the questioning clear and to avoid misunderstandings.

The recorded interviews enable the authors to listen to the interviews unrestricted number of times and will contribute to ensure a correct understanding. It also helps the researchers to have their full attention on the interview and the interviewees' answers when conducting the interview, which increases the relevance of the follow-up questions. In total, three follow-up questions were sent by email and was all directed to respondent A. These follow-up questions are not included in the table. According to Bryman and Bell (2011) there is a risk that the interviewees might feel disturbed by the recording, this can lead to that they feel less willingly to answer the question honestly because they are concerned that it can affect their work. In this study there was not a high risk of this problem since the interviewees are anonymous. However, the interviewees were asked before the interview if they wanted to be anonymous and they stated it was up to the authors to decide. The interviews were transcribed afterwards, which according to Bryman and Bell (2011), is another measure of lowering the risk of confusion and works as a support when writing the empirical data and analysis. The interviews were conducted in the respondent's native language (Swedish), thereafter the authors transcribed the interviews in Swedish and translated the data to English for the empirical chapter.

3.5.4 Secondary Data

Some secondary sources have been used in this thesis to underline empirical findings from the primary sources. Secondary sources such as Business Sweden's websites, other consulting firms' websites, and the Government's official website have been used to receive a greater understanding of the consulting process studied in this thesis. An information report about the new LEAP-program for born globals was given to the authors before it was launched publicly and was used to get a clearer and deeper understanding of the new process.

3.6 Analysis Process

The analysis has been founded in a qualitative data analysis strategy since the data is based on the respondents' answers and therefore words and contexts has been the emphasis. According to Bryman and Bell (2011), the analysis strategy in the deduction process involves confirming or rejecting the hypothesis. The analysis process is normally linear and logical with this research method but can change in some cases. For instance, the relevance of the collected data can become apparent *after* the data has been collected or the collected data may no fit the hypothesis used in the study (Ibid.). This analysis strategy has made it important for the authors to sort through the collected data. The answers of the interviewees were analysed in order to highlight the most significant factors and contexts that are in line with the purpose and research questions of the thesis. In this thesis, the theories and empirical findings have been broken down into two summarizing tables which, in the analysis, are put together and forms a new context with clear connections between risk practices and the consulting programs used at Business Sweden. The summarizing table has then been used to compare the findings with the hypotheses of potential links between the born global SMEs and ERM.

3.7 Research Quality

It is of high importance to guarantee that the research is of high quality. To guarantee the quality, this study will be evaluated based on the following terms: dependability, credibility, confirmability and transferability. This is, according to Guba and Lincoln (1994), in line with the traditions of a qualitative research.

3.7.1 Dependability

According to Guba and Lincoln (1994) the dependability concerns the possibility for a third part to understand and trace the author's processes of findings and insights. This indicates that all phases of the research process and the empirical analysis should be documented. In this thesis the research and analysis process has been described in an introduction of all chapters, in order for a third part to determine if correct procedures have been used. The interview guide is also useful material for determining the use of correct procedures and is therefore attached in Appendix 1.

3.7.2 Credibility

According to Bryman and Bell (2014), the credibility addresses the question regarding how convincing and believable the findings of the study are. The credibility of this study was insured by using the same interview guide for all the interviews, in order to find patterns and similar contexts. Since the thesis is based on a qualitative research the intention is to understand the unique characteristics of born globals and how risk is dealt with in these firms, from the interviewees perspective. The building of a study's credibility is based on two main aspects. Firstly, that the study has been conducted according to good practice (Bryman & Bell, 2014). Secondly, that the object of

the study has understood the purpose of the study (Ibid.). In this thesis, all of the representatives are involved in the internationalization process of SMEs and some are specialized in born global firms. They have different responsibility and background, which contributes to several perspectives of the internationalization process with different types of firms.

3.7.3 Confirmability

Confirmability refers to questioning if the authors are biased and to what extent it affects the empirical findings and what measurements that are being applied in order to increase the objectiveness (Bryman & Bell, 2014). The authors should strive to be completely objective, which is impossible to achieve. However, by describing the methodology in detail and interviewing several people involved in the consulting process with different background it is possible to understand decisions made during the research process. This increases the objectiveness. Since the aim of this thesis was to examine potential links between the theories of risk management and the consulting process with born global SMEs, the authors might be biased in terms of forcibly searching for connections between the phenomenons. This was kept in mind during the analysis process to reduce the potential biased problem.

3.7.4 Transferability

The transferability refers to the degree to which the empirical study can be applied to other contexts or be generalized (Bryman & Bell, 2014). Since this thesis is studying two different phenomena vaguely researched together, the arguments and analysis can potentially provide an analytical generalization. Our empirical findings might be useful and generally applied in the consulting field and, to some extent, applied in a non-risk management context since the empirical findings somehow take ground in Business Sweden's consulting services and may contribute with valuable insights in excess of risk management.

4. Empirical Study

The empirical study is structured by firstly presenting the consulting industry and Business Sweden's consulting process with traditional firms and risks connected to this process. Secondly, challenges and differences that have emerged when working with traditional firms and born global firms are stated. Lastly, the way Business Sweden works with born global firms and risks with this process are presented.

This structure is based on Business Sweden's different processes, described during the interviews and with supporting information from program documents. This will contribute to a clearer and deeper comparison of the differences between the different types of firms. The structure will also contribute to a clarification of which unique dimensions of RM that are being more considered in born global SMEs.

4.1 Introduction to the consulting industry

The Swedish consulting industry is expanding due to the more common situation of firms choosing to invest in consultant services within numerous business fields, e.g. product development, research, IT-solutions, marketing plans, recruitment, accounting and, importantly, internationalization and RM (Giertz, Hjorth, Lindhagen & Engwall, 2016). The expansion of the consulting industry can barely be likened as a temporary fashion trend. Rather, it is an indication that companies, of all sizes, are facing increasing complexity and find it hard and even unworkable to solely rely on in-house employees (Ibid.). This would require employees, that need to be constantly updated, to have the right skill-set and enough recourses within companies' important area of expertise. Companies that do not use external competences, hazard a situation of being left behind due to a fast-changing context, especially for companies within the technique-intensive industry (Business Sweden, 2017a). The exploitation of consulting services has increased in recent decades (Giertz, Hjorth, Lindhagen & Engwall, 2016). Due to the wide demand of competences, consulting firms often niche their services towards more specific fields. For example, one can see that support within internationalization is highly demanded and therefore results in internationalization-specific consulting enterprises (Business Sweden, 2017a).

4.2 Business Sweden

The merger of the Swedish Export Council and Invest Sweden created the new organization Business Sweden in January 2013 to help firms through their internationalization process. Business Sweden is owned by two partners, the Swedish Government and the Swedish Business Community, with the aim to help Swedish companies reach their full international potential and also help foreign companies to invest and expand in Sweden (Business Sweden, 2017a). The company has majorly been separated

into three operating areas; Invest, Regional Export Advisory and Trade Facilitation. This distribution makes Business Sweden to, what they call, a hybrid organization. The Invest department has the aim to attract foreign investors to the Swedish market. The Regional Export Advisory team has the reverse function with the aim to help Swedish companies in their internationalization. Lastly, the Trade Facilitation department contributes with information regarding export-technical regulations.

Business Sweden operate in 47 markets, with 50 offices, and is well placed to identify business opportunities for Swedish companies abroad (SISP, 2017). They provide their clients, both larger firms and SMEs, with free strategic advice and hands-on support. The joint ownership enables them to contribute with access to valuable contacts with potential customers, partners, investors and networks at all levels around the world. This unique position and valuable access is seen as Business Sweden's core and they help their clients to efficiently reach the target market, find streams of revenues and minimize the risk in the internationalization process. Business Sweden customizes their Regional Export Advising services to the specific needs of every individual client. However, the organization has developed frameworks in terms of internationalization programs, which gives the opportunity to have a clear offer to their clients of what Business Sweden can contribute with. Since 2015, Business Sweden provides an export program to all their clients that face, or to some extent already have a position in, an internationalization process. In April this year, Business Sweden introduced a similar export framework, which is more suitable for another target group, specifically born global firms.

4.3 Traditional consulting process for Internationalization

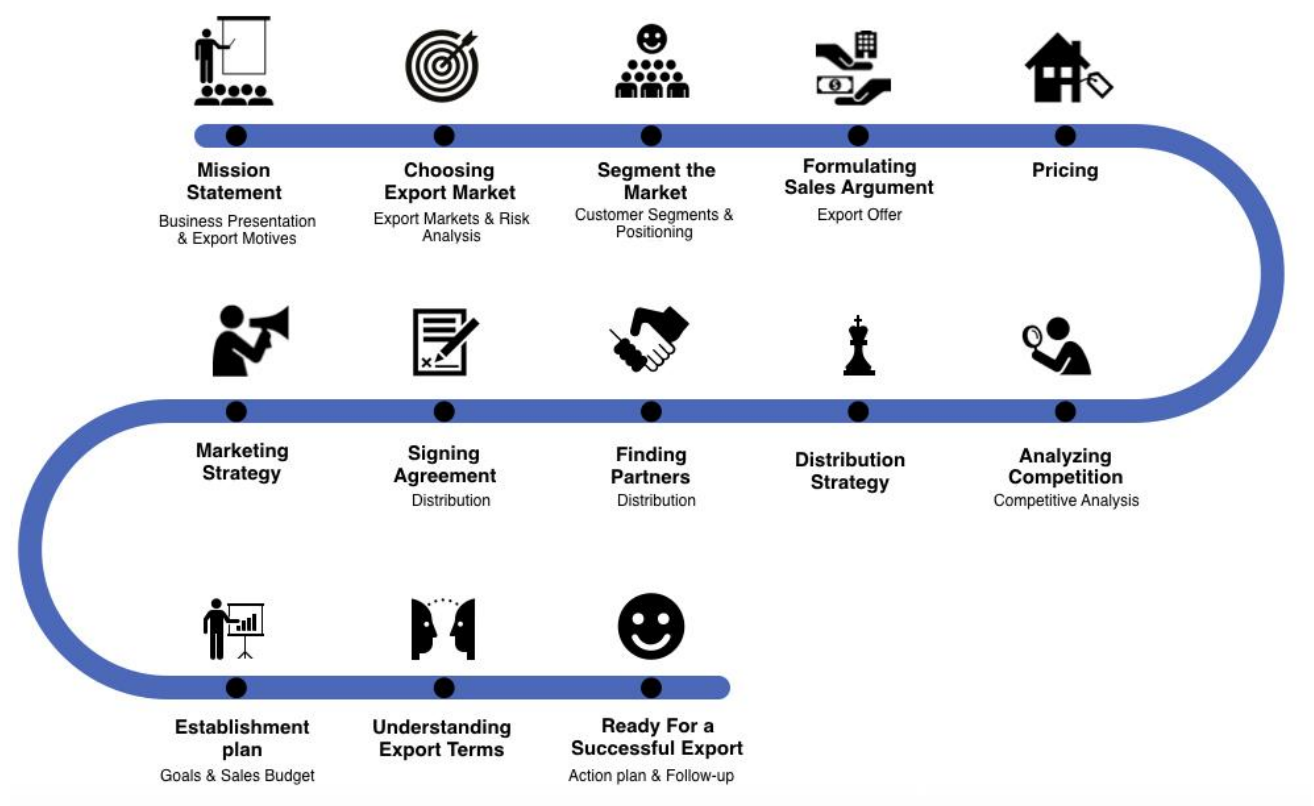
Since Business Sweden consequently provides consulting services within internationalization, they attract clients that require similar types of support. Business Sweden explains these clients as traditional clients. This has evolved in a general and traditional way to work with these clients. The consulting process for traditional firms is characterized by handling relative specific concerns in foreign markets. A consultant, often a Regional Export Advisor, supervises the client through an export process that elaborates questions regarding opportunities and industry-related issues that affect the choice of market, including PEST-analysis (Political, Economic, Social and Technological factors) and environmental conditions. Traditional firm-clients, often have a clear picture of where and how they want their company to operate, together with a detailed business plan. Accordingly, Business Sweden often take a challenging role and to some level encounter the client with contradictions and alternatives, with the aim to force the company towards a better line of action and internationalization approach. Further, when the client is ready to start their foreign business, Business Sweden's foreign offices are enable to support with complementary questions such as reseller research, marketing research, company registration and recruitment, among other. Business

Sweden also provides expert consulting within technical export questions, for example conditions of supply and payments, documents, tariffs and other regulations.

4.3.1 Steps-to-export program (STE)

This general way to work with traditional firms has resulted in a specific program, called the “Steps-to-export” program (STE). In 2015, Business Sweden launched this program which consists of 13 different modules where each module systematically represents one step towards a successful internationalization (Business Sweden, 2017b).

Figure 1. Business Sweden’s Steps-to-export program



Source: Business Sweden. Layout: Author's' own.

The clients might be in different phases when asking for consulting support and can therefore differ in terms of existing knowledge and experiences. Depending on every unique firm’s condition, some steps can be skipped and the program can be efficiently customized.

When these 13 steps have been worked through, the program will result in three major plans. Firstly, an export plan that summarizes the whole export investment. This might be useful groundwork when searching for future financing. For example, an adequate export plan may lower the information asymmetry with banks and result in potentially lower interest rates. Secondly, a comprehensive action

plan that presents all activities needed for the internationalization and risks connected to these activities. Lastly, one or several, market plans that explain the establishment process in selected markets. This program is usually worked through during a six-month period with workshops both in groups and individually (Business Sweden, 2017b). During the process, the firm is often represented by one or two policy-makers that have positions with responsibility connected to the specific issues that the company will focus on in their internationalization process. Thereafter, the final analysis and establishment plan is often used as a supporting material for the firm, which all decision-makers within the company get access to.

4.3.2 RM in the traditional consulting process

Traditional clients often have an individual and specific issue, a specific barrier or specific lack of expertise that becomes central in their consulting process with Business Sweden. Business Sweden help their traditional clients with RM by providing relevant data, research and contacts to overcome the issue and reduce the risk of potential pitfalls. The focus on more specific issues is explained by the fact that the traditional company often already has an established domestic market, with a clear vision and strategy on how to expand.

Respondent C, who works as consultant in London, recently had a client which operates within the finance industry in Sweden and now wanted to expand to the British market. Their product is a high-selling tech solution in Sweden and the company automatically thought the response would be the same in the UK. Therefore, the company rejected Business Sweden's proposal of first executing an underlying market research. However, Business Sweden knew that that the British industry may differ from the one in Sweden, for example, due to the fact that Sweden, is a country in the forefront when it comes to technological solutions. Instead, Business Sweden directly started to pitch the client's product to potential customers, who gave negative feedback, and were not interested at all. The outcome took the total opposite direction of what the client expected since they thought these customers were a perfect match. Both Business Sweden invested valuable resources in terms of time to contact potential customers and the client wasted valuable resources both in terms of time and money. Respondent C further explains:

“That’s how we want to work with risk management with our traditional clients. Contribute with relevant and robust research. If we just had got the chance to make that market research, we could have minimized the risk to call wrong types of customers and waste resources on non-profitable projects” – RC

Since the traditional clients usually have an established domestic business, Business Sweden also provides support within transaction risks. They collaborate with the Transportation Credit Council (TKN), which helps the traditional firms to ensure the risks connected to payments.

4.4 Expressed challenges with born global clients

Many traditional companies usually operate domestically parallel to being part of the step-to-export program. Accordingly, this program is not suited for the born global firms, which represent a growing segment for Business Sweden. Throughout the interviews, a couple of differences between traditional firms and born globals, and challenges with these, were stated and the interviewees themselves made the analysis of them. These have been summarized and will be presented in the section below.

4.4.1 Time Frame

When working with born global SMEs, the time frame from start to export is more limited and more crucial for success, compared to traditional firms. The born globals do not have the time to work through a program during six months and essentially need a compressed version. Respondent B states:

“As an example, a born global client working with virtual reality and games mentioned that the time span from starting the company to finding investors and to get started with the game development, was only three months. After that, other companies would have passed them.” - RB

This indicates a large difference compared to traditional firms when internationalizing, due to the fact that born global firms usually operate within the tech-industry, which requires fast changes and actions in order to stay relevant. The born global firms “live in the present” with abrupt changes and a reality of trial and error.

4.4.2 Financial Differences

Looking at the financial situation in traditional firms compared to born globals when internationalizing, they differ a lot but also have some similarities. Both types of firms are similar in terms of the need to consider the financial risk and financial sources. However, the traditional firms usually have the investment settled when contacting Business Sweden. For them it is mostly about “just talking to the bank” or the Swedish Export Council since they usually have a long business history. For born global SMEs it is more about “chasing investors”, to get the chance to pitch their idea and to present a clear vision. The investment focus therefore has to be stronger when working with born global clients in the internationalization process. Also since the time frame is limited. For a born global firm it is not unusual to have a liquidity budget for only three months ahead, which in the case with traditional firms needs to be a long-term plan.

4.4.3 The Importance of Networks

Born global firms often have insufficient networks in terms of industry partners and investors. It becomes increasingly necessary for born globals to quickly find new final customers abroad and get industry contacts within financing, product and business development, establishment and recruitment. The born globals have a greater need for networks where they can grow, compared to traditional firms. The importance of finding a business ecosystem or a business environment that suits the company is more crucial for born globals than traditional firms, since they do not have well established relationships with different business actors. They have to be where the customers and the investors are, which usually is not in the domestic market. Without a developed plan and without access to relevant networks it is hard for the born global companies to meet and find these actors. Respondent A explains:

“When I ran my start-up, I realized our idea was not suitable for the Swedish market. The customers were in Taiwan, along with the capital. At our board meetings we asked ourselves what it would cost us to move there. We never got a good decision basis since we had no access to a suitable export process or program.” - RA

4.4.4 Business Mind-set

The way of thinking and the decision process in born global SMEs is characterized by trial and error. They seem to have a higher willingness to try different opportunities, and are therefore usually much more risk-taking compared to the traditional SMEs, which generally have clear objectives and take well-grounded decisions. If a hypothesis does not get the expected outcome or a prototype does not work as planned, it is crucial to “fail fast” for the born global firms and immediately try something new. The traditional firms might have spent a lot of time building relationships with different actors and therefore do not have as high willingness to try new ideas. One of the respondents clarifies:

“The big difference [regarding business mind-set] can to some extent be explained by the products and services offered by the different firms. If you have a digital product it is easier and less expensive to try a new market. If a digital marketing campaign does not work out well, you can just try the next market. A lot of the born global firms face this reality.” - RB

From the start, the born globals have an open-minded view of the outcome. One day they can be operating in Sweden and the next day be saying:

“Pack your bags, we are going to Singapore! That is the best business ecosystem for us.” - RA

A traditional firm would rather find an agent in Singapore and then open a local branch and later a sales division.

During the coaching sessions and when taking help from different incubators and networking at different hubs, the born globals usually have the mentality of helping each other. They share information and experiences more than a traditional firm might do, but are careful with revealing too much detail since the business environment is continuously changing.

4.4.5 Newness

One challenge with the born global SMEs is their newness and the lack of experience consulting firms have of working with them. The different characteristics, compared to traditional SMEs, are known but clear examples of how to handle problems with these are few. The born globals usually operate in new industries and contexts, which results in a non-existing industry experience and makes the consulting process more complex. In the traditional consulting process, the industry experience make up one of the most important competences provided by Business Sweden.

This newness and lack of experience resulted in a large national investment, with the government and the organization Swedish Incubators and Science Parks (SISP), to create a specialized LEAP-program to face these challenges. For Business Sweden, there are four major born global investments coming up, where one of them is the new LEAP-program for born global firms.

4.5 Born Global Consulting Process for Internationalization

As mentioned, the born global SMEs have a different mind-set and a different logic compared to more traditional SMEs in their internationalization process, which create the challenges mentioned. One of the respondents explains:

“They [the born globals] live in another reality compared to the traditional manufacturing companies in the Swedish country. Traditional enterprises might succeed, at the utmost, in a similar country like Norway. The born global firms are, by definition, global from time equal to zero. From day one.”- RA

As a result, these firms are asking for different types of support compared to traditional firms and therefore Business Sweden has not been able to use the 13-module program for born global clients. The consulting process for born global firms is shorter. However, Business Sweden’s consulting process for born globals has not followed an established program, similar to the 13 module program for traditional firms, which Business Sweden has received criticism for from their clients. Their

working process with born globals has rather been formed as an express setup of the traditional process, but not adapted to the characteristics of born global firms. The process has not been adapted in terms of other types of workshops, which are more suitable for born globals. The criticism mainly pointed out the lack of experience from the start-up world and the need for different tools, which can be used as a complement to the innovative ecosystems the born globals are a part of. The consulting process therefore had to be revised in order to make Business Sweden more relevant for their born global clients, and resulted in the new LEAP-program with newly hired experts within the born global start-up field.

4.5.1 New LEAP-program

The new LEAP-program, “Going Global”, was launched at the end of April 2017 and is a customized program that supports Swedish born global companies, usually within the tech-industry, with rapid international growth. Before the program becomes official, 5-10 companies will participate as test pilots. The program (see Figure 2) is free and prepares the firms’ international growth through 3 steps, or “modules”, designed as workshops where all modules has specified concrete outputs. Compared to the traditional internationalization program, which consists of 13 modules, the new program aims to shorten the process by several months. However, each step in the new LEAP-program is worked out in more detail and requires a higher level of carefulness.

The program is relevant for born global SMEs that, to some extent, have developed a business plan, have a prototype that works or, preferably, already have some feedback from a paying customer, which indicates a possible demand. However, the business plan might get rejected and requires a thorough recasting, which the program takes into consideration and is a part of the time plan.

In this program, the participants representing the born global firm are often the founders together with other important policymakers from the company, such as CEOs, who have an overall business view. The first module is about prioritizing the market opportunities with the highest overall potential in order to focus on the right activities. The analysis considers different parameters but the main focus, with almost 90 per cent of the time, is addressed to the market potential. The potential is examined through answering questions such as; What is the value of the market? What constitutes the addressable market? Further, these parameters are put in relation to how easy it is to make business on a chosen market, and the likelihood of a successful market entry. Additionally, these factors might in turn be put into relation to other parameters such as expected growth, costs or other important parameters due to the specific client. To some extent, the firms shape the analysis themselves according to their individual situation and their state of development. Following, a data driven methodology is used, with data from world leading industry databases, and gives access to sources and relevant indicators that allow comparison of several markets simultaneously. This will enable the

firm to gain knowledge, make decisions and lower risk of choosing wrong markets and ecosystems, including the cost and time associated with this. They will get hands-on recommendations on where and how to proceed. Further, Business Sweden evaluates the company's capabilities to ensure that the company is relevant to actually use the suggested ecosystems as a stepping-stone to the global market. This first module will generate concrete outputs in terms of a strategic market map with markets to focus on, and facilitation of local Business Sweden contacts on chosen foreign markets.

The second module has the aim to understand what is required to attract potential investors, clients and partners by deeper analysing the ecosystem and partnerships. The client will partly have the opportunity to get information on how to gain access to international financing, which is often the most critical factor for born global firms. Business Sweden provides information within both venture capital and governmental funding. They provide access to local ecosystem support by contacts to start-up hubs, networks, co-workings, incubators and accelerators. Business Sweden's international offices play a crucial role in this step and the focus often points to investigate cities like San Francisco, New York, London, Berlin, Tel-Aviv, Singapore and Hong Kong. For example, initially the born global firms often see San Francisco as the obvious and most suitable environment for them, but this might not always be the case. As stated, Business Sweden of course considers San Francisco but also includes other potential regions that might be a better fit. The second step will contribute with an increased understanding of each specific regions'/cities' strengths, key actors and opportunities to support Swedish start-ups. Additionally, the client will get valuable contact details giving access to these different important partners with focus on potential investors.

The third and last step has the purpose of examining the business case by modelling expected revenues and costs within three different scenarios. The scenario analysis will consider the needed resources, in terms of money and time, and possible revenue streams over time. The analysis will be a tool for selecting the business case with highest potential and selecting how to enter the markets. The concrete outputs in this step will be an increased understanding of costs and resources for scaling up internationally and a single best business case that is developed together with a coach from Business Sweden to present potential partners or investors. The consultants will in the end also support with a more specific and operational plan of an entry in the chosen markets.

The three workshops are complemented by five coaching sessions to support the process and create efficiency beforehand. The sessions are formed as both group sessions, with other born global firms, and individual sessions and can be seen in figure 2.

Figure 2. Business Sweden’s “Going global” program



Source: Business Sweden. Layout: Authors’ own.

4.5.2 RM in the born global consulting process

In the born global consulting process, risk is considered in terms of mainly minimizing, and eliminating the risk by not choosing the wrong markets and wrong ecosystems, including the cost and time associated with this. This RM approach impregnates through all three steps in the LEAP-program. The start-up companies face several important decisions that need to be made during the program and are crucial for their success. The advice and guidance in every decision is therefore the most important factor in order to lower the risk. Simultaneously, there is a difference in how the consulting service is delivered in terms of what people that are involved and represents the firm.

In the first step the program focuses on the market risk. By having access to robust and relevant market data the risk is minimized by increasing the likelihood of rational decisions by choosing the right market segment and target group. It is crucial to know who the customer is in order to continue with the market prioritization. One of the respondents explains:

“In order to manage the market risk, we want the clients [born globals] to meet the customers as early as possible in the process. It is not about who the customers are, it is about what they have to say [about the product/service].”- RA

Making customers contribute with valuable feedback is the most efficient way to find the market with the overall highest potential. This is further included in the important aspect of needing a trustworthy decision basis that can be presented to possible investors.

In the second module, risk is minimized by providing networks and valuable contacts in the right ecosystem, so that the born globals can operate close to their customers and other stakeholders and to not focus on less important start-up hubs. In summary, this is crucial in order to not waste valuable time and resources on relationships that would not generate the highest potential support.

The last step and the presentation of the three potential internationalization outcomes, minimizes risks by giving the total clarification of all opportunities and risks connected with each choice of outcome. In the LEAP-program, the focus solely points to risks with direct connection to the internationalization process. One respondent claims that born globals and start-ups are often already supported with complementary types of consulting services, with other expertise, that cover other risk factors. In this final step all risks and opportunities together compose the different outcomes. The final analysis includes risks that may be relevant with or without a global establishment. What types of other risks that are considered naturally depends on the firm, industry and country, among other factors. For example, technological risks are often considered and questions like “Does the product have potential for mass production? Will someone develop a better technical solution?” arise. One of the respondents further states that questions regarding patent, insurance and license are infrequently considered, as these factors are not prioritized. In short, again it is clear that the third module in the born global consulting process contributes by reducing the risk of making wrong decisions.

4.6 Summarized comparison of the Internationalization Programs

This section presents a comparative table between Business Sweden’s traditional consulting program, “Steps-to-export”, and their born global consulting program, “Going Global”.

Table 6. Comparison of the consulting programs

| | Traditional Consulting Program | The Born Global Consulting Program |
|---------------------------|---|--|
| Time Frame | 6 months | 1-2 months |
| Focus | Finding relevant networks, overcome specific barriers | Risk addressing, potentials and opportunities, finding relevant networks |
| Mind-set of client | Rational well-founded decisions, clear objectives | “Trial and error”, innovative, entrepreneurial, open-minded |
| Risk appetite | Generally less risk taking | Generally more risk taking |
| Context | Different industries | Fast changing, tech-intensive industries |

5. Analysis

The chapter starts with an analysis of the empirical findings in regard to the theory of the born global risk dilemma. Thereafter a discussion regarding the born global consulting program is held and the connection between the theories of ERM and the born global context will be discussed in terms of focus, mind-set and approach. This will contribute to the answer of how the consulting process with born global SMEs has been adapted in terms of risk management and if the new dimensions of RM can be linked to the characteristics of born global SMEs.

5.1 Born Global Risk Dilemmas

To begin with, in terms of *what* risks that are taken into consideration in the internationalization process by a consulting firm like Business Sweden, are to some extent different between traditional firms and born globals. The theories refer to more complex situations for born globals, which carries several risks and complex tasks (Cavusgil & Knight, 2015). When looking at the born global risk dilemmas, together with Business Sweden's opinions regarding the born globals, one can see clear connections and patterns. The first similarity between the theories of a successful internationalization and our empirical findings lies in the risk, in regard to the short time frame. In the born global theory, the time-intensive born global context demands fast decisions and actions, which also is clearly a crucial explanatory factor for the adaptation of the consulting services for born global firms, by introducing the shorter program to minimize the risk of not following the fast-changing surrounding environment (Crick & Spence, 2005). The characteristics of being risk taking, innovative and proactive (Dimitratos & Plakoyiannaki, 2003), are also distinct similarities regarding born global firms. These characteristics are in the empirical data explained as a typical born global mind-set which suppose to differ from the mind-set of traditional firms. Consequently, the empirical findings show that the mind-set of the born global entrepreneurs plays such a substantial role to effect the creation of a new and customized consulting program.

Secondly, it is clear that the main constraints, when internationalizing, stated in the theory (Freeman et al., 2006) arise from similar factors as the challenges that Business Sweden encounter in the process with their born global clients. The main challenges, in Business Sweden's opinion, are the shorter time frame for born global firms, the financial differences compared to traditional firms, the greater importance of networks, the different business mind-set and the newness of this type of firms. The factors the theory states; the poor access to economies of scale, the lack of financial and knowledge research and the aversion to risk taking (Ibid.), are therefore in some way the same factors that are being explained as born global challenges by Business Sweden.

At first sight the opinions regarding born global's risk appetite are contradictory. Business Sweden argue that the born globals have a risk tolerant characteristic in terms of their "trial and error" mind-set and higher willingness to try new things. Continuously, the theory states that the born globals have a risk averse behaviour. However, the theory also states that this could be reduced by implementing clear networking strategies (Falkner, 2015), which implies that the behaviour could be converted to be more risk tolerant. The interesting connection is therefore how different the risks are considered together with the importance of strategies. Business Sweden's services are part of the networking strategy for born global SMEs and the divided opinions can therefore be explained by them taking the role of being the solution to the constraints. Since they are part of reducing the risk averse behaviour from start they see a more open minded and risk taking behaviour of their born global clients. Accordingly, the born globals' risk appetite increases as they implement more strategies and get more expert help. Which is in line with the theory of a successful internationalization for born global firms and the strive to having a risk taking behaviour.

5.2 Adapted consulting process

In terms of *how* Business Sweden works with RM with born global SMEs is seen in their new 3-step born global program. It is clear that the consulting process has been adapted to the born global phenomenon and to the challenges and differences between traditional firms, with different time frames, mind-set and the need of networking. However, the RM aspect cannot be seen as a clear explanatory factor to the new structure of the born global program, but the empirical study indicates that risk is an important part of all modules in the program. As seen in the figure stated above, the similarities between the ERM practice and the born global characteristics indicate an indirect impact from the new type of RM in the born global program. The study states that the new born global program is shaped after the new challenging context. This enables an analysis regarding the fact that the context furthermore entails new types of risks fostered from globalization and fast changing environments, which are shared explanatory factors to the ERM practise (Lundqvist, 2014; Bromiley et al., 2015). According to our findings, we can therefore clarify that the born global consulting process has indirectly been adapted in regard to RM and ERM.

5.2.1 Governmental impact

According to the Global Risk Report (2016, 2017) the importance of adapted local, national and international governance and RM is crucial in today's dynamic world. Business Sweden's mission to strengthen the link between state and business actors, such as born globals, is therefore one of the gears to manage these important aspects. We can therefore see that this is another explanatory factor of how the born global consulting process has indirectly been adapted to RM, since this is the main reason of why the Swedish government gave Business Sweden the mission to foster born global firms and creating new consulting programs.

5.3 ERM characteristics in Born Global SMEs

5.3.1 Emergence

It is clear that Business Sweden's new client segment, represented by born globals, operate in contexts with focus on globalization, fast changing industries and technological development, which the theory explains are the major reasons for the birth of the born global phenomenon (Madsen & Servais, 1997). The study further shows that the RM in these firms is shaped and addressed differently compared to traditional firms, as discussed in the previous section. These differences can, to some extent, be seen as similar to the practices of ERM, since it has evolved from similar factors and complex contexts.

5.3.2 Comparison

The empirical findings show that Business Sweden's born global process partly considers other aspects compared to the traditional consulting process, but still takes several traditional areas into consideration. A similar situation can be seen with traditional RM and ERM, where the version mentioned last could be seen as an extended and adapted version of traditional RM (Lundqvist, 2014). Our case study has enabled a finding of two traditional phenomena being developed into new phenomena in the same direction. Similarities and differences between these different phenomena, and how they can be linked, can be seen in figure 3. The figure consists of the two summarized tables from the theory and the empirical data. The figure demonstrates our analysis with links from the theory to the consulting programs. All arrows are therefore represented by our own analysis of the different factors. Some theoretical characteristics can be linked to several characteristics of the different programs and can be seen in the figure.

Figure 3. Analysis of RM in the consulting programs ¹

| | Traditional Consulting Program | The Born Global Consulting Program |
|---------------------------|---|--|
| Time Frame | 6 months | 1-2 months |
| Focus | Finding relevant networks, overcome specific barriers | Risk addressing, potentials and opportunities, finding relevant networks |
| Mind-set of client | Rational well-founded decisions, clear objectives | “Trial and error”, innovative, entrepreneurial, open-minded |
| Risk appetite | Generally less risk taking | Generally more risk taking |
| Context | Different industries | Fast changing, tech-intensive industries |

| | Risk Management <i>From</i> | Enterprise Risk Management <i>To</i> |
|-----------------------|--|---|
| Types of risks | Main focus on calculable and financial risks | Including several risks, e.g. business risks |
| | Avoid strategic project risks | Integrate and include strategic risks |
| Risk process | Overcome and minimize specific issues | Addressing uncertainties |
| | Minimizing risk | Evaluating risk appetite |
| | Focus on negative outcomes | Focus on downsides and opportunities |
| Risk behavior | “Silo” approach | Integrated approach |

The most significant factors that distinguish ERM from RM are clearly the same significant factors that distinguish Business Sweden’s born global program from their traditional program. These factors are the consideration of the integration of *strategic risk management* and *seeing risks as opportunities*.

In the born global program, Business Sweden contributes with a strategic dimension in terms of both looking at several opportunities and taking business related risks into consideration, instead of the RM

¹ All arrows have the same importance. The different colours are only used as a visual clarification.

theory of just looking at the negative outcomes and avoiding strategic risks, that the born global client might face. When looking at the theory, and the way Business Sweden manage risk with their born global clients, one can see that they evaluate the firm's risk appetite, but refer to these actions as only risk minimizing. They minimize the company's risks by ensuring that the clients are not too risk averse nor too risk taking and in line with their objectives, which is in line with both the traditional RM of minimizing risk, and the ERM of evaluating risk appetite.

However, in the traditional consulting process, alternative business plans are also presented but with focus on a specific problem. This entails a risk the client wants to minimize and has a negative connotation. In the traditional process a strategic dimension, explained by the ERM, is not taken into consideration since the company's underlying strategy is not impacted to the same extent. This could partly be explained by the specific issue, but additionally also explained by the mind-set of traditional clients that often already have a clear strategy plan.

Further, the ERM stands for an overall integrated dimension with a non-silo approach and a portfolio view of risks. When looking at the born global program the focus of the consulting process is more general, takes several risks into consideration, compared to the traditional firms, which indicates a connection to the ERM with focus on all areas of the firm. As Business Sweden states, a traditional firm with focus on overcoming a specific barrier indicates a more silo approach and is therefore connected to the traditional RM. The traditional RM, as Falkner (2015) describes it, often results in a comprehensive list of risks and indicates that only the risks with the highest impact are handled and prioritized. The general picture of risk is therefore not considered. However, it is notable that the integrated dimension and the step from the silo approach is in the theory designed for large companies with several departments, since smaller firms usually do not have this structure. Accordingly, this would not, in theory, be suitable for a born global SME. However, the case study shows that especially the portfolio view of risks is relevant and important in the born global process, since they address numerous risks tied to several fields within the company. In the traditional program, several fields in the internationalization process are also considered which addresses different risks, but since the traditional firms usually have a specific problem, they do not have the portfolio view of risk to the same extent. The integrated ERM dimension, in terms of looking at risks more intercorrelated, can therefore be more connected to the born global program than the traditional program.

We can see that, in the traditional RM, the main focus is on calculable and financial risks and minimizing these. These factors are considered in both traditional firms and born globals, but the characteristics of ERM and the new risk dimensions are clearly more in line with the RM in the born

global process. Since the ERM practice is an extended version of the traditional RM, main ideas of risk influence both practices.

6. Conclusion

In regard to the findings from the analysis, this section contributes with an answer and a clearer understanding of the research question and the hypothesis. The conclusion will answer the research question: How are Business Sweden's consulting services, in regard to risk management, adapted to born global SMEs when entering international markets?

We find that it is clear that the ERM dimensions and the characteristics of the born global SMEs can be linked in terms of having the same risk focus and time aspect. The hypotheses of potential links between these two phenomena can therefore be confirmed. The integrated focus on numerous intercorrelated risks and the importance of strategic risks are the main similarities. The similarity of an opportunity focus on RM is further an important aspect and notably a major difference between the traditional view of RM in traditional firms and ERM in born globals. The phenomena can also be linked to their similar origin and context of a dynamic environment due to globalization and new challenges. An important observation is that the challenges the born globals face cannot be fully linked to the ERM practices since they are not usually put together in the same context. The differences could further be seen in the expressions and wording of risk terms. The theories of RM and ERM express risks and challenges in an academic wording, e.g. strategic, financial and operational risks. However, Business Sweden uses different terms when talking about risks and challenges and how they manage these, seen in the summarized tables presented in the empirical findings. They consistently talk in terms of risk minimizing, but looking at the program structure and how they describe their work, these actions are yet another wording of the risks the theories describe. For example, the focus in the born global consulting process is dedicated to find opportunities and address several risks, which rather is another way of expressing integrated and strategic risk management, as the ERM theory explains. Again, this difference in expressing the risk could be explained by the theories being totally external from Business Sweden's consulting services. However, our thesis contributes with the connections, similarities and differences and makes a bridge between the theories of risks and practices of born globals. Accordingly, this study implies that the development towards ERM, and its view of RM, is a well-suited approach to encounter the typical born global challenges in regard to risk.

In conclusion, the answer to the research question is that Business Sweden's consulting services have been adapted to born global SMEs in terms of having a new risk focus and time aspect. The born global program would be seen as a development from the traditional consulting program. Again, it becomes clear that the connection between the new risk dimensions and the born global consulting process is indirect due to the different wording. The born global process was forced to adapt to the new globalized and dynamic context. The new context is the same explanatory factor as the

emergence of ERM. The process is shortened from 6 months to 1-2 months to agree with the short time frame and stay relevant to the fast changing environment. Further, the born global process is adapted to focus on the opportunities and strategic risks, with an overall and integrating risk picture, which is the core dimension of ERM.

The core dimensions of ERM are originally designed for large corporate firms. However, looking at the focus and the characteristics it is clear that ERM can be linked to the born global firms, but if it would be fully incorporated in a born global firm it might need an adapted version since the corporate structures differ a lot in size and organization. This implies that it is possible to see links between new phenomena in different literature, but hard to fully use generalized models in the new dynamic context, especially when similar terms are worded differently.

6.1 Theoretical Contribution

Theories within Corporate Finance and International Business cover a wide range of fields and business areas. This thesis is linked to, and has given insights, in more specific areas within these fields. Firstly, the findings in the study contributes with insights within the International Business field in terms of understanding the unique risk factors that are connected to the born global SMEs. New risk factors that also forced the Swedish government and Business Sweden to re-model their organisation and consulting services. For example, this viewpoint can be seen as an extended and adapted version of Falkner's theory of RM in SMEs (2015). The study also contributes with the management approach and the importance of networks, from a consulting perspective by highlighting these aspects as important and high demanded competences compared to historically requested consulting services.

Secondly, in regard to findings linked to the Corporate Finance field, the study contributes with a new angle of a corporate finance phenomenon by putting RM and ERM into the new born global context. The new standpoint occurs with links are drawn between the origin of the ERM and born global phenomena. Earlier studies within ERM, for example Lundqvist (2014), can therefore now be extended with a discussion regarding new types of firms such as born globals and how they are connected to the ERM, instead of only looking at large enterprises.

6.2 Managerial and Consulting Implications

The study implicates the importance of managers and consulting firms adapting to new contexts and challenges in order to stay relevant and competitive. Additionally, managing risks seems to constitute a greater role in an internationalization process than managers or consultants might be aware of. It is clear that both the generalized models regarding risk management and the consulting programs need

to be adapted or used differently to, in this case, have a successful internationalization. The findings in this case study implicate the need of more focus on the challenges the born global firms face with different time frames, business mind-set and the importance of networking in the right channels, both from a managerial and a consulting perspective. The born globals need to have a greater understanding of their operational environment and the risk within it. Whereas the consultants need to see differences compared to traditional firms regarding risk and challenges in order to be the most suitable option for born global clients.

6.3 Limitations and Suggestions for Further Research

Some limitations can be found in this thesis related to the empirical data collection, the case study and the literature review. The limitations are majorly in regard to the relatively new phenomena of ERM and born globals, and challenges regarding risks in this new context.

Since Business Sweden's new born global program is launched in April 2017, the research study does not cover the actual result and implementation of the program. The program has only been tested with pilot firms, which make the empirical findings to some extent based on planned and non-implemented actions. However, the program is based on long-term experience and knowledge about internationalization and born global firms, which indicate a well-prepared program suitable for a case study. Future research on how the program gets further developed, and potentially revised, in regard to RM is therefore highly interesting. Also, to what extent Business Sweden's suggestions of business plans are encountered and implemented by the born global client.

Since the thesis is based on a single case study, it may be difficult to draw generalized conclusions based on the findings. However, the case study is shaped after a consulting firm working with several born global and traditional clients, which provides a broader view of the researched problem compared to a single case study of a born global SME.

Our case study solely examines Business Sweden's individual consulting services and RM. It is therefore interesting to further look at other consulting firms and their work with born global firms in regard to RM to see potential similarities and differences. Since Business Sweden is partly state owned, a comparison between non-state owned consulting firms and their different networks is interesting due to their potential different business focus. A comparison between a large company and a born global firm in regard to the ERM characteristics and practices is a suggestion for further research in order to look at similarities and differences, since this study indicates links between the born global firms and ERM.

Reference list

Journals

- Altman, E.I., Sabato, G. and Wilson, N. 2010. The value of nonfinancial information in small and medium-sized enterprise risk management. *Journal of Credit Risk*, 6(2): 95-127.
- Andersson, S. & Wictor, I. 2003. Innovative Internationalisation in New firms: Born Globals-the Swedish Case. *Journal of International Entrepreneurship*, 1(3): 249.
- Ayyagari, M., Beck, T. and Demirguc-Kunt, A. 2007. Small and medium enterprises across the globe. *Small Business Economics*, 29(4): 415-434.
- Beasley, M., & Clune, R. 2005. Enterprise Risk Management: An empirical analysis of factors associated with the extent of implementation. *Journal of Accounting and Public Policy*, 24(6): 521–531.
- Blanc Alquier, A. M., & Lagasse Tignol, M. H. 2006. Risk management in small-and medium-sized enterprises. *Production Planning & Control*, 17(3): 273-282.
- Bowling, D. M., & Rieger, L. 2005. Success factors for implementing enterprise risk management: building on the COSO framework for enterprise risk management to reduce overall risk. *Bank Accounting & Finance*: 21-26.
- Bromiley, P., McShane, M., Nair, A., & Rustambekov, E. 2015. Enterprise risk management: Review, critique, and research directions. *Long range planning*, 48(4): 265-276.
- Brustbauer, J. 2014. Enterprise risk management in SMEs: towards a structural model. *International Small Business Journal*, 34(1): 70-85.
- Cavusgil, S. T., & Knight, G. 2015. The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization. *Journal of International Business Studies*, 46(1): 3-16.
- Crick, D. & Spence, M. 2005. The Internationalisation of ‘High Performing’ UK High-Tech SMEs: A Study of Planned and Unplanned Strategies. *International Business Review*, 14 (2): 167–85.
- Culp, C. L. 2002. *The risk management process: Business strategy and tactics*. John Wiley & Sons, 103(1).
- Dimitratos, P. & Plakoyiannaki, E. 2003. Theoretical Foundations of an International Entrepreneurial Culture. *Journal of International Entrepreneurship*, 1(2): 187–215.
- Dionne, G. 2013. Risk management: History, definition, and critique. *Risk Management and Insurance Review*, 16(2): 147-166.

Falkner, E. M., & Hiebl, M. R. 2015. Risk management in SMEs: a systematic review of available evidence. *The Journal of Risk Finance*, 16(2): 122-144.

Freeman, S., Edwards, R. & Schroder, B. 2006. How smaller born-global firms use networks and alliances to overcome constraints to rapid internationalization. *Journal of International Marketing*, 14(3): 33.

Gama, A.P.M. & Geraldes, H.S.A. 2012. Credit risk assessment and the impact of the New Basel Capital Accord on small and medium-sized enterprises: an empirical analysis. *Management Research Review*, 35(8): 727-749.

Gao, S. 2000. Economic globalization: trends, risks and risk prevention. UN.

Giertz, E., Hjorth, M., Lindhagen, M., Engwall, M., & Gens, M. 2016. Svensk konsultsektor i ny belysning: Utvecklingstrender och dynamik.

Guba, E.G., & Lincoln, Y.S., 1994. Competing Paradigms in Qualitative Research. In: *Handbook of Qualitative Research*. Thousand Oaks (California): Sage. 105-117.

Halldin, T. 2012. Born globals. *Entreprenörskapsforum. Globaliseringsforum Rapport*, (3).

Johanson, J. & Vahlne, J-E. 1997. The Internationalization Process of the Firm: A model of Knowledge Development and Increasing Foreign Market Commitments. *Journal of International Business Studies*, 8(1): 23-32.

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

Knight, G. A., & Cavusgil, S. T. 2004. Innovation, organizational capabilities, and the born-global firm. *Journal of international business studies*, 35(2): 124-141.

Liebenberg, A. & Hoyt, R. 2003. The determinants of enterprise risk management: Evidence from the appointment of chief risk officers. *Risk Management and Insurance Review*, 6(1): 37-52.

Lundqvist, S. 2014. Abandoning Silos for Integration: Implementing Enterprise Risk Management and Risk Governance. PhD Dissertation. Lund University School of Economics and Management, Department of Business Administration.

Lundqvist, S. 2015. Why firms implement risk governance—Stepping beyond traditional risk management to enterprise risk management. *Journal of Accounting and Public Policy*, 34(5): 441-466.

Madsen, T. K., & Servais, P. 1997. The internationalization of born globals: an evolutionary process?. *International business review*, 6(6): 561-583.

Mantere, S, & Ketokivi, M. 2013. Reasoning in Organizational Science. *Academy of Management Review*, 38(1), 70-89.

- Mihai-Yiannaki, S., & Stokes, P. 2012. Special issue on: risk management for SMEs and corporations. *International Journal of Organizational Analysis*, 20(4).
- Miller, K.D. 1992. A framework for integrated risk management in international business. *Journal of International Business Studies*, 23(2): 311-331.
- Moeller, R. R. 2007. *COSO enterprise risk management: understanding the new integrated ERM framework*. John Wiley & Sons.
- Nocco, B. W., & Stulz, R. M. 2006. Enterprise risk management: Theory and practice. *Journal of applied corporate finance*, 18(4): 8-20.
- Oviatt, B. M., & McDougall, P. P. 1994. Toward a theory of international new ventures. *Journal of international business studies*, 25(1): 45-64.
- Preece, S. B., Miles, G. & Baetz, M. C. 1999. Explaining the International Intensity and Global Diversity of Early-Stage Technology-Based Firms. *Journal of Business Venturing*, 14(3): 259-28
- Servaes, H., A, T., & Tufano, P. 2009. The Theory and Practice of Corporate Risk Management. *Journal of Applied Corporate Finance*, 21(4): 60-78.
- Stickel, E. 2001. Uncertainty reduction in a competitive environment. *Journal of Business research*, 51(3): 169-177.
- Soriano, D. R., Roig, S., Sanchis, J. R., & Torcal, R. 2002. The role of consultants in SMEs: the use of services by Spanish industry. *International Small Business Journal*, 20(1): 95-103.
- Schweizer, R. 2012. The internationalization process of SMEs: a muddling-through process. *Journal of Business Research*, 65(6).
- Tufano, P. 1996. Who Manages Risk? An Empirical Examination of Risk Management Practices in the, *Journal of Finance*, 51(4): 1097-1137.
- Toulová, M., Tuzová, M., & Straka, J. 2016. The Aspects of Managing Risks in Connection with the Internationalization of Smes from Selected Central European Countries. *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis*, 64(5): 1775-1784.
- Welch, L. S. & Luostarinen, R. 1988. Internationalisation: Evolution of a Concept. *Journal of General Management*, 14(2): 34-55.
- Zhou, L., Wu, W. P., & Luo, X. 2007. Internationalization and the performance of born-global SMEs: the mediating role of social networks. *Journal of international business studies*, 38(4): 673-690.

Books

Babbie, E. 2010. *The Practice of Social Research*. 12th ed. Cengage Learning.

Bryman, A. & Bell, E. 2011. *Business research Methods*. 3rd ed. Oxford University Press.

Bryman, A. & Bell, E. 2015. *Business research Methods*. 4th ed. Oxford University Press.

Cooper, R D. & Schindler, S P. 2011. *Business research methods*. 11th ed. New York: McGraw-Hill Higher Education.

Douglas, M. 2003. *Risk and Blame. Essays in cultural theory*. 3rd ed. London: Routledge.

Jones, M., Dimitratos, P., Fletcher, M. & Young, S. 2009. *Internationalization, Entrepreneurship and the Smaller Firm*. Northampton: Edward Elgar Publishing.

Saunders, M., Lewis, P. & Thornhill, A. 2009. *Research methods for business students*. 5th ed. Harlow: Financial Times Prentice Hall.

Wilson, J. 2014. *Essentials of Business Research: A Guide to Doing Your Research Project*. 2nd ed. SAGE Publications.

Wallerstein, I. 1976. *The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. New York: Academic Press.

Online documents

Australian and New Zealand Academy of Management. 2009. *Defining the Born Global Firm - A Review of the Literature*.

<http://www.cemi.com.au/sites/all/publications/BaderMazzarolANZAS2009.pdf>. Accessed 11 April 2017.

Business Sweden. 2017a. *Om oss*.

<http://www.business-sweden.se/Om-oss/Om-Business-Sweden/>. Accessed 20 May 2017.

Business Sweden. 2017b. *Steps-to-export*.

http://www.business-sweden.se/contentassets/33ca595733bc4c98bc5682a61ba6b4ca/steps-to-export_150903.pdf. Accessed 16 April 2017.

Deloitte. 2017. *Corporate Governance*. <https://www2.deloitte.com/se/sv/pages/corporate-governance0/articles/riskhantering.html>. Accessed 20 August 2017.

EY. 2017. *Managing Risk*. <http://www.ey.com/se/sv/issues/managing-risk>. Accessed 20 August 2017.

Isenberg, D. 2011. *Introducing the Entrepreneurship Ecosystem: Four Defining Characteristics*.

Forbes. <https://www.forbes.com/sites/danisenberg/2011/05/25/introducing-the-entrepreneurship-ecosystem-four-defining-characteristics/#5d1e64d65fe8>. Accessed 9 April 2017.

KPMG. 2017. Services - Risk Consulting. <https://home.kpmg.com/xx/en/home/services/advisory/risk-consulting.html>. Accessed 19 April 2017.

Mazars. 2017. Market Entry Advisory: Global Company Partnership Programme. <http://www.mazars.sg/Home/Our-expertise/Consulting/Market-Entry-Advisory-GCP-Programme>. Accessed 10 April 2017.

PWC. 2017a. Enterprise Risk Management. <http://www.pwc.com/us/en/risk-regulatory-consulting/enterprise-risk-management-erm.html>. Accessed 6 April 2017.

PWC. 2017b. Riskhantering. <https://www.pwc.se/riskhantering>. Accessed 20 August 2017.

Regeringskansliet. 2017. Ny satsning på innovativa och tidigt internationaliserade företag - Born Globals. <http://www.regeringen.se/pressmeddelanden/2016/07/ny-satsning-pa-innovativa-och-tidigt-internationaliserade-foretag---born-globals/>. Accessed 21 April 2017.

SISP. 2017. LEAP – Preparing Born Globals for International Growth. http://sisp.se/sites/default/files/mediafiles/BuS%20Introduction%20to%20LEAP_SISP_Workshop_170314.pdf. Accessed 20 April 2017.

Tillväxtanalys. 2017. Effekter av statens främjandeinsatser för internationalisering. <https://www.tillvaxtanalys.se/publikationer/rapportserien/rapportserien/2015-03-16-effekter-av-statens-framjandeinsatser-for-internationalisering--slutrapport-utveckling-av-matmetoder-och-indikatorer.html>. Accessed 20 August 2017.

Tillväxtfakta. 2016. Perspektiv på kapitalförsörjning. https://www.tillvaxtanalys.se/download/18.54ac8ebb15a7e59a2aa2e1f3/1488880352021/Tillvaxtfakta_webb.pdf. Accessed 20 August 2017.

World Economic Forum. 2016. Global Risk Report. http://www3.weforum.org/docs/GRR/WEF_GRR16.pdf. Accessed 23 April 2017.

World Economic Forum. 2017. Global Risk Report. http://www3.weforum.org/docs/GRR17_Report_web.pdf. Accessed 23 April 2017.

Appendix 1. Interview guide

Business Sweden

- Briefly explain what Business Sweden do?
- What is your position at Business Sweden? Describe your background.

Consultant services

- When and why is a born global firm vs. traditional firm contacting you? Main reasons?
- Please describe the new Born Global program.
- Please describe your traditional consulting program.
- What are the major differences?
- To what extent do the born global clients vs. your traditional clients actually implement your suggestions in their internationalization?

Risk

- What types of risks are most commonly associated with the internationalization process?
- What role takes risks and risk management in your Born Global program? If possible, describe the risk connection to every step in the program.
- What role takes risks and risk management in your traditional program? If possible, describe the risk connections to every step in the program.