



**UNIVERSITY OF GOTHENBURG**  
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The Utilisation of Capabilities in Born  
Globals' Internationalisation Process

A Multiple Case Study of Swedish Born Globals

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## Abstract

The subject of research in this paper is born globals' utilisation of capabilities in their internationalisation process. The purpose of this multiple case study is to gain a deeper understanding of what and how capabilities Swedish born globals utilise when expanding abroad. Prior research relating to born globals and capabilities is dispersed and additional studies relating to born globals' internationalisation is needed. In the field of capabilities, the attention has mainly been directed towards established companies whereas studies relating to new ventures capabilities remains under researched. The study is executed through a multiple case study of six Swedish born global firms. The findings of the multiple case study indicate that networking capabilities and internally focused learning capabilities seem to be utilised to a great extent by the examined case companies. The internally focused learning capabilities enables the firms to develop superior products and have a higher degree of adaptability in comparison with competitors. Furthermore, the networking capabilities are utilised by the born global firms in order to cope with uncertainties and exploit new business opportunities. In addition, the findings show that logistics capabilities for non-IT born globals can be a prerequisite for their internationalisation due to its need to deliver product worldwide in a timely and cost-effective manner.

**Key words:** Born globals, internationalisation, ordinary capabilities, dynamic capabilities, networking capabilities, internally focused learning capabilities, market-focused learning capabilities, marketing capabilities, logistics capabilities.

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# 1. Introduction

*This chapter introduces the study and presents the background of the topic. Thereafter, the problem discussion is presented which illustrates the identified research gaps. This is followed by the formulation of the research question and the purpose of the study. Lastly, the delimitations of the study are discussed, and the outline of the thesis is presented.*

## 1.1 Background

Traditional internationalisation models dating back to the 1970's, proposed models where firms internationalised gradually by progressively increasing the psychic distance through path-dependent internationalisation (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977). However, emergent internationalisation models have broadened the research of firm's internationalisation and describes other patterns of internationalisation that are not in unison with the traditional models (Rennie, 1993; Knight & Cavusgil, 1996). In 1993, a report from Mackenzie observed how small Australian firms internationalised close to its inception. These firms were able to successfully compete against large established companies and made up approximately 20 % of Australia's high value-added manufacturing exports. These firms were coined as *born globals*.

Export oriented companies is not a new phenomenon, they have existed for decades, both in economies with small and large domestic markets. That being said, born global companies have in recent decades emerged in large numbers thanks to globalisation, internet and other communication innovations. These innovations have decreased the cost of internationalisation, and improved small domestic companies' ability to go abroad with little resources (Cavusgil & Knight, 2015). Since born globals are characterised with having low amounts of tangible and financial resources, thus operating in asset parsimony, the firm's capabilities and intangible resources are therefore seen as important factors for success (Knight & Cavusgil, 2004). Thus, a born global's potential to internationalise successfully can be dependent on the internal capabilities of the firm (Oviatt & Mcdougall 1994; Zahra et. al., 2006). For instance, the capabilities can enable the firm to understand the market, create superior products and network effectively. Thus, improving the born globals' chances for international success (Weerawardena et al., 2007).

## 1.2 Problem discussion

The research focusing on exploring and understanding born globals is at the early phases of its existence. The research field has only been studied for three decades and remains fragmented and under researched (Knight & Liesch, 2016, Clercq et al., 2012). Examples of this fragmentation and underdevelopment are, for instance, that some research suggests that entrepreneurial capabilities have a positive effect on the internationalisation performance whereas other studies suggest that entrepreneurial capabilities might harm the performance and survival of the firm (Mudambi & Zahra, 2007; Lu et al., 2010). This contradictory result is partially a product of studies that have not consistently built on one another and further reduces the understanding of the new phenomena that is born globals (Knight & Liesch, 2016).

Similar to the research surrounding born globals, the research field focusing on capabilities has grown and gained significant interest over the past decades (Baretto, 2010). The recent surge of literature has brought with it a number of inconsistencies and ambiguities. For instance, different scholars interpret and define capabilities and routines widely different which has made the interpretations of capabilities widely dispersed and potentially hindered the progress of the field (Zahra et al., 2006; Baretto, 2010; Becker, 2004). In addition, most studies in the field have focused on established companies and ignored new ventures such as born globals. New ventures might have different needs and capabilities compared to established companies, which can radically change how they utilise and maintain capabilities (Zahra et al., 2006).

The identified gaps and arguments for why this study is needed could be divided into three main points. Firstly, according to Knight & Liesch (2016), additional research is needed to address deficiencies in the existing born global literature. The authors suggest that new studies could seek to explain how born globals internationalise successfully and propose that such studies could add greater knowledge and increase the understanding of related areas such as internationalisation and strategy models. Secondly, as mentioned previously, the capability field has mainly been focused on researching established companies' capabilities. The lack of research of new ventures is baffling and this study seeks to attempt to reduce this gap and contribute to the progress of the research field (Zahra et al., 2006). Lastly, there is only a limited number of studies that have researched the firm's capabilities in international new ventures that internationalise close to inception, like born globals. These organisations might have completely different needs and prerequisites in comparison to established companies (Weerawardena et al., 2007).



## 1.3 Research Question

Based on the previous problem discussion, this research seeks to address the following questions:

- What capabilities are utilised in born globals' internationalisation process?
- How do born globals utilise capabilities in their internationalisation process?

## 1.4 Purpose of The Study

By answering the call for additional research of capabilities connected to born globals' internationalisation, the purpose of the study is to increase the understanding of *what* and *how* capabilities Swedish born globals utilise in their internationalisation process and thereby contribute to the research field of born globals and capabilities. This is done by conducting multiple case study research of Swedish born globals. Thus, the thesis intends to provide additional exploratory insights to the research field of what capabilities are utilised by Swedish born globals and how these capabilities are utilised in the internationalisation process.

## 1.5 Delimitations

An abductive multiple case study was chosen in this paper which further will be discussed in the methodology chapter. However, some delimitations are of importance to emphasise. As mentioned, the study is delimited to born globals in Sweden only. Also, since there is no common ground regarding the interpretation of capabilities in the literature, this study's interpretation will most likely not be comparable to studies that have interpreted capabilities differently. Thus, this will undoubtedly influence the transferability of the findings on other born global studies related to capabilities.

## 1.6 Outline of the thesis

The study is divided in six chapters, a reference list and appendix. Each chapter is concisely described below.

### *Introduction*

The first chapter outlines background information and introduces the topic. It is followed by a problem discussion, research question, purpose of the study and delimitations.

### *Theoretical Framework*

Chapter two presents the theory relevant to the subject. The structure is as follows: first internationalisation theory is presented, second born globals is discussed, third organisational routines and capabilities are outlined, and last organisational capabilities connected to born globals is discussed.

### *Methodology*

The third chapter includes the chosen research design and methodological approach. It further describes the process of gathering and analysing the empirical findings.

### *Empirical Findings*

Chapter four presents the empirical findings. Each born global is described in isolation and their internationalisation status and process is depicted.

### *Analysis*

The fifth chapter analyse the identified capabilities connected to but not limited to the theoretical framework. It is divided in two parts: (1) within-case analysis of each firm's capabilities, (2) comparative analysis of the identified capabilities.

### *Concluding Remarks*

The last chapter summarises and concludes the study. The main findings are presented and the study's theoretical contributions, managerial implications and further research suggestions are outlined.

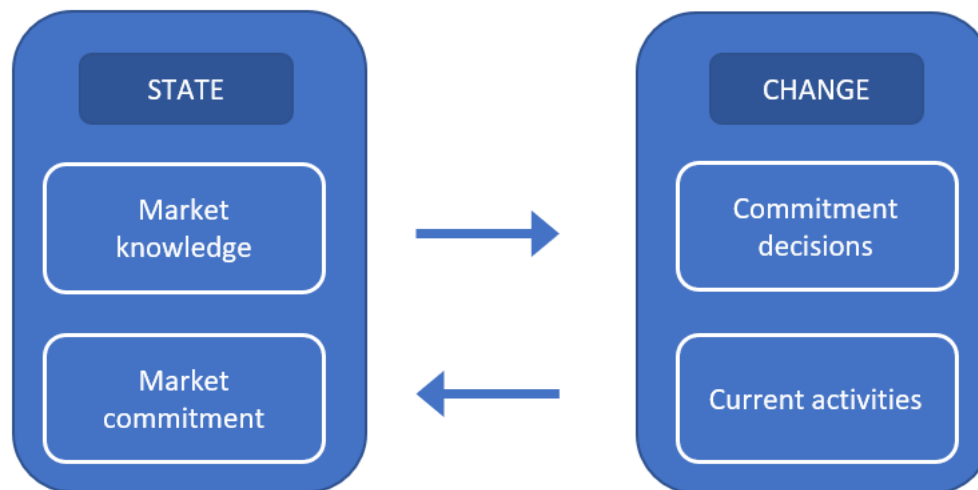
## 2. Theoretical Framework

*Chapter two outlines, in three parts, the theory that is relevant to the subject. The first part presents the Uppsala models and the definition and characteristics of born globals. The second part disentangle the theory connected to organisational routines and capabilities. The third part address capabilities connected to born globals.*

### 2.1 The Uppsala Model

Johanson and Wiedersheim-Paul (1975) conducted a case study of four Swedish companies and identified that firms internationalise according to a series of incremental decisions. Firms tend internationalise gradually through progressively increasing psychic distance through a path-dependent internationalisation. Psychic distance is defined as “factors preventing or disturbing the flows of information between firm and market” where examples of such factors could be cultural, language, political systems, level of education, level of industrial development (Johanson & Wiedersheim-Paul, 1975, p. 308). Thus, firms start its internationalisation process in neighbouring countries due to a shortage of market knowledge about foreign markets and a willingness to minimise uncertainties (Johanson & Vahlne, 1977).

Johanson and Vahlne (1977) developed an internationalisation model that was based on empirical findings from Swedish multinational enterprises. The intention for firms to internationalise were interpreted as to increase their long-term profit which is assumed to be equivalent to growth. Moreover, Johanson & Vahlne (1977) made the assumption that lack of knowledge about foreign markets is a crucial barrier for the internationalisation process and the acquisition of market knowledge can primarily be obtained through experiential market knowledge, thus by the firm’s operations abroad. The knowledge of each market is seen as country-specific, hence not completely generalisable to other markets (Johanson & Vahlne, 1977). Further, the dynamic model (see figure 1) that includes state and change mechanisms of internationalisation, could be interpreted as the main takeaway of the 1977 article which further is described below.



*Figure 1: The Uppsala Model, basics mechanisms of internationalisation - state and change aspects. Source: Johanson & Vahlne (1977), compiled by authors (2020)*

As can be observed by figure 1, the state aspect explains the firm's current market knowledge and market commitment to foreign markets. The change aspect demonstrates the decisions to commit resources to a foreign market and the current activities refers to the performance of the current market operations. Johanson & Vahlne (1977) describes the experiential knowledge as the driving force behind the internationalisation process which gradually increases as the firm commits to foreign market activities. The experiential model is not only seen as a tool to reduce the risk but also as a tool to obtain information to create opportunities abroad. Factors such as firm size, technology, product line, and home country, influence the process of internationalisation (Johanson & Vahlne, 1977). Moreover, Johanson & Vahlne's (1977) article could be interpreted as an internationalisation model emphasising how to overcome the constraints for internationalisation. However, the revised Uppsala model from their 2009 article, could be understood as a model for how firms create and identify opportunities to internationalise which further will be described below.

## 2.2 The Revised Uppsala Model

The main characteristic of born global firms is that they tend to internationalise quickly, as will be further explained later in this paper. Thus, the Uppsala model were questioned (see Knight & Cavusgil, 1996) for not being consistent with the internationalisation of born global firms, relating to the speed of the internationalisation. In the revised Uppsala model, Johanson & Vahlne (2009), address the criticism by arguing that internationalisation must not take long time, it is rather based on the firm's current knowledge and networks at the international

market. This imply that founders who possess knowledge and networks through previous experiences might internationalise faster than a company with little or no experience. Thus, as long as there is enough time to learn and create relationships, there is nothing that indicates that internationalisation cannot be done quickly.

In the revised Uppsala model, Johanson & Vahlne's (2009) main takeaway is the liability of network outsidership. The business environment is interpreted as a web of relationships where country borders are less important, instead network borders is what matters, which pose challenges for firms that are internationalising. Firms must invest resources in building relationship to create insidership within networks that are relevant for the firm's business in terms of home, host and target markets. Through general and special relationship knowledge, opportunities may arise due to information from the network. Opportunities may also emerge as the different parties within the network interact, learn from each other and share valuable information that turns into new knowledge. Thus, being an insider within a network could reduce uncertainties connected to internationalisation and create business opportunities. A facilitator of the networks is trust which relates to the ability for partners within the network to predict other partners behaviour. Trust could therefore be interpreted as a prerequisite for the partners to commit and share knowledge within the network.

Since born globals are characterised by limited tangible and financial resources (Madsen & Servais, 1997), gaining access to networks could be interpreted as a difficult task but an important aspect to consider when internationalising. Insidership in networks is created over time through trust-building, learning and knowledge creation. Furthermore, Johanson & Vahlne (2009) emphasise that all firms must cope with external business partners and therefore argue that the revised Uppsala model is applicable to all internationalising firms. They further suggest that even though the internationalisation behaviour might be different between firms, the mechanisms of internationalisation are universal. Discrepancies in firm's behaviour relates to the changing international environment. Moreover, the developments that have taken place since the Uppsala model was published, has reduced the barriers of commitment which have enabled more firms to internationalise earlier and faster (Knight & Liesch, 2016). Even though the patterns of internationalisation are ever changing, Johanson & Vahlne (2009) emphasise that learning needs to take place and relationships need to be created or enhanced for the purpose of coping with uncertainties and achieving new business opportunities abroad.

## 2.3 Defining Born Globals

In Rennie's (1993) paper he coined the term born global when describing the increased number of new Australian firms that internationalised globally close to its inception. The author found that the inspected companies tended to assess potential markets on business opportunities rather than on geographical distance which was in contrast with the prevailing theories of internationalisation in the late 20th century. From an economical perspective, despite their youth and relatively small size, the companies successfully competed against large established companies and made up approximately 20 % of Australia's high value-added manufacturing exports (Rennie, 1993). Over the years, several attempts were made to define the characteristics of born globals. Plenty of scholars have defined born global in terms of time and export intensity. Knight & Cavusgil (1996) argued that born globals internationalise within two years from inception and export at least 25 % of total sales. However, in their later published paper, Cavusgil & Knight (2004) argued that born globals usually internationalise within three years from inception. Furthermore, scholars appears to be unable to come up with a general definition of the time and export intensity of a born global which has led to definitions ranging from two to three years in time horizon and ten to eighty percent in export intensity (e.g. Chetty & Campbell-Hunt, 2004; Luostarinen & Gabrielsson, 2006; Kuivalainen et al., 2007). An explanation for these large discrepancies could be due to the born global phenomenon is context dependent. Companies acting in a small domestic market might be more willing to go abroad than companies doing business in a large domestic market. Firms operating in a small domestic market might therefore be more likely to have a larger degree of exports than the firms who operate in a large domestic market. However, all of the scholars' definitions acknowledge born globals as firms that internationalise closely after their inception. This common definition was adopted by Gabrielsson & Kirpalani (2012) who defined born globals without considering quantitative aspects. Instead, the authors used Oviatt & McDougall (1994, p.49) definitions which were the following: "from inception, seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries". A similar definition is used in this study and define born global firms as: "entrepreneurial start-ups that, from or near their founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets" (Knight & Cavusgil, p.24, 2004).

## 2.4 Characteristics of Born Globals

Born globals are generally characterised as small global firms with limited resources and their establishment and expansion are often aided by entrepreneurial abilities leveraged by their founders or managers (Rialp et. al., 2005). They tend to encounter several constraints in their internationalisation which often is related to inexperience in international business and general scarcity of human and financial resources (Cavusgil & Knight; 2009 Freeman et. al., 2006). Nevertheless, born globals often possess distinctive intangible resources and capabilities (Rialp et. al., 2005; Zahra et. al., 2006) and are skilful at distributing its resources in an effective manner (Cavusgil & Knight, 2015). Furthermore, born globals are often high technology firms offering products that are innovative in a niche global market (Cavusgil & Knight, 2009; Knight & Liesch, 2016). Many born global firms use information and communication technologies (ICT) to collect and process information about its customers efficiently. Also, by leveraging ICTs born globals are able to communicate with partners and customers worldwide with little to no financial resources (Knight & Liesch, 2016).

In Madsen & Servais (1997) study, they put forward some important contributions that were made in the theoretical field which characterises born globals. First, the authors claim that born global companies tend to be created by strong entrepreneurs with extensive international experience. Second, born global firms tend to operate in niche markets in comparison with other exporting firms. Thereby, they tend to develop a higher degree of more narrow and clear-cut core competencies than traditional firms. Third, the past experiences of the founders as well as customer-related factors may affect the geographic location of the firm's business activities. The internationalisation pattern is not path dependent nor gradually increase. Instead, it is influenced by the founders past experience or options available due to current business relationships. This pattern imply that the founders tend use their networks from earlier experience to go abroad or follow current customers abroad. Fourth, because born globals generally have limited tangible and financial resources, they tend to a higher degree rely on complementary resources from other firms. Sourcing through employing or collaborating with companies that possess a certain specialised skill, may be more evident in born globals compared to traditional firms. They use complementary resources from other firms in order to overcome the problems relating to scarce resources. Last, given that the founders have international experience, it was shown that they are, to a higher degree than traditional firms, able to collaborate with firms and people from different backgrounds (Madsen & Servais, 1997).

## 2.5 Organisational Capabilities & Routines

The literature that is related to organisational capabilities and organisational routines has over the past decade become riddled with inconsistencies and ambiguities (Barreto, 2010; Zahra et al., 2006; Becker, 2004). It has surfaced a proliferation of definitions related to these two subjects, which has created confusion and hindered the progress of the research field (Barreto, 2010; Becker, 2004). The purpose of this subchapter is to provide clarity to how organisational capabilities and organisational routines are viewed by different scholars and how it is viewed in this paper.

### 2.5.1 Organisational Routines

Organisational routines can be considered as the building blocks of organisational capabilities. Thereby, capabilities are a collection of routines (Winter, 2003). Organisational routines consist of a set of characteristics and ever since Nelson and Winter (1982) published their seminal study, great disagreements of what routines are characterised by and consist of has surfaced. The ambiguity and inconsistencies in the literature are connected to these characteristics. However, it should be noted that the inconsistencies are mainly surrounding few of the characteristics, while the others are more or less agreed upon by the mainstream authors. For example, there is very little disagreement regarding the recurrence and collective nature of routines. Consensus is that organisational routines should include multiple actors and be repeated multiple times (Becker, 2004).

Patterns were a central subject of analysis during the evolution of the organisational routines research field (Becker, 2001). In addition, it has become one of the main sources of disagreement within the field. Most scholars are in agreement that routines are patterns. However, the disagreement lies in what the patterns comprise of. Four different terms are consistently used in the literature to describe what the patterns consist of. Namely, behaviour, activity, action, and interaction. Activity and action are often used as synonyms and interaction is a subset of action that refers to actions that involve multiple actors. However, behavioural patterns are used differently in the literature. Behavioural patterns stick out since they are considered to be observable and are a response to a stimulus (Becker, 2004). In this paper, we have decided to view the patterns as behavioural. This is mainly due to the observable nature of behavioural patterns.



The last highly contested characteristic of routines within the research field, is whether the individuals that practice the routines follow them without consciously paying attention to them. One school of thought is that the individuals mindlessly (or automatically) follow routines without any reflection of their actions (Ashforth & Fried, 1988; Nelson, 1995). However, according to Becker (2004), most of the studies that support the mindlessness of routines are conceptual. On the other hand, the studies that are empirical tend to find that routines are not just followed mindlessly. Instead, routines are viewed as effortful accomplishments (Feldman & Pentland, 2003; Orlikowski, 2002). In this paper, we take the side of the empirical studies and view routines as effortful accomplishments that are not just followed mindlessly.

In conclusion, in the research field that is focused on organisational routines, what the patterns of the routines consist of and whether or not routines are followed mindlessly are the two subjects that provide the most confusion. In order to provide clarity, in this paper routines are viewed as behavioural patterns that they are not just mindless but effortful accomplishments. Furthermore, this paper has adopted Winter (2003) view, that routines are “behavior that is learned, highly patterned, repetitious, or quasi-repetitious, founded in part in tacit knowledge - and the specificity of objectives. Brilliant improvisation is not a routine, and there is no such thing as a general-purpose routine” (Winter, 2003, p. 991).

### 2.5.2 Organisational Capabilities

The strategic management research field is full of literature committed to organisational capabilities. Similarly, to organisational routines, the existing literature related to organisational capabilities is filled with inconsistencies (Zahra et al., 2006). Even though in many cases the phrase “capability” can almost be used interchangeably, the underlying features differ between many authors (Helfat & Winter, 2011). In order to provide clarity to the study we will give our definition of capabilities.

Scholars active in the field of strategic management, have made distinctions between different tiers of organisational capabilities. A wide array of authors has introduced a plenitude of terms describing the different tiers of capabilities (e.g. Collis, 1994; Winter, 2003; Zahra et al., 2006). In this paper, we have embraced Winter’s (2003) view and terminology by calling first tier capabilities for ordinary (zero-level) capabilities and second tier for dynamic (first-order) capabilities.

Starting with defining ordinary capabilities. An ordinary capability can be viewed as a high-level routine or bundle of organisational routines (Winter, 2003). Our view in this study is in line with Dosi, Nelson and Winter (2000), Amit and Schoemaker (1993), Helfat and Peteraf (2003), that the bundle of routines that is ordinary capabilities gives an organisation the capacity to perform an activity in a satisfactory and reliable manner. Furthermore, the ordinary capabilities can be viewed as patterned, stationary and described as “how we earn a living now” (Winter, 2003, p. 992). In order to further clarify the definition, a few features are worth stating. Firstly, by saying “to perform”, the intention is to carry out and attempt to fulfil the activity (Helfat & Winter, 2011). The second feature of this definition of capability is that the capability has a specific purpose and is intended (Amit & Schoemaker, 1993). Lastly, the capability makes it possible to produce reliable and repeatable performance of activities (Winter, 2003).

In contrast to the stationary nature of ordinary capabilities, dynamic capabilities are concerned with change and addressing the rapidly changing business environment (Winter, 2003; Teece et al., 1997). In this paper, we have adopted Zahra et al.’s (2006, p. 918) definition of dynamic capabilities which is as follows; “the abilities to reconfigure a firm’s resources and routines in the manner envisioned and deemed appropriate by its principal decision-maker(s)”. In other words, the dynamic capabilities give the firm the dynamic ability to change and adapt their existing ordinary capabilities and routines in order to better handle the changing environment (Collis, 1994). However, even though dynamic capabilities are concerned with change, they are still highly patterned and routine. Non-patterned and reactive reconfiguration of a firm’s resource and routines in a “fire-fighting” manner is instead called “ad hoc problem solving” and does not rely on dynamic capabilities (Winter, 2003).

As mentioned, in this study we have embraced Winter’s (2003) view of capabilities. However, in order to demonstrate other scholars’ views, Collis (1994) has argued for the existence of another tier of capabilities that is even higher in the hierarchy than dynamic capability. Namely, higher-order capabilities or meta capabilities. The higher-order capabilities are the capabilities that develop the capability to develop the capability. In other words, higher-order capabilities are used to develop dynamic capabilities (Collis, 1994). In a competitive landscape, Collis (1994) argues that the competitor with the superiority at the highest level of capabilities should be able to, for instance, innovate faster or change their capabilities faster or more efficiently than its competitors. This flexibility and speed can make the firm out-perform the competitors.

However, according to Winter (2003) this is not a guarantee. Winter (2003) argues that this is only true if the cost versus benefit equation is in favour of the benefit and that even in some cases ad hoc problem solving might be the better option due to lower cost-burden.

In conclusion, table 1 demonstrates the terms given by each author. We have adopted Winter’s (2003) view that capabilities can be divided into two different tiers. The lowest tier is the ordinary capabilities, which gives the organisation the capacity to perform an activity and can be described as the “way the firm earn a living now”. The second tier is the dynamic capabilities. Dynamic capabilities are concerned with change and gives the firm the capacity to reconfigure and adopt its ordinary capability. Overall, capabilities can create great competitive advantages for a firm. However, there is usually a cost to develop and maintain capabilities which forces the firm to take the cost vs benefit calculation into account when developing capabilities.

Collis (1994)	Winter (2003)	Zahra et al. (2006)
First Category Capabilities	Ordinary (Zero-level) Capabilities	Substantive Capabilities
Second Category Capabilities	Dynamic Capabilities	Dynamic Capabilities
Meta Capabilities		

*Table 1: Perspectives on capabilities, compiled by authors (2020).*

## 2.6 Previous research on Born Globals’ capabilities

During the evolution of the research related to organisational capabilities, the capabilities have been categorised into different categories based on their purpose and focus. For example, marketing capabilities, technological capabilities, network capabilities. (Morgan et al., 2009; Zahra et al., 2007; Weerawardena et al., 2007). This subchapter’s purpose is to present the main categories of capabilities previously researched in the context of born globals firms.

This paper has adopted Weerawardena et al. 's (2007) view that it is mainly market-focused learning capability, internally focused learning capability, networking capability and marketing capability that enables born globals’ accelerated internationalisation process. The market-focused learning capabilities are characterised by the ability to acquire and disseminate market

information (Weerawardena et al., 2007). Furthermore, the market-focused learning capabilities enables managers to convert the acquired market information into actionable knowledge and goals (Knight & Liesch, 2002). Having specialised market information and a closeness to market can enable born globals' rapid and successful internationalisation (Madsen & Servais, 2007).

The next category suggested by Weerawardena et al. (2007) to enable born globals' internationalisation is the internally focused learning capabilities. These capabilities enable the acquisition and dissemination of technological information within the firm. The ability to acquire and disseminate technological information can improve born globals' ability to grow and adapt in new markets as well as more easily combat external challenges (Grant, 1996; Autio et al., 2000). In addition, internally focused learning capabilities are connected to the innovation and technological advancement within the organisation. Born globals with internally focused learning capabilities have the capacity to make advances in design and production that their competitors cannot. The capacity to make these advances can increase born globals' ability to be successful on international markets (Weerawardena et al., 2007).

As mentioned earlier in this paper, born globals tend to have limited amounts of financial and other resources compared to other MNCs. However, in order to reduce this shortcoming, born globals tend to use their networking capabilities to discover opportunities and test ideas. Furthermore, the partners in the networks can provide the born globals with the complementary resources necessary for a successful internationalisation (Weerawardena et al., 2007). In addition, taking advantage of the knowledge inside the networks can lower risk and uncertainties related to internationalisation and international operations (Selnes & Sallis, 2003).

The final category suggested by Weerawardena et al. (2007) are marketing capabilities. Marketing capabilities encompasses the born global's capacity to produce effective marketing mix strategies (Weerawardena, 2003). Producing effective marketing strategies can be essential in order to take advantage of international opportunities and position the firm's products appropriately (Madsen & Servais, 1997). Born globals tend to launch products in niche markets and in order to be successful in the niche market, the firm needs to have the capability to communicate, distribute and price their products after the needs of the customers (Madsen & Servais, 1997; Cavusgil & Zou, 1994).

In conclusion, the purpose of this study is not only to understand how capabilities are utilised by born globals but also what capabilities impact the internationalisation process. This chapter outlines a number of categories of capabilities that have in previous studies been mentioned as key capabilities in born globals' internationalisation process. These studies have adopted the same view of routines and capabilities as this study, which is specifically why they were included in this study. However, it should be noted that these categories are not all-encompassing and born globals most likely also possess a number of other capabilities as well.

## 3. Methodology

*The aspiration of this chapter is to display and motivate the decisions taken in connection to the methodology approach of this study. The themes discussed in this section concern the research design, sampling, research flow, quality of research method and ethical considerations.*

### 3.1 Qualitative Research Method

The two research questions in this study are “What capabilities are utilised in born globals’ internationalisation process?” and “How do born globals utilise capabilities in their internationalisation process?”. These research questions are exploratory questions that focuses on trying to understand the “what” and “how”, which makes adopting a qualitative research method preferable (Yin, 2018). A qualitative method is defined in this paper as an "array of interpretive techniques that can describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world" (Maanen, 1979, p. 520). According to Birkinshaw et al. (2011), qualitative research can play a critical role in exploring and explaining the complex plurality of contexts related to, for instance, organisational capabilities and born globals. The first handedness that the qualitative method provides, can be essential in order to understand the context in which Swedish born globals subsist (Birkinshaw et al., 2011). Furthermore, there are a dominance of quantitative studies that are researching dynamic organisational capabilities and applying a qualitative method can provide a deeper understanding to the research field (Ambrosini & Bowman, 2009).

### 3.2 Multiple Case Study

The qualitative research design that is adopted in this thesis, is a comparative multiple-case study. The definition of case study that was adopted in this study is Yin’s (1984, p. 24) definition of case study research design, namely, “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.”. Moreover, having multiple cases to study provides a comparability and allows us to distinguish specific characteristics that are common and unique to the cases. These characteristics can be applied as a springboard for our theoretical reflection (Bryman & Bell,

2011). Furthermore, the reason for why this research design is specifically chosen, is once again due to the exploratory nature of the research questions. A case study is a particularly suitable research method when the research questions starts with “how”, “why” or “what”, similar to the research questions of this study (Yin, 2018).

### 3.3 Abductive Research Approach

This paper has adopted an abductive research approach in order to study the subject. The abductive research is a combination of both inductive and deductive approach. Combining the two approaches allows for the ability to gather and analyse the empirical data and theoretical observations in conjunction (Dubois & Gadde, 2002). The study initially started as a deductive study. At the early stages, we explored the theoretical strategic management field of internationalisation, capabilities and developed a theoretical framework. Later on, we developed the interview guide in order to gather empirical data. However, as we started to gather the empirical data and started to analyse it, it was noticeable that we were still lacking essential theoretical observations. These observations were necessary in order to establish a clear link between the empirical data and the theoretical framework. Thereby, we revisited and improved upon the theoretical framework in order to establish a clearer connection between the empirical data, theoretical framework and the analysis. Debois & Gadde (2002) recommended the abductive approach in order to mitigate the difficulties between interrelatedness between various elements of the study. Furthermore, Debois & Gadde (2002) argues that theoretical observations cannot truly be understood without doing empirical observations and that the same is true for the reverse, you cannot truly understand empirical observations without theoretical observations.

### 3.4 Sampling

The sampling method used in this paper was a theoretical sampling method. Theoretical sampling is a non-probability type of sampling. The purpose is not to create a generalization of the population. Instead, the purpose is to discover properties and categories in our sample by analysing the interrelationships and produce new theories (Bryman & Bell, 2011). The sampling method was used to identify potential firms to be a part of our study. However, since there are no universally accepted definitions of born global. A review of the previous studies was initially made. The review resulted in this study adopting the definition of born globals as

“entrepreneurial start-ups that, from or near their founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets (Knight & Cavusgil, p.24, 2004)”. Based on this definition, we have devised a set of criteria:

*Criteria 1: Must be an entrepreneurial start-up*

*Criteria 2: Must have since inception had the intention to derive a substantial portion of their revenue in international markets.*

*Criteria 3: Must have internationalised to two or more international markets.*

*Criteria 4: Must be founded, active or based out of Sweden.*

In order to observe how each case company has fulfilled the criteria, see table 2.

	Alpha	Bravo	Charlie	Delta	Echo	Foxtrot
Criteria 1	Yes	Yes	Yes	Yes	Yes	Yes
Criteria 2	Yes	Yes	Yes	Yes	Yes	Yes
Criteria 3	Yes	Yes	Yes	Yes	Yes	Yes
Criteria 4	Yes	Yes	Yes	Yes	Yes	Yes

*Table 2: Born global criteria, compiled by authors (2020)*

Through the use of news articles, company websites, startup incubators, a list of 24 potential cases were formed. Each of the companies was contacted by email or LinkedIn. The result was that six companies agreed to take a part of the multiple case study, which is a response rate of 25 %. Furthermore, due to the time constraint of the study, reaching 100 % theoretical saturation was not plausible. However, according to Guest et al. (2006), six cases is the crucial number for multiple case studies of this sort. Six cases have shown to uncover 80 % of usable data available and uncovering 80 % should be enough to discover the meta themes in the data (Guest et al., 2006). In addition, it should be noted that as the study was conducted, a global pandemic (covid-19) was spreading. The pandemic potentially had a negative impact on the response rate and in another climate more cases could have been included in the study.

### 3.5 Research flow



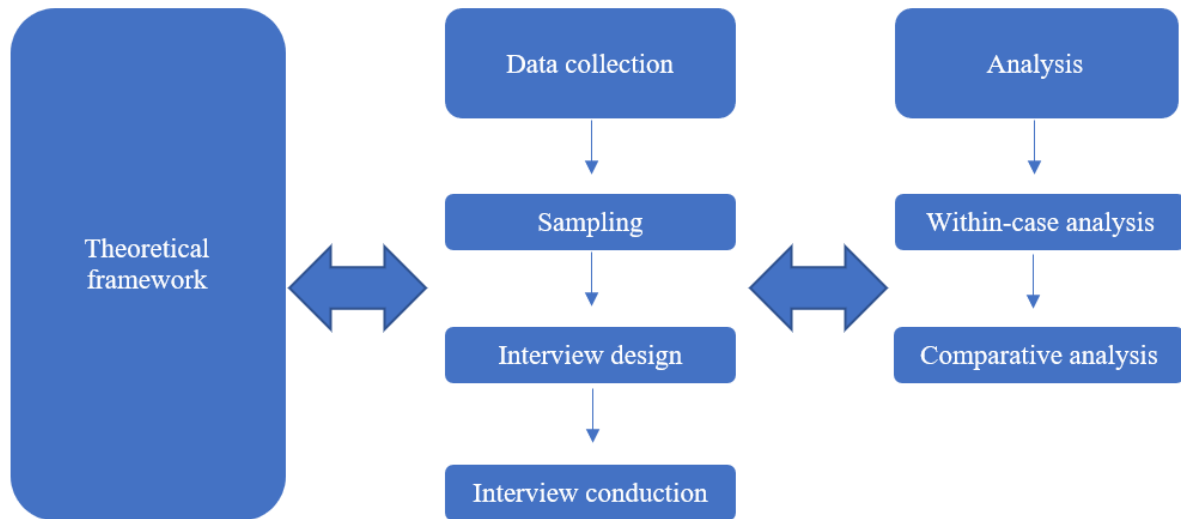


Figure 2: Illustration of the research flow of the study, compiled by authors (2020)

As illustrated in figure 2, the research process was carried out in multiple periods. Initially, a theoretical framework was made by researching previous studies on the subject. Thereafter, the empirical data collection began, and included having interviews with the six cases. However, as explained earlier, we abductively revisited the theoretical framework and improved it during the data collection phase due a need of improvement. Afterwards, the analysis of the gathered data started. Similar to the data collection phase, during the analysis it was obvious that additional literature was needed in order to analyse the empirical data. All the additional literature was not available in the strategic management research field. Thereby, we implemented literature from the supply-chain research field into the analysis.

### 3.5.1 Theoretical framework

In order to create an understanding of the strategic management field, we initially created an unstructured theoretical framework. We gathered the data by using the databases Gothenburg University's Supersearch, ScienceDirect and Google Scholar. Initially, the keywords applied to gather the data were: *Born Global Firms*, *International New Ventures*, *Internationalisation Process*, *Foreign Market Entry*, *Organisational Capabilities*. The purpose was to identify the research gap in the existing literature and gain the knowledge necessary to develop appropriate research questions to research the subject. Furthermore, as mentioned earlier, after the first interviews we noticed that our theoretical framework was lacking in connection to the empirical data gathered. Which is why we continued our search for theoretical data. The new keywords were mainly connected to organisational capabilities and authors on the subject. When the

theoretical framework was completed these keywords had been added to the initial list: *Organisational Routines, Zero-Level Capabilities, Dynamic Capabilities, Higher-level capabilities, Sidney Winter, Shaker Zahra, David Collis, Constance Helfat, David Teece*. It should be noted that many of these were used as combined in the searches. For instance, “*Born Global Firms + Organisational Capabilities*” or “*Dynamic capabilities + Sidney Winter*”. Moreover, the theoretical framework and the research connected to the development of the theoretical framework, helped assisted us with developing the interview guide that was later used in the interview.

### 3.5.2 Interview design and conduction

The main source of empirical data in this study came from the interviews with the case firms. All of the interviews were made remotely through the use of Whereby which is an online video chat. At first, some of the interviews were scheduled to be in-person. However, due to an on-going pandemic (covid-19) and for safety reasons, the interviews were rescheduled to be online. The reason for why the interviews was first intended to be in-person, was due to lowering the risk of misunderstanding since eases the ability read the body language and understand nuances in the speech better (Bryman & Bell, 2011). Furthermore, having the interview in-person would have eliminated the risk for technical difficulties. However, the usage of Whereby went smoothly with no technical difficulties or problems with using the software. As mentioned, the software allowed for video chat which enhanced the ability for us to read each other’s body language. In addition, all the interviews were held in Swedish since it was all of the interviewees and interviewers’ mother tongue. Having the interviews in all the participants’ mother tongue made it easier for everyone to comfortably express themselves adequately and reduce misunderstandings. Moreover, the length of the interviews varied between 45-60 min depending on the time it took to ask all the questions and extract all the valuable data available. However, the interviews questions were designed to not exceed the time limit of 60 min.

The structure of the interview was semi-structured. An interview can span from being very informal with no real structure to formal and highly structured (Bryman & Bell, 2011). However, the interview type applied in this study was something in between the two extremes, called semi-structured interview method. In a semi-structured interview, the interviewer has an interview guide including fairly specific questions. The main difference from semi-structured and structured interview is that in a semi-structured interview, the interviewer gets more leeway

to ask follow-up questions and does not have to follow the order religiously (Bryman & Bell, 2011). The ability to ask follow-up questions gave us the flexibility to explore new areas based on the respondent's answers.

The questions included into the interview guide was developed with the help of the initial literature review and the theoretical framework. The questions were divided into three different parts. Namely, the facesheet, internationalisation questions and finalising questions. The facesheet was made in order to understand the context of the interviewee. The internationalisation questions were asked to understand the company's internationalisation process. The majority of the time of the interview was focused on this part and the goal was to gain an understanding of the company's motivations and evolution of the internationalisation process. The finalising questions were included so the interviewee had the possibility to clarify or ask the interviewer questions. See Appendix 1 for all of the questions included in the interview guide.

The interviewees were either founders or CEOs of the studied case firms. The reason for this is due to them needing to have an understanding of the firm's whole internationalisation process and the motivations behind it. Furthermore, the interviews were recorded and transcribed in order to give us the ability to re-listen and simplify the qualitative data analysis.

### 3.5.3 Analysis

As previously mentioned in 3.1 *Research Design*, an abductive research approach was adopted in this study. By adopting an abductive research approach, the data analysis was initiated in conjunction with the development of the theoretical framework and the gathering of empirical data. The qualitative data analysis was done manually and initially a within-case analysis was performed in order to uncover variables and patterns that were not anticipated. During the analysis process, new aspects revealed. Since the study adopted an abductive research approach, additional literature was added in order to enrich the analysis of the empirical findings. The within-case analysis was structured to examine if the cases had developed and maintained the four categories of capabilities that Weerawardena et al. (2007) had suggested and to try to identify if the study had missed any other capabilities that are important to born globals' internationalisation process. The reason for why Weerawardena et al. (2007) was used is because it is one of the very few studies that has the same view as this study have on capabilities and routines. In addition, the study examines which capabilities are important for

born globals internationalisation. After the within-case analysis, a cross-case analysis was performed in order to identify and understand the patterns and differences across the six cases. Lastly, the findings and their connection to the theoretical framework was discussed.

## 3.6 Quality of Research Method

Since the research design is assumed to illustrate a set of logical statements, it is of importance to assess the quality of the research design with help of logical tests (Yin et al., 2018). In quantitative research validity and reliability are commonly used to evaluate measures of concepts. However, it is argued that validity and reliability is not as effective when evaluating qualitative measures of concepts. Hence, in this study we decided to use trustworthiness as the evaluation method. Trustworthiness can be divided into four sub-categories and criteria. Namely, credibility, transferability, dependability and confirmability (Bryman & Bell, 2011).

### 3.6.1 Credibility

The credibility criterion is concerned with ensuring that plausible information is drawn from the original empirical data and that a correct interpretation of the empirical data was made. One way of improving the credibility of the study, is by having a robust degree of empirical data. It helps to ensure that the gathered data represents reality (Anney, 2014). In addition, to be a credible study, it is of utmost importance that the study is done in accordance with the standards of good practice (Bryman & Bell, 2011). In this study two actions were implemented in order to increase the credibility of the study. Firstly, a triangulation of the empirical data was made by including multiple sources of evidence. The main source was the interviews with the six cases. But, the gathered empirical data from the interviews was validated also by researching articles, websites and annual reports. Secondly, the gathered data was validated by the respondents. After the interviews, the study was sent to the respondents and asked them to verify that our data was in accordance with their view of the reality. Lastly, the empirical data was compared with data from previous studies in order to ensure that the data is reasonable and credible (Bryman & Bell, 2011).

### 3.6.2 Transferability

Transferability refers to the degree of the study's findings that can be generalised. Generalising and transferability is a general problem for qualitative case studies. The reason is that they tend to consist of a small number of samples which increases the difficulty to generalise the results across social settings or contexts (Bryman & Bell, 2011; Shenton, 2004). Thus, it is of utmost importance to clearly describe the research process and the criteria that was used to choose the sample group, which was done in this study. By providing details and a description of the research process, other researchers are given the opportunity to judge for themselves whether or not the data and results are transferable (Bryman & Bell, 2011). Furthermore, the reason why a multiple case study methodology was adopted, was partly to increase the transferability. Including more cases in the study could have potentially increased the transferability. However, due to time constraints and accessibility, six cases were the amount included. Yet, we are aware of the transferability problem and it was kept in mind throughout the process of the study. Although the result might not be generalisable, the findings can be relevant for the strategic management research field and managers of born globals.

### 3.6.3 Dependability

Dependability refers to the extent of which a study can be replicated. Thus, how likely it is that the same research is conducted at a later stage, in accordance with the same procedures, will end up with the same results. Since this is a qualitative study involving human respondents it is not plausible to believe that the outcome will be the same since the social setting and human behaviour could be assumed to not be static. However, to increase the dependability and repeatability of the study, ensuring that complete records and documentation of the research including interview guide, recordings, field notes and the analysis process, is beneficial. Having the documentation of the research process makes it easier for future studies to re-use the material and test the results (Bryman & Bell, 2011). Furthermore, the study was peer-reviewed by other graduate students with experience of qualitative research. Having the pressure of defending each decision made in the study, pressures us to be honest and follow good practice (Anney, 2014).

### 3.6.4 Confirmability

The confirmability criteria are concerned with the objectivity of the study. While complete objectivity is impossible in qualitative studies like this one, ensuring that the personal values and subjectivity of the researchers do not greatly impact the research and findings is essential (Bryman & Bell, 2011). Measures were taken to reduce the impact of our subjectivity. Firstly, the interview guide was designed to have open-ended questions. Open-ended questions reduce our impact and ability to sway the answers in one direction instead of another. Furthermore, the interview recordings were transcribed word-by-word in order to minimise potential errors associated with misinterpretation of the interviewees' answers. Lastly, each interviewee was asked to comment and approve the findings of the study, which reduces our ability to subjectively interpret the empirical data.

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## 3.7 Ethical considerations

Throughout the entire process of making this study, ethical principles that are in accordance with Bryman and Bell's (2011) discussion, was considered and taken into account by us. Firstly, when it comes to the gathering of the empirical data and the encounters with the interviewees, a mindset of providing full transparency was adopted. As the interviewees initially were contacted and invited to partake in the study, the objectives and overall theme of the study was clearly described and conveyed. No attempts of extreme persuasion or forced participation was made. Secondly, an effort was done to respect the interviewees' privacy as much as possible. For instance, the interview guide was outlined to not include questions that could be deemed too private. In addition, at the start of each interview, the respondents were

asked if the interview could be recorded, and informed that the interview was completely anonymous and that he or she had no pressure to divulge sensitive information. Finally, as mentioned in subchapter 3.6.2 and 3.6.4, the interviewees were provided a copy of the interview as well as the findings and was given the possibility to comment if there were any misconceptions or wrongful representations of their answers.

## 4. Empirical Findings

*The purpose of this chapter is to present this study's empirical findings. Each case company will be presented individually. First, the born global's background will be presented, followed by their internationalisation status and internationalisation process.*

### 4.1 Case Company Alpha

Alpha was founded in 2012, but the idea of forming the company started already in 2010. It is a SAAS (software as a service) company, operating in the racket sport industry. The firm helps companies with bookings and administration of daily operations through digitalised and autonomous tools. They currently employ some 20 people and had in 2019 a turnover of 14 million SEK. Since their foundation, the turnover has on average, annually grown with 140 %, without any venture capital.

#### 4.1.1 Internationalisation Status

Since the inception, Alpha had the intention to sell their product globally. The long-term goal of the company was to reach three million racket players worldwide and contract 600 sport facilities. As of today, they have contracted approximately 500 sport facilities and possess a customer base of 500,000 registered users. Thus, their long-term goal were revised and they now have the goal to contract 10,000 sport facilities. They currently do not have any office abroad but are present in Sweden, Norway, Denmark, Finland, Switzerland, Poland, Thailand and Indonesia.

#### 4.1.2 Internationalisation Process; product development & networking enables patterned strategy

Alpha's initial goal was to enter three European markets within the first year which they were not able to do since their product was not finished in time. However, their first attempt to enter a foreign market was when an existing Swedish customer went abroad to Poland. There was no plan or logical reasons for why they entered Poland, it was truly opportunistic. Alpha quickly realised that their product did not fit the local market mainly due to two reasons. First, the purchasing power among the customers was low, meaning they had to charge a lower price than in Sweden which made it difficult for the company to break-even. Second, much of the



systems such as accounting programs and payment systems were outdated which made the process of integrating the external systems to Alpha's product difficult, time consuming and costly. Therefore, Alpha decided to discontinue its path of expansion in Poland. As explained by the CEO, *"A general troublesome market and a low willingness to pay was a bad combination which is why we discontinued our expansion in Poland"* [Authors translation].

Further, Alpha wanted to expand to Great Britain and the Netherlands by using sales partners. The reason for why they wanted to hire sales partners was because the company did not have any venture capital. They had limited financial capital to expand abroad and therefore considered sales partners as an inexpensive and risk-free way of expanding and creating awareness of their product abroad. If the sales partners were unable to sell anything, they did not get paid, but if they managed to sell their product, they received a substantial share of the total sales. Thus, an inexpensive and risk-free method with the trade-off of gaining substantial less income than if they went there by their own. The motives behind the internationalisation to The Netherlands and United Kingdom was a rich customer base of racket players and that both countries spoke English which should have eased the way of doing business. However, they did not succeed in entering these markets. The explanation of the failure was mainly their scarcity of resources.

#### *From opportunistic to patterned strategy*

After the mildly successful internationalisation attempts, Alpha set up a plan for how to internationalise. First, they implement a market analysis of different countries to evaluate what countries they had the best potential to be successful in. The marketing analysis consisted of: size of potential racket market, cultural, competitors, purchasing power among the customers, low-tech/high-tech. Further, a list was created of potential markets to enter. Moreover, the strategy was then to enter the markets with a few pilot customers to integrate their product with the foreign systems and to learn more about the business environment. Also, by possessing foreign customers, they believed it would ease the process of getting new foreign customers. Thus, the foreign customers acted as a reference and increased the trust of their company.

Norway was the market that they had the best potential to be successful in. In Norway, Alpha identified an overall outdated system that they could replace, a strong purchasing power among the customers, culturally similar to Sweden and that the largest market player had plans to close down its business. Therefore, they marketed themselves aggressively by arranging and being

present in events and activities. Further, Alpha managed to acquire a customer which they worked closely with to develop their product with the intention to modify its product to the Norwegian market. After acquiring this customer, Alpha became the largest company on the market in less than a year.

After Alpha's successful expansion to the Norwegian market, Alpha prefers to use the same path of entry in other markets. Namely to, gather knowledge of the current market through market analysis, arranging events and visiting sporting facilities with the intention of gaining its first foreign customer, work closely with the customer and modify the product after the specific market. Furthermore, when the products work with the foreign systems, they start to expand further in the chosen market. To scale up its business in each domestic market, Alpha only has one solution for each market. By having one solution rather than plenty, makes it easier to scale up the business with as little resources as possible. It could, however, pose problems in terms of inflexibility since they cannot approach customers that requests tailor made solutions. The CEO explains their market entry strategy, *"Through market research, we have created a list of promising markets. When entering a new market, we approach a few customers that we work closely with, to gain more knowledge of the market and reconfigure our product to the specific market."* [Authors Translation].

### *Networking enable internationalisation*

Even though they have a list of markets to enter and a superior product, the role of network relationships should not be overlooked. Even if Alpha sees potential in many markets, they need to get in contact with the right people in order to enter their preferred market. Therefore, they attend to events connected to the racket sport to create and develop relationships with people within the industry. Alpha's scarcity of financial resources has hindered employees to visit international events. However, since their financial status have improved, they are now planning to attend international event in order to get in touch with potential partners and market their product. The founder further explains, *"We always need to come up with solutions that are different from the normal due to the financial constraints which have hindered us to attend to events that we wanted to attend to. Therefore, we often need to convince the people responsible for the event to let us participate to a substantial discounted price."* [Authors Translation].

### *Continuous product development to stay ahead of the curve*

Alpha has put a great deal of effort in developing their product. Competitors to Alpha have almost copied their product and these competitors has entered similar markets which has intensified the competition. Since Alpha has grown organically while many of their competitors have grown and scaled up their process by raising venture capital, innovation and product development has become important. By having close interactions with their customers, Alpha continuously develop new solutions that make their product offering unique. However, they always consider their cost of developing additional services and the potential benefit of developing these services. As emphasised by the CEO, *"As the competition intensifies, we continuously need to develop our product offering to maintain our competitive advantage. Due to the cost aspect of developing new products, we however, need to prioritise. /.../ We see that many of our competitors focus on marketing but we rather focus on delivering a superior product."*[Authors' translation].

### *Organizing the firm*

As Alpha have continued to grow and attract new customers, they have identified the need to re-organise their organisation in order to function more effectively. Alpha recognised that they are putting a lot of effort towards administrative work. Therefore, they created an internal guideline called strengthening our roots in order to organise themselves better and more consistently. The CEO explains, *"When we went from 0.5 million SEK to 1 million SEK turnover per month, we recognised that the administrative burden increased significantly. We therefore developed internal guidelines with the intention to make the administrative tasks less burdensome for our employees."* [Authors' Translation].

## 4.2 Case Company Bravo

Bravo operates in the fashion industry and offers their customers premium products made from the finest materials. The company was founded in 2015 and currently have five full-time employees. In August of 2019, Bravo's turnover was 11.4 million SEK and the growth rate the past three years was 140 % in 2017, 324 % in 2018 and 41 % in 2019.

Bravo specialises in and markets their products as "wearable art". In other words, their business model is to collaborate with artists and embroider their art-pieces on garments. At first, it was mainly t-shirts that were sold. But over the years, Bravo has extended their product lines and

introduced garments such as hoodies and shoes into their collections. They sell their products both in brick-and-mortar stores and online.

#### 4.2.1 Internationalisation status

Since Bravo's inception, the goal was to compete globally with the other premium brands. The company internationalised in 2017, as a result of exhibiting at a trade show in Florence and attracting international customers there. In 2020, the company's products are sold in brick-and-mortar stores in 13 countries. In addition, their web shop is globally accessible and ship globally. Bravo's main office and warehouse is located in Sweden, but they have production sites in both Portugal and Italy.

#### 4.2.2 Internationalisation Process; Trade shows, distributors and agents.

The founders of Bravo were 20 years old when they founded the company. They had grand plans to *"...to build something super big and compete with the large fashion houses."* [Authors' translation]. However, after two years they had yet to establish any presence in international stores. But, in 2017 they were invited to Pitti Uomo which is one of the world's leading fashion fairs, located in Florence, Italy. Their participation in the international trade show was a great success and led to a ten-fold increase in the number of stores their products were sold in and the majority was located internationally. Their increase in sales and partners was too much for their old logistics systems at the time. Up until that point, they had manually filled in Excel-sheets with orders. Due to the increase in workload they had to rebuild and create a business-to-business portal. The system they have built has continuously been improved and current capacity of the system is very high, and it is something they can have for a long time in the future. The CMO explains, *"... we went from 15-20 stores in Sweden to 150 stores internationally in just one season."* [Author's translation].

##### *The role of agents and distributors*

Their unique product was something the visitors of the fashion fair had never seen before. Therefore, they had managed to create a buzz. Some of the people that approached them, and they networked with, at the Pitti Uomo, were international distributors and sales agents. The distributors and agents are the ones that facilitate Bravo's internationalisation. Bravo differs from other global retail brands in that they do not rely on marketing to create awareness of their product. Instead, they have chosen to try to create awareness of their product by being available

in stores. As emphasised by the CMO, *“We do not market superhard. Instead, we take the more long-term way, where we work a lot with the retail stores. We want our customers to see our product in-person so they can touch it and notice the difference between our product and the competitors.”* [Authors’ translation].

The way Bravo’s internationalise with sales agents and distributors is by providing the agents and distributors with requests and suggestions of what stores they want them to approach. However, as the CMO explains *“the sales to stores is in fact solely facilitated by our agents and distributors”* [Authors’ translation]. The founders have some knowledge of the markets. But, partly why they use international agents and distributors is to get access to their knowledge and network. The agents and distributors have a lot of market knowledge of their specific markets that the founder does not possess, which makes it easier for Bravo to position their products correctly and choose which products to push. In addition, the agents and distributors already have an established network. The network includes local stores and outlets for Bravo to sell their products. However, their network can also be international, and Bravo has used a distributor or agent which they initially hired for one market to enter another.

#### *Bravo’s current markets and market selection process*

Bravo’s focus is currently on the European market and puts a lot of emphasis on their largest markets which are Sweden, United Kingdom and Russia. However, they are always looking for markets where their products could be in demand. For instance, they have recently entered into the United States and currently have multiple agents that are working on establishing their presence in North America. Overall, Bravo’s market selection process is quite simple and is based on three things. Firstly, the availability of the market for them. In other words, if they have agents or distributors in the market, or if they have a network there. Secondly, the access to market knowledge has an impact on the selection. Thirdly, the demand for their products in the specific market. One of the main motivations for Bravo’s internationalisation is to increase their overall sales which is why a high demand for their product is one of the two reasons for entering a specific market.

### 4.3 Case Company Charlie

Charlie was founded in 2016 and operates within the med-tech industry. They offer a device in combination with a web-platform that intends to create security for relatives and an

increased independence for people suffering from memory impairment. Their product is well-designed and looks more like a smart watch than a medical device. In addition, the company has high focus on developing superior software than their competitors. Currently, Charlie employs 14 people that are dispersed around Europe.

#### 4.3.1 Internationalisation Status

Charlie had the intention from its inception to operate on a global market. Currently, the born global are active and have sales in Sweden, Spain, Italy and Portugal. They have offices in all of the markets they are active in. However, a majority of the 14 employees are, located in Spain since it is their largest market.

#### 4.3.2 Internationalisation process; trial and error approach

The company embraces a lean start-up strategy and which they internationalise to new markets quickly and test the demand for their product in different markets. They run tests in new foreign markets by setting up Google ads and Facebook ads to evaluate if they get any traction in the specific markets. This is a strategy with a low sunk cost which is why they have chosen this strategy. The CEO explains, *“The idea was to test our product quickly in different markets. Today, you can quickly make a small investment through google ads and Facebook ads and test the demand for the product”* [Authors’ Translation].

Even if they test different markets by trial and error, they prioritise which markets to test by evaluating the number of people in each country that suffer from dementia, how these people are getting treated and what role the state health care plays in these peoples' lives. There is generally a higher demand for Charlie’s products in countries where the welfare system to a low extent support people suffering from dementia than in countries where the welfare system takes care of these people. Thus, it is easier for Charlie to sell their products in countries where treatment is carried out through non-governmental companies. In these countries, the relatives take care of the diagnosed people or hire a private assistance company to ease the lives of the dementia suffering persons. The company representative emphasise that the barriers to sell to a private company is lower but the pay-off is greater when receiving an order from a state-owned company.

### *Different strategies depending on market*

Charlie has used different strategies to penetrate the markets. In Spain and Italy, they have no problem selling their product to companies and private persons. They therefore push out their product and expect to make profit through selling high volumes to a lower price. However, in Sweden it is quite different. They realised quickly that it did not work to use the same low-price strategy that was successful in Spain and therefore chose a different approach. Rather than selling volumes, they need to create trust and reliability which they currently do by being active and participating in events organised by non-governmental organisations. Charlie sponsors a number of non-profit organisations in order to increase the trust and establish themselves as a trustworthy brand. The CEO explains “*In Sweden and the Nordic countries overall, is more about building trust through known authorities, for example, cooperating with municipalities, non-profit organisations and incubators*” [Authors’ Translation]. In addition, Charlie has also networked and participated in start-up programs where they have managed to gain valuable contacts that has led to contracts with municipalities.

### *Continuous product development*

Having in mind that the company is newly established in a niche market, they continuously focused on product development. Specifically, on developing their software. The hardware is outsourced because there are already numerous great alternatives on the market, and it would have been too costly to develop and produce it on their own. Therefore, Charlie put their effort in developing the software which they also believe is where they can gain a competitive advantage against its customers. The software development is executed by engineers employed at Charlie. Their small company size have enabled them to develop and change the functions and services freely without major consequences.

### *The importance of networking*

Charlie have expanded to new markets in a truly opportunistic manner. However, the plans for how to expand internationally in the future is different. Through participation in various incubator programmes and events, they have gained access to an international network where they have developed relationships to potential business partners in Denmark, France and Germany. These connections have enabled them to continue their internationalisation and created awareness of their company. The interviewee emphasises that they are willing to expand to almost any country, it depends on what actors they get in contact with and show

interest in their product. As emphasised by the CEO *“If someone within our networks were to say that Dubai is perfect for us, we would probably test the traction there, so there are a lot of recommendations from coaches and actors that we base our internationalisation on.”* [Authors’ Translation].

### *Product design*

Another aspect that Charlie emphasises is the design of their product. There are some alternatives on the market that is similar to Charlie’s product but all of them have not focused on the design. This has led to one can easily spot that a person wearing a medical device which might stigmatise the person. Charlie’s approach is different, and they have integrated their product into normal accessories. They offer products that looks like a normal watch, belt or a necklace in order to minimise the stigma.

## 4.4 Case company Delta

Delta operates in the data simulations industry and offers software and services connected to interactive and visual physics based on simulation. The company was founded in 2007 as a spin off from a university in northern Sweden. The company currently has 28 full-time employees and the annual turnover at the end of 2018, was 21.7 million SEK. The turnover growth rate of the past three years was 45% in 2016, 12 % in 2017 and 37 % in 2018.

Delta specialises in selling solutions with interactive multiphysics simulations. The company is a leading provider of simulations software and offers their products both to the educational market and the professional market. Mining and construction are two large industries where Delta’s products are applicable and sold to. The product is sold online and the on-boarding program, that is often needed to use the product, is also taught remotely. However, some of their “key” customers can receive more personal treatment and receive lectures in-person. Two of their key competencies have been their ability to develop simulation software that are in the forefront of their industry and their ability to create relationships with their customers. It should be noted though that they are in a scale-up phase and are shifting to a more standardised interaction with their customers.



#### 4.4.1 Internationalisation Status

From Delta's inception, the company has always thought globally. The company immediately after their spin-off from the university, started selling to global clients. In 2020, they have clients all over the world including Asia, Europe, North American, Oceania and Africa. Their clients come in contact with Delta's sales team via their website and the products are distributed online which is why there are very few geographical barriers. Delta's main office is located in the north of Sweden. However, they are planning to open up a new office in the United States.

#### 4.4.2 Internationalisation process; Word-of-mouth and news

Delta's internationalisation process started with the first customers buying their product. From the inception the company did not differentiate between local and international customers. In the high-tech space where Delta is active in, there are certain specialist clients that are always looking for the new and very best. These were the companies that Delta managed to reach from their inception. In the words of the CEO, *"We actually managed to reach them (the specialist clients) directly as we had a website."* [Authors' translation]. Due to the nature of the industry, Delta has not needed to focus much on "traditional marketing". Being in the forefront of product development and having the best product available is enough to attract their customers. An example of an early customer was a major Norwegian company that supplies high-tech solutions to clients in the marine, defence, aerospace and oil and gas industry. Getting this customer early on was very valuable for Delta. They were able to use the validation they got signing the major company, to act as a springboard and get a number of other Norwegian customers.

##### *The role of word-of-mouth, networks and news*

As mentioned, after landing the major player in Norway, Delta managed to become very successful in the country. According to the CEO, the reason for the success in the country was word-of-mouth. In other words, after landing the large company as a customer, other players in Norway heard about Delta and also wanted to purchase their product. Furthermore, it should be noted that because of the industry they are active in and their top-of-the-line product, Delta is not approaching their customers. Instead it is the reverse, Delta's customers approach them and contact their sales team via their website.

Growing international sales via word-of-mouth is a pattern that Delta has observed in multiple countries. Take their entry into Japan for instance. The Japanese market is notoriously closed off and if you are not an insider you tend to be kept on the outside. However, Delta had a partner in Japan that used his network and assisted them with getting two major companies to become their customers. After landing the two major customers, the Japanese market became accessible. According to the CEO, “...*first we got Komatsu then we got Toyota and after that the Japanese market was wide open. Because if you have Komatsu and Toyota, they let you in everywhere. No one ever says no.*” [Authors’ translation]. To further clarify the point that word-of-mouth and reputation has. After Delta managed to get Komatsu and Toyota, they also signed agreements with Kawasaki, Honda and Yamaha. All of the three contracts were signed during the same week.

By signing and selling to major players in a certain market, other companies in the same markets hear about you. In addition, Delta’s CEO believes that if they sign one of the major players or as they call it “champions”, they also get validated in the market. The validation creates a trust between Delta and their potential customers which makes it easier for Delta to get access to them.

Another pattern that Delta has noticed during their 13 years active in the industry, is the value of news. One part is news about their products. Delta has always been in the forefront of the industry and their product is commonly reviewed. These reviews help them get attention and increase the number of customers. The other part is news related to what their product was used for. For instance, their product was used to simulate robots which were going to explore a reactor core in Japan. The deal led to multiple newspapers and websites writing about their project. As explained by the CEO, “...*it managed to spread widely and reached newspapers both internationally and in Sweden. A lot of people read it and got in touch with us, wanting to become customers.*” [Authors’ translation]. Since Delta is aware of the value of being in the news, the company is actively trying to get reviewed and taking on projects that can get attention by newspapers. Furthermore, the company has used search engine optimization tools and other online methods to market their product.

### *Customer selection rather than market selection*

Delta does not target specific markets. Rather, they have a list of companies that they are interested in doing business with and these businesses are the “champions”. They make the list

by looking at what industries their product can be sold in and then research which are the major players in the industry. As stated by the CEO, “... *it is not like there is any geographical order. Instead, it is who is the largest in the world. Yes, it is Komatsu, Caterpillar and Volvo, so you list them and start working on them since they are global actors. Some of them just happen to be in a country and if you enter that country you easier find smaller actors on that same market.*” [Authors’ translation]. In other words, they try to get large global players to buy their product with the belief that after they land the major player, smaller companies in the same market will also approach them.

Previously, Delta has had a lot of personal contact, including having seminars, lecture and similar activities in-person with their customers. However, as they are now scaling up and are estimating to sign 500 new customers each year, the time spent on each customer must be reduced. They have now moved to offer a more standardised product, price and on-boarding process to the majority of their clients. Though, due to the importance of their “champions”, Delta has to spend more time and pay more attention to their needs than they would smaller customers. However, due to the lack of time they are also continuously trying to reduce the time spent on the “champions”.

## 4.5 Case Company Echo

Echo operates in the alcoholic and non-alcoholic beverage industry. In 2020, the main product categories that the company focuses on are ciders and tonics. The company was founded in 2018 while the founder was still in university. The company currently has 3 full-time employees and had an annual turnover at the end 2019 of 900,000 SEK. In the 2018, the company had an annual turnover of 166,000 SEK and the major spike in turnover comes mainly from listings in the Swedish government run liquor store, Systembolaget.

Echo specialises in producing Swedish handmade artisan tonics and high-quality ciders in different flavours. Their products are considered premium products and are available at a select few supermarkets, liquor stores and restaurants. In addition, the company also has an online shop where they sell their products and ship them globally. Their key competencies are their expertise in the beverage industry and their network. It should be noted that the company is still in its infancy and is still very much in its start-up phase.

#### 4.5.1 Internationalisation status

From when Echo was formed, the plan has always been to sell domestically and internationally. In 2020, the company is selling their products in supermarkets, liquor stores and restaurants in Sweden and Germany. They also sell strictly distributing to restaurants in the UK. Their online presence is mainly focused on Sweden. However, their website can be viewed in English and as mentioned, they do offer shipping globally. Echo's tonic is produced on the west coast of Sweden and their ciders are produced by a major cider producer in the central of Sweden. The company's office is located in conjunction with their tonic factory in Sweden.

#### 4.5.2 Internationalisation process; Networks and trade shows

Since the inception, Echo has put a lot of emphasis on product development. The CEO explains “... *trying new recipes and improving the design of our products and product lines is and has been the most important thing for us. I spend at least half my time at work in the experimental room, just mixing and trying to find new great products.*” [Authors' translation]. This strategy is successful, and their products have been met with a lot of praise for their quality and taste. However, the Swedish alcoholic beverage market is quite tough to enter due to the government having a monopoly on selling alcohol. In order to get a listing in the Swedish state-run liquor store, you have to win blind-tastings and before that you actually have to get invited so your product gets tested. This tough process and seeing how other Swedish alcohol brands are successful on international markets, both pushed and pulled Echo to internationalise very early. Echo's CEO explained that “... *getting invited to be tested at the listings is super hard as a new company and winning them is even harder. So, it almost seemed easier to look abroad.*” [Authors' translation].

The first international market that Echo entered was the UK in early 2019. The founder's co-owner had contacts from previous endeavours in the alcohol industry, and these were used to get in contact with a number of prominent figures in the restaurant-scene in the UK. They managed to persuade one group that distributed beverages to take on their product and sell it to restaurants in the London area. The products they sold to the restaurants were Echo's ciders. Echo is still using the same contact today to sell cider in the UK and are currently working on expanding its business to larger parts of the UK and enter supermarkets in the countries. However, Echo has had issues with their logistics in the UK. The cost of shipping has had a great impact on their margins, and it seems that handling the logistics issues is a prerequisite

to continue in the UK. The CEO explains, “... *issues with logistics are big. Cost way too much and we most likely must handle this issue if we are going to continue there (UK). However, we are currently in talks with another company that could improve our logistics chain in the UK*” [Authors’ translation]. Since they entered the UK, Echo has entered two other markets. The entry to the other markets has improved the management’s knowledge of logistics and has now established a system of how they want their products shipped and handled.

#### *The role of networks and trade shows in Echo’s internationalisation*

Due to the nature of the alcoholic beverage industry, networking and getting the right connections was very important for Echo’s internationalisation process. All of the company’s foreign market entries have been via contacts in the foreign market. Their entry to Germany came from the same person that had helped Echo enter the UK and get in contact with the group in London. In addition, the same person also helped Echo’s founder to get in contact with Lufthansa’s catering company. Getting the listing and getting their product in hundreds of lounges and restaurants in airports, helped Echo get a foothold in the German market. In addition, Echo also managed to launch their product in Singapore by using the co-owner’s network. However, the launch was not successful, and Echo had to withdraw from the market quite quickly. Nevertheless, the importance of the network seems apparent. Echo’s CEO explains “*Networking and knowing the right people is everything in the international markets. Getting introduced and getting the right people to try your product is essential. Otherwise, you will never get noticed.*” [Authors’ translation]. The importance of networks is especially big for Echo since they have very little resources and do not have the possibility to spend their resources on marketing. Instead, they rely on networks and use their partners as sales agents which provides them with the possibility to get noticed and reach their customers.

Echo’s network comes partly from an existing network that one of the co-owners had from previous endeavours and partly from networking at trade shows. According to Echo’s CEO, the company tends to try to visit as many international trade shows as possible in order to get in contact and identify which are the gatekeepers to certain markets. However, since they have limited resources, they quite often just visit the trade shows and walk around instead of paying for the possibility to set up their stand. The CEO explains, “*In the future I see us demonstrating our product much more on trade shows. However, since we do not have the resources right now, we focus on trying to find and talk to the right people.*” [Authors’ translation].

### *Echo's market selection process*

Echo's entry to the past four markets was quite reactive. The company chose the market after which markets were available through their network. For instance, the entry into the UK and Germany, both came from the same person introducing them to another. The leadership of Echo will continue to use its network to enter the market. However, they are in the future going to attempt to network in specific markets they want to enter. The CEO explains, "*...we are going to use trade shows more to find the right people to enter a market. We are also going to use the trade shows to try to understand and pin-point which markets that our product might be in demand.*" [Authors' translation]. Furthermore, the CEO also wants to rely more on distributors and agents that know the foreign market better than him. By doing so he gets access to market information that would be too expensive for him to acquire.

## 4.6 Case company Foxtrot

Founded in 2016, Foxtrot operates in the motorcycle industry and offers electric motorbikes in the premium segment. The company describes their vision as to combine excitement with responsibility in the journey towards a zero-emission society. Since its inception, their turnover has on average grown 236 % annually and in 2018 they had a turnover of 13 million SEK. Foxtrot's headquarter is located in Stockholm and the company currently employs 40 people.

### 4.6.1 Internationalisation status

The founder of Foxtrot believes that a company that operates in a niche industry such as electric motorcycles need to have a global mindset and sell to international markets from inception to be able to survive and generate a profitable business. Foxtrot currently have sold motorbikes to customers in 25 different countries, mainly in the European region. They have offices in Sweden, Taiwan, Austria and United States. The office in Taiwan is a tech office where the bikes are assembled whereas the offices in Austria and United states are sales offices. The reason for why they have their production in Taiwan is because Taiwan are world leading when it comes to assembling motorcycles. However, even though they assemble their product in Taiwan, the design and product development are located in Stockholm. Furthermore, the sales offices are located in Europe and North America because Foxtrot have identified that their target group are clustered around the alp regions in Europe and the south eastern side in United States.

#### 4.6.2 Internationalisation process: Leveraging existing networks

As the founder have extensive knowledge of the industry due to experience from running a successful business in the same industry prior to Foxtrot was founded, they have not adopted any specific plan or process to internationalise to specific countries. In order for Foxtrot's product to be successful, they do not believe to segment their customers on a country basis. Instead, they rather see the global market as one large market where their current customers are clustered in specific regions. Since they claim to know where their customers are clustered, they have setup sales offices in these regions. The CEO explains, *"I have been working for so long in this industry. I develop a product that I socially and culturally live with. I know the community by heart and when you address a customer that you know really well, there is not much to investigate."* [Authors' Translation]. The directors of Europe and North America was both hired from the founder's past company and manages the sales by their own. Even though they have sales offices, the sales of the bikes are almost exclusively sold on the internet. Moreover, due to the founders previous experience, Foxtrot have access to a broad international network where they have retrieved valuable information relating to, among other, product development in areas such as kinetic energy.

##### *The role of trying the product*

Since the product is very new and there only exist few similar products on the market, they currently want as many people as possible to test drive the motorbikes. Therefore, Foxtrot have a number of trucks that travel to different events where their potential customers or actors from the industry are gathered. For instance, surfing events, music festivals, and ski events in Europe and North America. Attendance to these events where people in their target group are located is a very important component in their internationalisation. The current competition is low, but they believe it will intensify in the short term and as a strategy to kill off the competition, they want to further increase the availability to test drive. Looking at the mid-term, they want to set up showrooms in certain areas and also let existing customer lend their bikes to potential customers to be able to get more people to test their motorbikes. The CEO explains, *"The main objective in our current strategy is to ensure that as many people as possible get the opportunity to test our products. If you have had a test run, you realise what it feels to quietly drive in 80 kph between the trees, which is a completely unimaginable experience before testing it."* [Authors' Translation].



Challenges they have encountered when selling bikes to foreign markets are connected to different legislations and certificates. There is for instance different certificates that are required in United States and Europe. Another major problem they face is connected to the purchasing power among its customers. Since it is a premium product and their products are priced high, they are working on setting up financing products with external partners to enable more people to buy their product. However, the legislation for financing in one country is often different from another country which requires different instalment solutions for each market.

### *Logistics - a prerequisite*

The tech-office in Taiwan has the function of making sure the production is running smoothly and the founder explains that the office's purpose is vendor management. The tasks include among others, price bargaining and keeping contact with the suppliers. Foxtrot emphasised that it is challenging for a small newly established company to be able to find and attract suppliers and logistics partners to produce and ship low volumes to a price that is reasonable. This process is time-consuming and troublesome for Foxtrot and the CEO underlines that they constantly have to work with and convince external partners. This is a barrier that might slow down the process of getting the product to market in an efficient manner. In order to do so, the founder express that they need to pitch their business idea to external partners to the same extent, if not greater, than to their customers. *"We continuously need to convince suppliers to produce items they have never done before, work with logistical partners to ship equipment and bikes all over the world, to a price that is reasonable."* [Authors' Translation]

### *Intensified product development*

The product development is mainly done in Stockholm and have intensified extensively since their founding. Foxtrot recently raised 200 million SEK in venture capital. This have led to increased investment expenditure in research and development, in order to develop existing products and extend product lines. The CEO explains, *"We have raised 200 million SEK in venture capital. Now we invest five times more in R&D than we did prior to the venture round."* [Authors' Translation]. The motorbikes consist of many complex components that requires specialised expertise which is why they have employed specialised engineers.



## 5. Analysis

*This chapter analyses and discussed the empirical data from chapter four with the help of the theoretical framework. Firstly, a within-case analysis of each case company's utilisation of capabilities during their internationalisation process, is presented. Lastly, a comparative analysis focused on the patterns connected to the capabilities that are utilised in the cases' internationalisation process, is given.*

### 5.1 Within-case analysis of the utilisation of capabilities during the internationalisation process

This section of the analysis focuses on each case company's capabilities connected to their internationalisation process. The categories and type of capabilities and discussed and presented.

#### 5.1.1 Within-case analysis of Alpha's capabilities and internationalisation process

Alpha's initial internationalisation had an opportunistic approach. At first, they internationalised without a solid strategy. Instead, they adopted a trial and error approach which was not very successful. However, the following market entries, Alpha started to evaluate their potential markets. They chose to enter a certain market based on acquired market information and market evaluation. For instance, their successful entry into Norway came about after doing market research and evaluating that research. Creating the capability to implement this strategy and do market-research in this manner, is in line with Weerawardena et al.'s (2007) view of market-focused learning capability. The patterned behaviour of evaluating markets depending on certain characteristics and creating a list where the different markets are ranked, requires the development of market-focused learning capabilities. The development of these capabilities has helped Alpha to sort-out where their invested resources might have the highest probability to succeed in their internationalisation. In addition, after they have entered the market, they have a clear strategy to first learn more about the market through their pilot customers and then further grow through a superior product fitted for the market. This strategy indicates that Alpha continues to use their capabilities once they have entered the market to gain even more market information.

By building relationships and creating bonds with people in the industry, Alpha was enabled to tap into new markets. As pointed out by Weerawardena et al. (2007), born globals tend to use networks in order to discover opportunities and reduce uncertainties, which is precisely what Alpha has done. They have gained important contacts through customers, events and by proactively contacting important market participants. These interactions have assisted their internationalisation by letting them discover opportunities and gain new customers. This patterned behaviour, indicates that Alpha has developed networking capabilities. Furthermore, their strategy were to continuously participate in sport events, mainly in Sweden since they have not had the financial assets to travel to events in foreign markets. However, due to their improved financial situation, they are now preparing to visit large international events in the racket sport industry to broaden their network and get in touch with people from all over the world. This goal indicates that Alpha has plans to continue to develop and use their networking capabilities.

Alpha's continuous work to develop their product, both by improving their existing product and developing new products in order to stay ahead of the competitors seems to be successful. A contributing factor for their future success is therefore dependent on how well they manage to develop their product. This patterned product development is in line with Weerawardena et al., (2007), Grant (1996) and Autio et al., (2000) description of internally focused learning capabilities. The internally focused learning capability gives Alpha the ability to manage external challenges and adapt to the requirements of the new markets through the acquisition and dissemination of technological information.

Alpha does not seem to utilise marketing capabilities to any great extent in their internationalisation. They do not use any marketing mix strategy as stated by Weerawardena et al., (2007). However, Alpha does modify their products somewhat to each market they enter. Due to the nature of their product this is a prerequisite for them to be able deliver a product at each individual market. The ability to modify their product offering to the need to their customers can be interpreted to be in line with Madsen & Servais, (1997) and Cavusgil & Zou (1994) studies.

The most important capabilities for Alpha could be interpreted as their capability to deliver a superior product that is customised for each international market, their capability to establish contacts and their solid strategic market entry strategy. Alpha seems to have gone from an ad hoc internationalisation strategy to a patterned strategy. Moreover, there is no indication that

Alpha's capabilities are dynamic since they do not demonstrate any capabilities that change the ordinary capabilities. Alpha's capabilities rather focus on how to earn a living now (Winter, 2003), and are thus ordinary.

### 5.1.2 Within-case analysis of Bravo's capabilities and internationalisation process

Bravo's unique products are at the heart of their internationalisation. The reason for why the company first was invited and then managed to be a huge success at the well-renowned fashion fair in Florence was because of their high-quality and well-designed product. At the initial internationalisation, it was clear that product development and internally focused learning capability played a significant role in their rapid internationalisation. Over the past years, Bravo has continued to improve the quality of their products and increased their offerings from solely t-shirts to include other garments such as hoodies and shoes. Creating top-of-the-line products and continuously increasing product lines shows that Bravo's management have developed the capability to innovate and improve their products in a patterned manner. The focus on internally focused learning capability is in line with Weerawardena et al. (2007). It helps Bravo adapt to different international markets and create products that have competitive advantages due to their superior designs and quality.

The connection between Bravo's internationalisation and their ability to get in touch with international distributors and sales agents, has been apparent since they first internationalised. Their capability to network and find actors that can assist them with getting their products out to international stores has been a successful tool for Bravo to reach foreign markets. The company has since the initial internationalisation and until today, continuously used their networking skills to enter markets. Their strategy to use networks to ease the internationalisation process is supported by Weerawardena et al. (2007). Due to Bravo's lack of resources, using the resources of the network is highly beneficial and can reduce the uncertainties of their international operations (Weerawardena et al., 2007; Selnes & Sallis, 2003).

Bravo's networks also have another function. Namely, they minimise Bravo's need to focus on developing strong market-focused learning capabilities. The management clearly has knowledge of what is in demand by the public since they have managed to create products that are in high demand. However, the sales agents and distributor's knowledge about their specific

market, assists Bravo with knowing what the consumers in their specific market are demanding. This knowledge allows for Bravo to not spend resources on doing individual market research for each market, instead they can put their focus on other things such as product development and networking. Not focusing heavily on market-focused learning and relying on their partners' knowledge, is not in line with Weerawardena et al.'s (2007) study which suggests that born globals tend to build and nurture market-focused learning, so they can internationalise rapidly and successfully.

Similarly, to market-focused learning capabilities, Weerawardena et al.'s (2007) argue that born globals tend to develop advanced marketing capabilities to improve their internationalisation speed and success. However, in the case of Bravo, the company has instead as the CMO explains, “...take the more long-term way, where we work a lot with the retail stores” [Authors' translation]. They focus on creating awareness by being available at as many locations as possible instead of marketing extensively to the customers. It should be noted that the company does have some marketing capabilities, but they have not put as much emphasis and resources towards them compared to networking or internally focused learning capabilities. The reason for why Bravo has not focused on marketing heavily, has been due to the nature of their product. The management believes you have to see their products in-person to notice their superior quality. However, they have developed weak marketing capabilities to maintain their current marketing needs, which is in line with Weerawardena et al.'s (2007) study.

Initially, Bravo's rapid internationalisation put a strain on their logistics system. The ten-fold increase in the number of stores was too much for the old system. However, the increase forced Bravo to develop new systems to handle their payments and flows of good. Since, they established their new system, the management has continuously improved and tweaked the system. This indicates that Bravo recently has developed logistics capabilities in a patterned and routinely manner. Their capabilities are focused on handling the administrative work connected to their logistics chain and external partners.

After observing Bravo's internationalisation method and what categories of capabilities that seems to be of importance, the type of capabilities that they have focused on developing is quite evident. The development of networking, internally focused learning and logistics capabilities seem to be the main focus. They seem patterned and stationary and the focus is on earning a living now. When a problem surfaces, like the sudden increase in sales, they develop capabilities and technologies such as data systems and logistical solutions as a response to an

increase in sales. They did not attempt to proactively build these systems as a response to a changing business environment (Zahra et al., 2006). However, the reason for this might be understood from Winter's (2003) study, where he argues that the cost of developing and maintaining dynamic or certain types of capabilities, might be too high. In Bravo's case the cost of developing higher-tier capabilities and all of the categories of capabilities, might outweigh the potential benefit. Overall, they solely focus on ordinary networking, internally focused learning, marketing and logistics capabilities and revert to ad hoc problem-solving when necessary. The focus on developing market-focused learning is less of a priority.

### 5.1.3 Within-case analysis of Charlie's capabilities and internationalisation process

Charlie's internationalisation seems to have been of purely opportunistic character. The founder stated that they, through low investments, test the market traction for their product in different markets. Furthermore, Charlie's founder does regularly attend events and meetings connected to start-up incubators and non-profit organisations. At these functions, the founder networks and actively reaches out to potential international business partners that could nurture its expansion into new countries. Through the incubators, these actors act as an enabler to discover new opportunities and create awareness of their company. Routinely and continuously networking in this manner indicates that Charlie have developed and maintains networking capabilities, which is supported by Weerawardena et al. (2007).

By observing how Charlie operates in different markets, it easily noticed that Charlie uses different marketing strategies in each market. In Sweden the product is priced and branded differently than in Spain and Italy which is a response to different market contexts and customer needs. As stated by Madsen & Servais (1997), firms utilising marketing capabilities are able to communicate, distribute and price the product based on customer needs. As Charlie uses different pricing and marketing depending on the market and customer need in a patterned manner, the firm have developed marketing capabilities.

Charlie tend to enter new markets based on recommendation and purely opportunistically. The born global firm learn and gather market information as they commit to the market in an ad-hoc manner. They do not do market research proactively or in a routinely manner. Thus, Charlie does not seem to have developed and maintained any market-focused learning capabilities.

This could be explained by not being capable of performing the required activities due to scarcity of resources. However, Charlie's sunk cost is considered to be low when entering a new market and might therefore not feel the need to acquire and disseminate market information before entering a new market. Instead, they can afford to enter and learn spontaneously by being active in the market.

Charlie's product is a well-designed product and the company has continuously since their inception improved the software connected to the product. They develop and change the functions and services to its product freely and has done so for multiple years. This patterned behaviour indicate that Charlie possess internally focused learning capabilities. The capabilities assist Charlie by being able to create competitive advantages compared to their competitors. Charlie's product has both superior design and functions compared to some of their competitors' products.

After analysing the categories of capabilities that are utilised during Charlie's internationalisation process, the type of capabilities that they have focused on diverting their resources towards developing is clear. Firstly, Charlie has in a routinely manner used their network capabilities to gain contacts that can ease their internationalisation process. After observing the networking behaviour, it is evident that these capabilities are be stationary and patterned. Thus, they can be according to Winters (2003) definition, of ordinary nature. Secondly, the born global firm has diverted time and resources towards developing and maintaining ordinary marketing capabilities. These capabilities are ordinary capabilities due to their stationary and patterned nature. Thirdly, Charlie have put heavy emphasis on product development and the development of internally focused learning capabilities. These capabilities are patterned and stationary. They explain how Charlie "earn a living now" which is why they can be described as ordinary capabilities. Lastly, Charlie has not developed any market-focused learning capabilities. The reason for this could potentially be because of Charlie's sunk cost of entering new markets is considered to be low. Thus, the company have the ability to enter the market opportunistically without doing extensive research prior or during the market entry.

#### 5.1.4 Within-case analysis of Delta's capabilities and internationalisation process

The development and nurture of internally focused learning capability is at the centre of Delta's rapid and successful internationalisation. Delta has designated a significant portion of their budget towards product development. This has resulted in them continuously over 12 years having cutting-edge technology that is at the forefront of its industry. The focus on developing significant internally focused learning capability in order to increase the company's international success like Delta is doing is supported by Weerawardena et al.'s (2007) study. Their superior products have been one of their main competitive advantages and have allowed them to internationalise globally and fast. In addition, the company has developed the capability to be more agile and responsive than most of their competitors. In other words, they have created the capability to develop new products that can respond to external challenges such as shifts in trends and consumers demands. According to Grant (1996) and Autio et al. (2000), having the capability to acquire and disseminate technological information in a patterned manner, can improve Delta's agility and responsiveness which can contribute to them being more successful on international markets.

Delta's internationalisation process does not stem from extensive marketing campaigns or multiple planned market entries. Instead, it came from the fact that they had the best product. This strategy contradicts Madsen & Servais (1997) and Weerawardena et al.'s (2007) studies, which argues that marketing capabilities are of utmost importance to seize opportunities on international markets and be successful. However, by developing a top tier product, Delta managed to spark an interest and customers actively sought them out. In addition, their products tend to market themselves. The notoriety of the products comes from the fact that magazines and news outlets have written articles about them, which has generated publicity and sales. In addition, there has been a lot of word-of-mouth connected to their growth. After getting some key actors to adopt and use Delta's products, other smaller actors follow suit and have adopted their product as well. The result has been that Delta has not needed to put a lot of emphasis on marketing. However, they have over the years continuously marketed their product. Thus, it indicates that even though their products in some cases market themselves, they still have developed limited marketing capabilities.

When Delta does their market research, they do not divide their market geographically. Instead, the market is divided into industries and the industries where Delta's products can be applicable are the ones that are targeted. They disregard their location and focus on researching which

players in the industries have the potential to generate the most sales. The sale can come solely from the targeted company or also be generated through the word-of-mouth. In other words, if they get a highly regarded company to become a client, other companies might be more adamant to buy their products as well. Furthermore, in order to be able to continuously gather and disseminate the market information, Delta has developed market-focused learning capabilities. Doing research and creating a list of the most important actors is in line with Weerawardena et al. (2007) and Knight & Liesch's (2002) study. Furthermore, Madsen & Servais (2007) argue that to have these capabilities assist with Delta's rapid and successful internationalisation.

Networking and putting a lot of time and effort towards building relationships was common during the initial years of Delta's internationalisation. However, as they now have entered the scale-up phase of their company's evolution, they are trying to reduce the lead time and standardise the interactions with their customers. Nevertheless, Delta does treat their key clients differently. They do spend more time and effort to network and build long-lasting relationships with them. Some of the interactions with key clients seem to be patterned and repeatable which indicates that Delta has some degree of networking capabilities. For instance, they can offer a personal on-boarding process to some of their key customers to build relationships while other customers receive it digitally. The reason for why Delta networks more with key clients is because they have, as mentioned, noticed that after landing a key client, it is much easier for them to get other customers on their market. This is in line with Weerawardena et al. (2007) which argues that networks can be used to discover opportunities.

After observing Delta's internationalisation method and what categories of capabilities that seems to be of most importance, the type of capabilities that they have diverted their resources towards, is quite evident. First of all, they have put heavy emphasis on product development and the development of internally focused learning capabilities. These capabilities seem to be dynamic in the sense that they are patterned and but not stationary. Instead, they are able to change as a response to external challenges and changing climate which is in line with Zahra et al. (2006) and Winter's (2003) understanding of dynamic capabilities. Secondly, their market-focused learning capabilities seem to be patterned and are the capabilities they use to determine which of their potential customers are of most importance. These capabilities appear to be ordinary capabilities since they are stationary and explain how they do market research now (Winter, 2003). Thirdly, Delta has developed ordinary networking capabilities. However,



these capabilities have reduced over the years due the company wanting to reduce their networking with customers in order to be able to handle more customers. Lastly, Delta has only developed weak marketing capabilities. The reason for this is partly because there is no need because they have a good inflow of customers anyway and partly because the cost of creating these capabilities extensively is not worth the benefit.

### 5.1.5 Within-case analysis of Echo

Networking and using contacts to discover opportunities and cope with uncertainties has been at the heart of Echo's internationalisation process since the very start. The three international market entries that Echo has done, have all come from leveraging contacts. By using contacts, Echo has been given help with getting their products out to the consumers by way of supermarkets, restaurants or bars. This has been a resource-effective and low risk strategy that the management intends to continue with. Furthermore, Echo's CEO regularly visits trade shows in order to network. The networking at trade shows allows them to build a larger network and potentially enter into new markets. This patterned behaviour indicates that Echo has developed networking capabilities that is leveraged to enter international markets. Echo's strategy and development of networking capabilities supports Weerawardena et al., (2007) results which states that born globals tend to use networks to supplement resources and find opportunities. In addition, it also supports Selnes & Sallis' (2003) study, which argues that born globals can take advantage of valuable resources inside the network and leverage it for their internationalisation.

Echo's small team seems to be heavily dedicated towards product development and product line extension. The CEO dedicates 50 % of his working time towards improving his products and has done so since the inception. This pattern of continuously and routinely developing products and even having a dedicated "experimental room", indicates that Echo has developed internally focused learning capabilities. As Echo has positioned their products as high-end and charge a premium, it is important for them to stay in front of trends and offer high quality products to their customers. Echo's strategy of putting a lot of emphasis on design and product development is in line with Weeradena et al. 's (2007) result, which argues that developing products that are superior to your competitors can increase the chances for success on international markets.

Echo is a young company with very limited resources. Because of this, the management has decided to rely on external partners to understand, acquire and disseminate market information. Even though the management still gains an understanding of the market by visiting trade shows and other events, the company has not created any routines or patterned behaviour of how they gather or disseminate market information. In other words, Echo has not dedicated resources towards developing market-focused learning capabilities. Instead, they rely on external actors such as distributors and sales agents, to provide them with knowledge about their markets. This strategy is not consistent with Weerawardena et al. (2007) and Madsen & Servais' (2007) view on how born globals internationalise rapidly and successfully. In similar fashion as market-focused learning capabilities, Echo has not developed marketing capabilities. The company has not enough resources to market their products extensively. Instead, they are trying to create awareness organically by being in restaurants, bars and the shelves of supermarkets. This strategy is not supported by Weerawardena et al. (2007) and Madsen & Servais' (1997) view on born globals.

For a company active in the beverage industry, logistics is of great essence. Echo shows signs of being cognisant of their logistics chain. They are well aware of the potential impact logistics can have on their cost and customer satisfaction. Thus, the management has acted in a patterned manner to improve their logistics chain in multiple markets. For instance, the CEO is currently in talks with multiple logistics companies in order to optimise their logistics in the UK. This patterned behaviour indicates that Echo possess logistical capabilities and the ability identify and build their logistics chain adequately with an external partner.

After observing Echo's internationalisation strategy and what categories of capabilities that seems to be of most importance, the type of capabilities that they have focused on diverting their resources towards is clear. First of all, they have put heavy emphasis on product development and the development of internally focused learning capabilities. These capabilities are patterned and stationary. They explain how Echo "earn a living now" which is why they can be described as ordinary capabilities. Secondly, Echo diverted time and resources towards building and maintaining ordinary network capabilities. The company use one of their co-owner's contacts and network at trade shows, in a patterned and stationary manner. Thirdly, Echo does not seem to have developed any market-focused learning capabilities nor marketing capabilities. The reason for this is due to lack of resources. Echo is a very young company and has diverted the majority of their resources towards product development. Lastly, Echo has

shown to have logistical capabilities. However, these capabilities are not highly developed and cannot be attributed to higher-tier capabilities. Instead, they seem to be stationary ordinary capabilities that helps Echo with handling their current logistics.

#### 5.1.6 Within-case analysis of Foxtrot

Much of Foxtrot's expansion and strategy abroad is based on the founder's experience from his previous successful company. Foxtrot and the founder's previous company targets the same end customer. The founder has also employed people from his previous company which entails that even though they are a new company, much of the routines and processes might have been transferred to the new company.

Foxtrot's unique product together with networking capabilities and marketing capabilities has enabled their internationalisation. As the founder emphasised, he knows the community by heart and has access to numerous international business actors. By using his network, the founder managed to hire multiple talented individuals and gather knowledge about their market and product. For instance, through connections and networking, the founder became aware of important factors related to the development of their motorbikes, such as the importance of kinetics. In addition, when Foxtrot have continuously and routinely set up their sales teams in multiple regions, they have managed to attract talent by leveraging the founder's network. These factors imply that they have developed and maintained networking capabilities which is in line with Weerawardena et al. (2007). In addition, they been able to retrieve additional market knowledge, as implied by Johanson & Vahlne (2009), by using their insidership in networks. This strategy has replaced their need to develop market-focused learning capabilities.

Foxtrot's most evident and patterned capability is their marketing capabilities which has received a lot of time and resources. Foxtrot has routinely visited and demonstrated their product at entertainment and sports events. By traveling to where customers are located and letting them test their products, Foxtrot demonstrates their ability to communicate and distribute their products after the needs of the customers (Madsen & Servais, 1997). However, one cannot comment on the potential impact it has made on their sales, but it is evident that they believe in this strategy and utilise their marketing capabilities. Weerawardena et al. (2007) states that marketing capability is the ability to produce effective marketing mix strategies. Foxtrot do not use a mix of strategies, they use the same strategy regardless of geographical location which might be explained by their holistic view of the global market.

Foxtrot continuous work towards their suppliers and logistical partners imply that they possess capabilities connected to logistical activities. This could be interpreted as a prerequisite for their business to function properly. Even though they design and develop their products in-house, they need to rely on external partners to produce and ship their products. This is undoubtedly a challenge for Foxtrot as they are small and continuously have to monitor but also trust their external partners' ability to get their product to the market.

It is evident that Foxtrot has put much effort towards product development since their product offering is quite unique. Their constant work with improving their product through innovation and technological advancements indicates that they have developed and maintained internally focused learning capabilities (Weerawardena et al., 2007). Since their venture capital round, they have substantially increased their investments in R&D. Even though it does not demonstrate the quality of their internally focused learning capabilities, it displays a willingness and commitment towards improving their product.

Foxtrot's capabilities seem to be of ordinary character since they focus on how to earn a living now and not on reconfigure routines as a response changing external environment (Winter, 2003). The company is newly established and might not have the time or resources to develop dynamic capabilities. Even though the company does not have any formal documents stating for instance how the routines should be executed, they seem to be patterned. They interact with business partners within the industry, offer test drives and develop their product, routinely and in a patterned way.

## 5.2 Comparative analysis of the six cases' capabilities

*This section of the analysis focuses on comparing the six case companies' capabilities connected to their internationalisation process. The categories of capabilities, type of capabilities and the reason for why the born globals have developed the capabilities they have developed is discussed.*

### 5.2.1 The utilisation of networking capabilities in the internationalisation process

All of the six cases analysed in this study, emphasised the importance of developing networking capabilities for different aspects of their internationalisation. Five of the six cases argued similarly to Weerawardena et al. (2007) and Selnes & Sallis (2003), that the reason for networking and utilising networking capabilities, is to discover opportunities and/or reduce

uncertainties. Even though the underlying motivation to network slightly differs between the cases, some commonalities could be identified. The motivation to develop and maintain networking capabilities and the commonalities identified will be discussed below.

Starting with the cases developed networking capabilities in order to discover opportunities. There are different opportunities that the born globals are trying to take advantage of by networking. However, one commonality that been observed in five of the six cases in this study. They tend to leverage their networks to create awareness of their products and their company. Take Delta or Bravo as an example, these companies use their partnerships to get their products out to their consumers. They leverage their contacts to get out to the stores and restaurants in Echo's case or to the clothing stores in Bravo's case and be seen by their consumers. In the case of Delta, they also network to ensure awareness of their product in the foreign market. However, Delta's focus not only to ensure that their customers know about their products but also to create trust. For example, their entry to Japan, Delta worked hard to network and create a relationship with one of the major players in the market. By doing so and by selling their product to that actor, Delta managed to create both awareness of their product but also trust in the market. A similar pattern was evident in Alpha's internationalisation strategy. By closely collaborating with few partners at the initial stage, they created trust and credibility within each market that enabled them to expand successfully in the market. Creating awareness and trust for the company can help born globals to discover and be approached with opportunities. Overall, the findings of the study support and confirms Weerawardena et al.' (2007) arguments that the utilisation of networking capabilities can lead to the discovery of international opportunities.

The findings of this study were that three out of the six born globals that developed networking capabilities, networked to reduce uncertainties. By using their networking capabilities to reduce uncertainties, they increase their chances of survival and reduce the risk connected to their activities in a foreign market. As born globals tend to be small companies with limited resources, reducing uncertainties and risks has a high impact on the chances of survival. For example, Echo uses their networking capabilities to interact and create partnerships with actors in different international markets. The partnerships allow Echo to use their partners' knowledge and contacts to enter the market in a very resource-effective and low risk manner. The partners' act as sales agents and carries most of the risk in the transaction. Using sales agents reduces Echo's cost burden while also gaining access to the partner's contacts and knowledge. Thus,

reducing the uncertainty and risk of the foreign market entry. The three cases that developed and maintained networking capabilities in order to reduce uncertainties, has corroborated Selnes and Sallis' (2003) results and further proved that networking capabilities can be applied to cope with uncertainties of international activities.

The findings connected to the cases' utilisation of networking capabilities, support Johanson & Vahlne's (2009) study that emphasises the importance of being an insider in a network for a firm's internationalisation process. The insidership in the distant network allows the born globals to cope with uncertainties and exploit new business opportunities. This is facilitated by learning and mutual knowledge sharing, that can turn into new actionable opportunities. The increased knowledge and access to new opportunities can improve the chances of realising growth. Thus, can increase their chances of survival and long-term profit.

Overall, the results show that networking capabilities is of widely utilised by born globals and assists their internationalisation process. It can create awareness and trust for their product and company which aids their international activities and possibility of success. In addition, the capabilities can be utilised to reduce and cope with uncertainties. Lastly, it can reduce the resources to enter the market and gain access to valuable knowledge.

### 5.2.2 The utilisation of internally focused learning capabilities in the internationalisation process

The next clear pattern that can be observed from the analysis of the six cases is that the development and maintenance of internally focused learning capabilities is of utmost importance for the born globals. All of the six cases included in this study have developed internally focused learning capabilities and they are utilised when handling the acquisition and dissemination of technological information within the firm. All of the cases in this study that have developed and positioned their products as top-of-the-line in their industry. For these born globals to keep their position and be in demand, their products and designs must be superior to their competitors. Which is why they have continuously developed and improved their products and product lines in a patterned manner since their inception.

This pattern supports Weerawardena et al. (2007), which argues that internally focused learning capabilities gives born globals the capacity to make advances in design and production that some of their competitors cannot. In addition, the majority of the cases have shown signs of

adaptability and have the ability to adjust their products for different markets and customers. For example, due to the nature of their product, Alpha adjust their product to each international market they enter. It is a prerequisite for them to tailor their product after the regulations and consumer needs. Having the adaptability like Alpha and possible be more responsive than their competitors due to having internally focused learning capabilities, can be a significant competitive advantage that can be leverage in the internationalisation process.

Overall, having strong internally focused learning capabilities and the ability to continuously change, improve and extend their product lines is shown to be an important aspect for born globals' international success. Developing and maintaining internally focused learning capabilities with the purpose of creating superior products and being more adaptive, is aligned with Autio et al.'s (2000) and Weerawardena et al.'s (2007) view. However, the adaptability and responsiveness does not solely come from developing internally focused learning capabilities. It could also be connected to their young age and small size. This aspect will be discussed later in the analysis.

### 5.2.3 The utilisation of market-focused learning capabilities in the internationalisation process

Understanding the foreign markets that the born globals are active in seems to be important. Of the six born global companies that were analysed in this study, three of the cases indicate that they possess and use market-focused learning capabilities. For instance, in Alpha's case, they used their market-focused learning capabilities to analyse what markets they have the potential to be successful in. Their market analyses have been important to their success and were instrumental in determining which countries to enter. However, the three firms that did not develop market-focused capabilities seem to have substituted their need to develop these capabilities by using external partners or other actors in their networks. For example, Echo uses distributors and sales agents partly because they possess knowledge about their specific market. By having external partners assisting them with their international activities, Echo effectively "outsources" their need to develop market-focused learning capabilities for the foreign markets.

Using external partner's in Echo's manner, is aligned with Madsen & Servais (1997) findings, demonstrating that born globals use complementary resources in order to overcome the boundary of scarce resources. Similarly, using external sources to gather market knowledge also validate Johanson & Vahlne's (2009) study, which states that being an insider in a network

can provide valuable market knowledge. However, not developing market-focused capabilities and experiential knowledge are inconsistent with Weerawardena et al. (2007) study. They argue that developing and maintaining market knowledge, should be a prerequisite for a successful internationalisation. However, our result indicates that networks can in some cases substitute the need to of developing market-focused learning capabilities.

#### 5.2.4 The utilisation of marketing capabilities in the internationalisation process

Weerawardena et al. (2007) and Madsen & Servais (1997) argues that having marketing capabilities is critical to identify and take advantage of international opportunities. However, after analysing the six cases, four show signs of developing marketing capabilities. Furthermore, the four born globals that had developed marketing capabilities, a number of them argued that developing strong marketing capabilities was not a major priority. Instead, they rather focus on diverting their resources towards product development and networking. This result does not fully support Weerawardena et al. (2007) or Madsen & Servais's (1997) arguments. Instead, the result indicates that developing marketing capabilities might not be essential to capture international opportunity especially when the company has developed a top-of-the-line product in a niche industry, like the majority of our cases.

By having one of the best products in a niche industry, your customers can possibly find your products through word-of-mouth or other avenues which negates the need to spend resources towards developing strong marketing capabilities. For example, Delta offers one of the leading software products connected to interactive and visual physics based on simulation. Their products are top-of-the-line in their industry and since they created a website, they have experienced a steady growing influx of customers wanting to buy their products. The reason why the customers are aware and want to buy Delta's products is not because of extensive marketing schemes, but from word-of-mouth and a reputation of having superior products. Even though Delta is one of the four companies that have developed marketing capabilities, they do not spend a lot of effort or resources towards the development or maintenance of the capabilities. Overall, the findings after the within-analysis is that marketing capabilities does not seem to be essential or even in some cases needed at all, which strictly goes against Weerawarden et al.'s (2007) and Madsen & Servais' (1997) views.



### 5.2.5 The utilisation of logistics capabilities in the internationalisation process

After the within-case analysis of the six cases, a pattern of another capability that was not previously proposed by Weerawardena et al. (2007), was observed. Namely, the existence of logistics capability. Three out of the four the cases that are not strictly IT-based companies, raised the importance of having adequate logistics solutions. It seems that having adequate logistics to deliver their product internationally in a timely and cost-effective manner is essential for international success. In addition, based on the nature of the product that you are selling, it can even be considered a prerequisite of internationalisation. The capabilities we observed were patterned and stationary. Thus, according to Winter (2003) are considered ordinary capabilities. For instance, Echo has worked extensively with improving their logistics. Currently their international activities in the UK rest on their ability to develop better logistics solutions. Otherwise, the high cost of the logistics is too much for them to be profitable in that region. Moreover, of the non-IT cases, some have outsourced parts of their logistical chain and some the whole chain. However, we attribute being able to identify and build the logistical chain internally and with an external partner to having the logistics capabilities.

There are no empirical studies that specifically examines born globals' utilisation of logistics capabilities. However, it exists a multitude of studies that have examined the relationship between strategic management and logistics capabilities (e.g. Esper et al. 2007; Cheng & Grimm, 2006). Specifically, the resource-based view has been adopted to demonstrate that with the help of logistics, some firms outperform others over time (Barney & Clark, 2007). According to Sandberg & Abrahamsson (2011), that studied how two Swedish firms worked with logistics capabilities in order to maintain sustainable competitive advantages. Managerial knowledge, supply chain relationships and control are logistics capabilities and can lead to competitive advantages. The findings of our study, indicates similar result and show that successfully managing the logistics chain and the relationships in the chain, can be prerequisite and a capability that can lead to a competitive advantage in the international landscape. This finding confirms that Sandberg & Abrahamsson's (2011) results are applicable in the context of born global firms.

### 5.2.6 The impact of time and cost on the development of capabilities

The six cases that are included in this study have been active for different times. The oldest born global is Delta which has been active for more than 13 years and the youngest is Echo

which has been active for only two years. The rest of the born globals is spread in between this span. After the within-analysis, we have been able to observe a pattern connected to the age of the company and the type categories the born globals tend to develop and maintain. What was observed was indications that the younger born globals tend to have lower-tier, less categories and weaker capabilities and older born globals tend to have higher-tier, more categories and stronger capabilities. However, it should be noted that we have not included logistics capabilities in this chart and only focused on the four categories of capabilities proposed by Weerawardena et al. (2007). The reason for disregarding logistics capabilities is because IT-based companies has little to no use of these capabilities. Thus, we only included the capabilities that all of the companies can gain a benefit from developing and maintaining.

	Echo	Charlie	Foxtrot	Bravo	Alpha	Delta
(Founded)	(2018)	(2016)	(2016)	(2015)	(2012)	(2007)
Networking capability	Moderate, Ordinary	Moderate, Ordinary	Moderate, Ordinary	Moderate, Ordinary	Strong, Ordinary	Moderate, Ordinary
Internally-focused learning capability	Moderate, Ordinary	Moderate, Ordinary	Moderate, Ordinary	Moderate, Ordinary	Moderate, Ordinary	Strong, Dynamic
Market-focused learning capability	N/A	N/A	N/A	Weak, Ordinary	Moderate, Ordinary	Moderate, Ordinary
Marketing capability	N/A	Moderate, Ordinary	Moderate, Ordinary	Weak, Ordinary	N/A	Weak, Ordinary

Table 3: Illustration of the degree of capabilities, compiled by authors (2020)

Table 3 is based on the empirical findings where each case company's capabilities are classified as weak/moderate/strong and ordinary/dynamic. The given classifications are devised from the authors of this study's interpretation of the interviewees' description of their utilised capabilities. By observing table 3, it is noticeable that the three oldest companies have diverted significantly more effort and resources towards developing and maintaining higher-tier, more and stronger capabilities. Take Delta for example, the company has developed all four of the categories of capabilities proposed by Weerawardena et al. (2007) and is the only company that seems to have developed dynamic capabilities. Comparatively, Echo which is the youngest company, had only developed networking and internally focused learning capabilities and both of them are ordinary capabilities.

The reason for why we see this pattern can partly be related to the fact that very young companies might not have had the time to develop the routines necessary to create capabilities.

Developing routines can take time and according to Autio et al. (2000), older companies tend to have a larger number and more rigid routines than younger companies. If we apply this mindset to our study, it is noticeable that Echo, the youngest company and with a CEO that just have come out of university, have not had the time to develop or transfer routines connected to marketing or market research from previous experience. Similarly, in terms of networking capabilities, according Johanson & Vahlne (2009) it takes time to become an insider in a network and be able to create the routines necessary to develop capabilities. Thus, the young born globals has to prioritise which routines and capabilities they want to focus on developing. However, being a young company like Echo, can present itself with possibilities. According to Autio et al. (2000), younger companies who do not have rigid routines, have an easier time to be adaptable and responsive which can be important for a rapid and successful internationalisation. In other words, being a young company can be positive if the company aspires to be born globally and enter multiple foreign and international markets rapidly.

Another aspect that can influence why we observe that younger companies tend to develop less capabilities, can be connected to their lack of resources. In this study only one of the born globals has been funded by external investors. The rest have grown organically and initially not had many resources at their disposal. According to Winter's (2003) article, developing and maintaining capabilities has a cost burden and the more pervasive and detailed patterning is needed, the higher the burden is. In other words, the more advanced capabilities, such as dynamic capabilities, the higher cost burden tend to be. With this in mind, the born globals have to take the risk of the cost burden in mind and prioritise which capability to develop and maintain first. In our cases, the risk and cost might have been too much which is why the born globals initially only developed the essential capabilities. For example, the CEO of Alpha emphasised that even though there are capabilities they want to develop, everything has its time and as of now they do not think the cost outweighs the benefit.

## 6. Concluding Remarks

*The last chapter of this study presents the conclusion of findings in the analysis and answers the two research questions this study posed; “What capabilities are utilised in born globals’ internationalisation process?” and “How do born globals’ utilise capabilities in their internationalisation process?”. After presenting the conclusion, theoretical contributions and managerial implications are outlined. Lastly, the study’s limitations and the suggestions for future research is presented.*

### 6.1 Conclusion

This multiple case study set out to explore what and how capabilities are utilised in the internationalisation process. The overall goal of the study was to further enrich the strategic management research field with insights connected to born globals and their capabilities. The goal was obtained by (1) exploring previous studies in the research fields, (2) studying six Swedish born globals, (3), analysing each firms’ internationalisation process and organisational capabilities, (4) and examining the relationship between them.

The result of the study indicated that market-focused learning capabilities, internally focused learning capabilities, networking capabilities, marketing capabilities and logistics capabilities can be utilised in born globals internationalisation process, regardless if they are of dynamic or ordinary nature. However, how they are utilised differ between the categories. The findings show that not all of the capabilities have the same importance and are not utilised to the same extent in the born globals’ internationalisation process. The results reveal that networking capabilities and internally focused learning capabilities are of utmost importance for born globals’ internationalisation process. The networking capabilities are utilised by the born globals to discover opportunities and reduce uncertainties connected to their internationalisation. In addition, the internally focused learning capabilities allow the born globals to both develop superior products and have a higher degree of adaptability compared to their competitors. Furthermore, how logistics capabilities are utilised in born globals’ internationalisation process have previously not been researched. However, the findings of this study shows that for non-IT born globals, logistics capabilities can be a prerequisite to their internationalisation since if they do not have the ability to deliver their products in a timely and cost-effective manner, the internationalisation will most likely not be successful.

The utilisation of marketing capabilities and market-focused learning capabilities in born globals' internationalisation process, is not as evident as the other categories of capabilities. The results suggest that these capabilities, in some cases, are substituted with other capabilities or "outsourced" to external partners. Furthermore, the findings indicate that even though these capabilities can be beneficial, the young age of the born global or the lack of resources, forces the company to prioritise which capabilities to develop and maintain. Similarly, the results indicate that born globals do the same type of prioritisation in terms of development higher- and lower-tier capabilities. Developing higher-tier capabilities requires longer time and more resources to develop.

## 6.2 Theoretical contributions

This multiple case study contributes to the strategic management research field by increasing the understanding of what and how capabilities are used in born globals' internationalisation process. Specifically, this study enriches the research field by confirming the importance of developing and maintaining networking capabilities and internally focused learning capabilities for born globals. In addition, the study contributes to the understanding of non-IT born globals capabilities and highlights the importance of developing and maintaining logistics capabilities for their internationalisation process. Lastly, the findings contribute to the capability and born global research fields by pointing out that age and access to resources can have an impact on the development of born globals' capabilities.

## 6.3 Managerial Implications

The importance of developing and maintaining capabilities for born globals and their internationalisation has been emphasised throughout this study. However, evidence show that for a manager of a born global with limited resources taking on the cost burden of developing and maintaining capabilities is not always the correct choice. Instead, practitioners should evaluate and prioritise which category or type of capabilities can create the most benefit for them for the lowest cost. That being said, the result show that networking and internally focused learning capabilities are the most common and important capabilities that born globals can develop for the internationalisation. They contribute to benefits for the born globals' internationalisation process and can be used to substitute other categories of capabilities.

## 6.4 Limitations and future research

This study has made contributions to the field of strategic management and improved the understanding of what and how capabilities are utilised in born globals' internationalisation process, some limitations of this study is needed to be considered. Firstly, as previously discussed in *Section 1.6 Delimitations*, this study has only included born globals that are Swedish. This delimitation can affect the transferability of the results. Thus, there is a need for other studies that has adopted similar method as this study, to research born globals with different nationalities. Secondly, this study was limited to only take place over a few months. Therefore, it would be beneficial to create a longitudinal study to overcome this limitation. Thirdly, this qualitative study had only a limited amount of cases which reduces the generalisability of the results. Thus, conducting more studies and studies that includes more cases would have a positive impact on the generalizability. Finally, all of the cases in this study could be considered success stories. Therefore, studying the capabilities of failed born globals with unsuccessful internationalisation stories could enrich the theoretical field and provide another point of view.

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# Appendix

## Appendix 1

### Interview guide

#### **General questions regarding the interviewee**

What education/background do you have?

Do you have any international Experience? If yes, what?

What position and responsibilities do you have in the company?

How long have you worked at the firm?

#### **Questions regarding internationalisation**

Was the plan to internationalise from the inception of the company?

How many markets has the company entered?

When did you enter these markets?

How did the firm internationalise at first? (Did you have to reconfigure your products? Hired more employees? Any training? Any special activities? Competition?)

How did the firm internationalise to the other markets? (Did you have to reconfigure your products? Hired more employees? Any training? Any special activities? Competition?)

What were the underlying reasons for internationalising?

What was easy and what was challenging?

Do the process of internationalisation differ between the countries or are they similar? What differs and what do not?

Has the method of internationalising shifted over the years? If so, Why?

Has the motivation to internationalise shifted? If so, Why?

#### **Final Questions**

Is there anything you wish to clarify, change or extend upon?

Do you have any questions to ask us?