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ENTREPRENEUR’S INFLUENCE ON START UP OPPURTUNITY EXPLOITATION IN BORN GLOBAL HIGH TECH CONTEXT

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Abstract

Globalization of business and development of new technologies have enabled the emergence of firms that aim at international markets right away or soon after their foundation. In these knowledge-intensive, flexibly operating firms the role of the entrepreneur(s) is highlighted. Earlier studies have reported that entrepreneur’s earlier experience, networks and behaviour influence the performance of a firm. The purpose of this study is to enlighten how entrepreneurs influence the ability of born global high tech start ups to exploit international opportunities. Furthermore, the aim is to understand the influence of the entrepreneur’s earlier experience, networks, behaviour and character as well as to elucidate how the entrepreneur’s influence changes after the start up phase. For this study six entrepreneurs from three case companies were interviewed. The results propose that entrepreneur’s experience, networks and behaviour all have an influence on this kind of firms and by understanding this, entrepreneurs can better understand the consequences of their actions and positively influence the performance of the company.

Keywords international opportunity, born global, international entrepreneurship
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1. INTRODUCTION

1.1 Background of the study

Firm internationalization is thought to be a process of accumulation of knowledge in foreign markets and institutions (e.g., Johanson & Vahlne 1977; Cavusgil 1980). Traditionally, the internationalization of a firm is thought to occur through a process where a firm gradually increases its international involvement and ultimately, a result of a series of incremental decisions. (Johanson & Vahlne 1977). The first studies of internationalization processes emerged in the 1960s and 1970s. A key notion of those early studies was that firms internationalized in a stepwise manner to countries which were close in terms of language, culture, educational level, and institutions (i.e., Aharoni 1966).

However, in the last decades, scholars have increasingly reported of new ventures that challenge the traditional view of firm internationalization, by aiming at the international markets right from the inception. These firms are described to be knowledge-intensive SMEs that are entrepreneurial by nature (Bell et al. 2001). The small size of these firms gives them flexibility and enables fast opportunity utilization (Freeman et al. 2006).

Moen (2002) made an interesting notion and claimed that in fact young global firms resemble old global firms when it comes to international orientation, market situation and competitive advantage whereas newly established local firms are more similar “old and local” organizations. These firms have their focus on opportunity development and exploitation whereas the traditional internationalization models emphasized market knowledge (Oviatt & McDougall 2005). Born global firms suffer from different liabilities like newness and lack of resources and therefore creating new business spaces where there is yet not competition can be used as a strategy to compensate these shortages (Gabrielsson & Kirpalani 2004).

Market globalization as well as advances in technology have enabled the emerge of these rapid internationalizing firms, the so called born globals, since they make it
possible also for organizations with limited resources to succeed in international business (Oviatt & McDougall 1994; Knight & Cavusgil 2004). On the other hand, the limitations of the domestics market may force firms to internationalize right away (Evers 2011). Additionally, Knight and Cavusgil (1996) presented factors triggering the development of born globals. Beside the new opportunities created by developments in technology, these included the growing importance of niche markets which forces small, specialized firms to operate in several countries in order to reach enough customers and global alliances and networks.

The main drivers behind rapid internationalization can be divided into five categories: global environment, business specific, location specific, network specific and entrepreneur specific (Zucchella et al. 2007). Accelerated internationalization is most often connected to small and medium-sized enterprises (SMEs) high technology firms (Weerawardena et al. 2007). It has been reported that in Nordic countries nearly half of the high tech start ups begin exporting to other countries within two years after foundation (Lindmark et al. 1994). Scholars have argued that the longer a firm waits before starting its internationalization process, the more difficult it also gets to gain international growth (Sharma & Blomstermo 2003).

The entrepreneurs in international firms are said to differ from those in domestic firms and independent of the country of origin, to share many typical features (Hisrich 2010:10-11, 16-18). Therefore, also in the literature of born globals the role of the entrepreneurs is underlined (eg. Andersson & Wictor 2003; Bloodgood et al. 1996; Knight and Cavusgil 1996; Madsen & Servais 1997; McDougall et al. 1994). Actually, some scholars claim that the process of firm internationalization is actually a results of entrepreneurial actions (Andersson 2000, Chandra et al. 2009; Schweizer et al. 2010). Furthermore, Andersson (2000) identifies a marketing oriented type of entrepreneurs who are proactive in the firm's internationalization and actively create new ways to reach the customers. Also in this study the focus is on the entrepreneur. More specifically, how the entrepreneur's acts and personal characteristics influence a born global start up’s ability to exploit intenational business opportunities.

Several factors have also been reported to affect the success of a firm. These include networks (i.e. Oviatt & McDougall 1994, Coviello 2006) and the entrepreneur’s
earlier international experience (Oviatt & McDougall 1995). For example, networks are reported to provide market access, distribution channels, guidance, financing and new contacts for further development (Oviatt & McDougall 1994, Coviello 2006). On the other hand, entrepreneur’s previous experience is suggested to compensate the lack of their knowledge, opportunity recognition, social networks (Presutti et al. 2008). Moreover, many studies have reported about the positive influence of the entrepreneur’s international attitude, networks and experience on the firm’s international development. (eg. Andersson 2000, 2002; Ibeh & Young 2001; Westhead et al. 2001).

Earlier it has been thought that firms willing to do business outside their home country are already developed in their home country and when entering foreign markets prefer those that are similar to the company's home markets. However, this traditional theory of firm internationalization challenged since the development of technology has enabled the emerge of firms that operate in international markets straight away or soon after their onset. These born global firms are often small which is why the behaviour and attitudes of the founder(s) have a strong influence on the firm’s operations and internationalization (Oviatt & Mcdougall 1997; Andersson 2000, 2002). These entrepreneurs are often internationally experienced and efficient with finding and exploiting business opportunities (Oviatt & McDougall 2005).

1.2 Purpose of the study

This study is a qualitative research with a purpose to elucidate the entrepreneur’s influence the opportunity exploitation of a born global company on the international market. A recent review underlined the importance of the concept of international opportunity for the international entrepreneurship research and addressed the need of further studies on the field (Mainela et al. 2013). Moreover, it has been pointed out that individual differences between entrepreneurs play a big role on determining whether discovered business opportunities are exploited or not (Shane & Venkataraman 2000). Especially, the role of the entrepreneur’s behaviour in the development of a born global firm is not clear (Andersson 2011). Therefore the purpose of this study is to enlighten the influence of the entrepreneur on a born
global start up’s ability to exploit international opportunities. More specifically, the subject is divided into three different aspects: 1) earlier experience, 2) entrepreneur’s character and behaviour, 3) entrepreneur’s networks. Additionally, attention is paid to how entrepreneur’s influence on the firm changes in the course of time. Therefore the main research question for this study is:

*How competencies and characteristics of the founder(s) influence the performance of a born global start up?*

The following supporting research questions are used:

- *How entrepreneur’s earlier experience influences the performance of a born global start up?*
- *How entrepreneur’s behaviour and character influence the performance of a born global start up?*
- *How entrepreneur’s networks influence the performance of a born global start up?*
- *How the entrepreneur’s influence on a born global firm changes in time?*

### 1.3 Research methods

This study is qualitative research. Qualitative research usually explores problems that are not clearly structured and therefore it tends to be flexible and explorative. (Ghauri & Grønhaug 2002: 86) Qualitative date can be analysed by summarizing the data, categorizing or restructuring. Most often the analysis is done by creating a conceptual framework. (Saunders *et al.* 2009:482-484.)

Qualitative research includes three major components: 1. *Data* which is usually collected by interviews or observations, 2. *Interpretative or analytical procedure* conceptualize or analyze the data, 3. *Written or oral report.* (Ghauri & Grønhaug 2005:111).
A case study is defined as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin 2003:13). Case study can be used as the research method if the research question type is “why” or “how”, the researcher has little control over the studied events and the study is focused on a contemporary event that has a real-life context. (Yin 2003:1-3.) Typically case studies combine different data collection methods such as interviews, questionnaires and observations. A case study may aim at generating or testing a theory or providing a description. (Eisenhardt 1989.)

This study is a multiple case study. Empirical data is gathered through semi-structured interviews and observations. In semi-structured interviews the questions asked as well as their order may vary between the interviews. (Saunders et al. 2009:320.) Three case firms were studied: Chameleon, Innovationz and Thursday. These firms are young, technology oriented start ups which are based in Oulu, Finland but already operate in foreign markets. Entrepreneurs from these firms were interviewed about their perceptions of how the entrepreneur influences the performance of a firm in the born global context.

1.4 Definition of key concepts

**Firm internationalization:** “firm-level behaviour that crosses national borders and can be evidenced at specific points in time” (Olejnik & Swoboda 2012)

**Born globals:** SME-sized knowledge-intensive and entrepreneurial firms that internationalize right from the inception or soon after (Bell *et al.* 2003) or “business organizations that, from or near their founding seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries” (Knight & Cavusgil 2004).

There are many concepts that have been used to describe the firms that internationalize right from the onset, for example born global (Knight & Cavusgil 1996; Madsen & Servais 1997; Moen 2002), international new venture (McDougall
et al. 1994), global-start-up (Oviatt & McDougall 1994); and instant exporter (McAuley 1999). In this study the term “born global” is chosen and used exclusively.

**International entrepreneurship:** “the discovery, enactment, evaluation, and exploitation of opportunities - across national borders - to create future goods and services” (Oviatt & McDougall 2005).

**International entrepreneur:** Several characteristics and traits are thought to be shared by international entrepreneurs: they see new situations as exciting possibilities to learn, have a strong will to achieve and ability to create visions, tolerate uncertainty, have high ethical standards and value customers and employees as individuals. (Hisrich 2010: 16-18).

**International opportunity:** “a situation that both spans and integrates elements from multiple national contexts in which entrepreneurial action and interaction transform the manifestations of economic activity.” (Mainela et al. 2013).

**Entrepreneur’s earlier experience:** An individual's experience consists of their accumulated history or background. There are different types of experience that form an entity. The founder’s experience is thought to influence a firm’s performance through development of expertise which enables more knowledgeable actions (Reuber & Fischer 1999).

**Entrepreneur’s behaviour and character:** Individual characteristics of managers that affect firm growth such as achievement motivation and preferring innovation (Stewart *et al.* 1999) as well as personal values (Kotey *et al.* 1997) and managerial behaviour influencing the firm growth include internal activities such as employee empowerment practises (Barringer & Jones 2004) and building up personal networks (Sawyer *et al.* 2003).

**Entrepreneur's networks:** Social ties of the entrepreneur, for example business and personal networks. Networks are influential in a firm's internationalization process, provide social capital and enable mobilization of an entrepreneurial firm. (Coviello 2006).
1.5 Structure of the thesis

The thesis is divided into five main chapters which fall into two categories, theoretical and empirical parts of the study. The first chapter Introduction provides a brief summary of the theoretical background of the study and gives an introduction to SME internationalization and the phenomenon of born globals. Chapter 2, Literature review, consists of a broader review of the literature of the internationalization of SMEs, born globals, international entrepreneurship and the entrepreneurs in born global firms.

Chapter 3, Research design and methodology, talks about the methods used to gain and process the empirical data of this research. Chapter 4, Case description, provides descriptions of the case companies and the interviewees. Chapter 5, Analysis and Discussion, consists of analysis of the empirical data and discussion of the results. The last chapter, chapter 6, Conclusions, summarizes the most important findings of how the entrepreneur’s previous experience, character and networks affect the opportunity exploitation of a born global start up as well as how the influence of the entrepreneur changes after the start up phase. This chapter suggests managerial implications as well as describes the limitations of the study. Aspects for future research on the entrepreneur’s influence on a born global start up’s ability to exploit opportunities are also proposed in this chapter.
2. LITERATURE REVIEW

2.1 Internationalization of SMEs

Internationalization can be determined as “firm-level behaviour that crosses national borders and can be evidenced at specific points in time” (Olejnik & Swoboda 2012). Dunning (1993) presented five main motivations for foreign direct investments: seeking of market, export, efficiency, natural resources or strategic assets. They can be simplified into two dimensions, namely market seeking and asset seeking (Makino et al. 2002). The first typically concentrates on exploiting existing firm characteristics whereas the latter covers mainly the seeking of competitive advantage by using international resources (Gregorio et al. 2008). Internationally active small firms usually grow faster than their domestic counterparts (Andersson et al. 2004).

The literature describes three distinct internationalization patterns for SMEs: traditional, born-global and born-again global (Bell et al. 2003; Olejnik & Swoboda 2012). Traditionally SME internationalization is thought to progress through gradual steps, preferring to target markets that are close in terms psychic distance, so more similar to where the firm originates. By a stepwise internationalization the firm gradually gains more knowledge of the foreign countries, their industries, cultures, policies and languages. One of the most well known traditional internationalization theories is the Uppsala model developed in 1970s. The basic assumption of the Uppsala model is that a firm first develops in local markets and internationalization follows as a result of a series of incremental decisions. According to the Uppsala model biggest challenges for an internationalizing firm are lack knowledge and resources and the resulting uncertainty. These challenges are overcome along incremental decision and learning processes. (Johanson & Wiedersheim-Paul 1975; Johanson & Vahlne 1977.)

However, today the business environment of a firm is more seen as a network of relationships. Therefore also the challenges in doing business are not so much related to any country or region but more related to relationships and networks which cross
national borders. (Johanson & Vahlne 2009.) Psychic distance still affects the country choices but, in the internet era, these distances have shortened and on the other hand, longer distances are now seen as geographically close areas. (Vahlne & Johanson 2002.)

The term “born global” emerged in the literature in the early 1990s. These firms are described to be smaller, knowledge-intensive and entrepreneurial firms that internationalize right from the inception or soon after. They might enter domestic and foreign markets concurrently and target foreign markets regardless of the psychic distance (Bell et al. 2003). Knight and Cavusgil (2004) defined born global firms as “business organizations that, from or near their founding seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries”. Born globals are typically innovative firms that effectively use research and development as well as distribution channels. They operate often in close international partnerships. (Andersson 2004.) In turn, firms that internationalize rapidly after a long period they have focused on their domestic market are named as born-again globals (Bell et al. 2001).

The three internationalization patterns, traditional, born global, born-again global, differ for example by their orientations to internationalization and growth. The more international orientated or growth oriented a firm is, the more likely it is to follow a born global or a born-again global internationalization pattern rather than a traditional pattern. Additionally, born-again globals are reported to be even more growth-oriented than born globals. This has been suggested to be due to that these firms are already matured in their home markets and that they are now aiming to exploit new markets. (Olejnik & Swoboda 2012.)

The factors, that have the biggest influence on the performance of international start-ups at the early stage of their internationalization process, are recognized to be the founders’ international vision, opportunity identification capability and the international contacts and sales leads the firm has (Johnson 2004). The competitive advantage of small firms on the international market comes from their agility, fast opportunity utilization, the use of first mover advantage and quick move into multiple international markets. Often SMEs see larger firms more as possible
partners than as competitors. The larger firms partnering with the SMEs benefit from the technology, flexibility and adaptability the SMEs offer. (Freeman et al. 2006.)

Rapid internationalization has been noted to be easier for younger firms. This might be explained by the assumption that older firms are less flexible and slower learners than the newer ones (Autio et al. 2000). The market on which high-tech SMEs operate, change and evolve continuously which is why firms need to be able to respond and take advantage of opportunities quickly (Freeman et al. 2006). Therefore these SMEs may not always have time to take fully advantage of their prior knowledge or to finalize their strategies before implementing (Johanson & Vahlne 1977). By cooperating with local networks partners, born global companies can accelerate their market entry. (Andersson 2011).

2.2 Born global firms

Earlier doing business in multiple countries was possible only for large corporations. However, advances in technology and the increasing amount of people with experience in international business have made internationalization possible also for smaller enterprises. Evidence about businesses that internationalize from the onset emerged in the press in the late 1980s. These companies challenge already global competitors, especially in the field of high technology (Oviatt & McDougall 1994). Rialp et al. (2005) listed ten factors that create or facilitate early internationalization of a firm:

1) Managerial global vision from inception
2) Previous international experience of managers
3) Commitment to management
4) Usage of personal and business networks
5) Knowledge of the market and market commitment
6) Unique intangible assets through knowledge management
7) Value creation by product differentiation, products that are leading-edge technology, technological innovativeness and quality leadership

8) The strategy is niche-focused, proactive international and is geographically spread to global lead markets from the very beginning

9) Specific customer groups, strong customer orientation and close relationships to customers

10) Flexibility that allows rapid adaptation to changing environment

Gabrielsson & Kirpalani (2004) stated that because born global companies often lack resources and have to find ways to compensate that, creating new business spaces where there is yet not competition can be a significant strategy for these companies. They presented five necessary channels that born global firms need to use in order to succeed in a new business. They argue that at the start-up time any heavy mistakes, losing the investors’ money due to bad decision making, would badly affect the entrepreneur’s personal asset base and therefore the entrepreneurs cannot afford them. To reduce the risk these firms need to use large channels provided by multinational corporations, internet or networks for their internationalization purposes. Use of these channels enables rapid revenues and cash flow, as well as technology, learning possibilities and evolutionary growth. The authors had noted that co-operations with MNCs are more important for born globals as channels than internet. They assumed that partnering with a well-known brand helped the firms to gain customers’ trust.

Oviatt and McDougall (2005) created a model that describes the factors that affect the speed internationalization (figure 1). Three vital aspects are presented, namely: 1) The time between the discovery an opportunity and when it enters the foreign market. 2) Speed of country scope increase. This includes the speed of accumulation of foreign country entries and time taken to enter countries geographically far from the entrepreneur’s home country. 3) The speed at which the proportion of foreign revenue increase.
The model divides the forces that affect the speed of entrepreneurial internationalization into four subtypes: enabling, motivating, mediating and moderating forces. Enabling force includes the development of new technologies. Recent advantages in transportation, communication and digital technology enable rapid internationalization of entrepreneurial opportunity. Motivating force of competition encourages and even forces entrepreneurs to internationalize their business. Entrepreneurs might have to enter foreign markets rapidly before their competitors launch their own products on the market and eventually prevent the internationalization. Mediating force means the entrepreneurial actor. The entrepreneur always interprets opportunities and the enabling and motivating forces against their own characteristics and background. Therefore the acceleration or retardation of internationalization can only be explained by understanding influence of the entrepreneurial actor. (Oviatt & McDougall 2005). Moderating force is divided into two parts; knowledge-intensity of the opportunity combined with the know-how the entrepreneur possesses already and characteristics of the international network of the entrepreneur. After opportunity discovery the enabling and motivating forces are mediated by the entrepreneurial actor and finally the knowledge-intensity of the opportunity and the already existing know-how of the entrepreneurial actor combined with the characteristics of the entrepreneur’s international network determine the speed of the internationalization.
McDougall and Oviatt (1994) presented four elements that are necessary for the existence of born global firms and also sufficient for them to create a competitive advantage:

1. Organizational formation via internalization of some of the organization's transactions
   - It is said that a transaction has been internalized within an organization when the constructing and executing costs of a contract and monitoring the contract parties' performance are at their lowest in an organization since then its hierarchical authority is the chosen governance mechanism.

2. Reliance on alternative governance structures:
   - New ventures often lack resources and therefore they need to rely on alternative modes like network governance structures.

3. Foreign location advantages
   - This element distinguishes international ventures from domestic ventures.

Figure 1. A Model of forces influencing the speed of internationalization. (Adapted from Oviatt & McDoug 2005.)
4. Unique resources

- Born globals are often knowledge-based business, which creates a problem since knowledge can be seen as a public good at least to some extent. To have commercial value for its knowledge the company needs to limit the use of its knowledge. (Oviatt & McDougall 1994.)

Two different types of born global entrepreneurs have been identified. The first one is the experienced employee of a large organization who has ideas but cannot fulfil their ambitions under the current employer. This person becomes an entrepreneur and starts a business with others who agree with the ideas and share the same ambitions. The second type of the born global entrepreneurs is younger and has less experience but nevertheless is ambitious. This type also wants to fulfil their ideas in their own organization instead of working for others. (Andersson & Evangelista 2006). Both the described of entrepreneurs have a global mindset which has been thought to be a fundamental for successful internationalization (Nummela et al. 2004).

2.2.1 Typology of the born global firms

Born global firms are a heterogeneous group showing different kind of characteristics (Baum et al. 2011). Based on the number of coordinated value chain activities and the number of countries entered, four types of born global ventures can be identified: geographically focused start-ups, export start-ups, multinational traders and global start-ups (Oviatt & McDougall 1994). These groups differ from each other by their international experience, knowledge-intensity and product differentiation (Baum et al. 2011).

Gregorio et al. (2008) presented a model of the typology of born global firms (figure 2). The model describes the variations there are with new ventures spanning to multiple markets and variations of how new ventures combine individuals and other resources from different countries. Quadrant I Domestic New Ventures presents firms where there are no international sales, resources or individuals. Quadrants II-IV
represent different types of born global organizations. Quadrant II *Accelerated International Sales* exhibits firms that undergo rapid internationalization to exploit business opportunities. They are founded in response to domestic opportunities but expend to international markets at an early stage. However, these firms use only domestically based resources. These firms are the most studied in the field. Quadrant III *Cross-Border Resource Integration* represents firms where a combination of resources and individuals from multiple countries are as a basis for creation of the firm. The competitive advantage of these firms comes from the national border crossing combination of resources and individuals and their knowledge. However, the business of these firms concentrates on the domestic markets. Quadrant IV *International Resource and Market Combinations* exhibits firms that have features of quadrants II and III. They use international resources, human and tangible, and also operate on multiple countries.

<table>
<thead>
<tr>
<th>Extensive Cross-Border Combination of Resources and Individuals</th>
<th>III Cross-Border Resource Integration</th>
<th>IV International Resource and Market Combination</th>
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<tbody>
<tr>
<td>Domestic Combination of Resources and Individuals</td>
<td>I Domestic New Ventures</td>
<td>II Accelerated International Sales</td>
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<tr>
<td>Domestic Market Opportunities</td>
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<td>Extensive Cross-Border Market</td>
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**Figure 2. Typology of born global firms. (Adapted from Gregorio *et al.*)**

Born global firms are found to have specific characteristics that make them differ from domestic new ventures (DNVs). For example, when the entrepreneurial teams of born globals and DNVs were compared, it was found that the founders of born global were more experienced in internationality as well as the specific industry they were operating. The strategies of born globals are also found to be more aggressive and, when compared to DNV they operate in a wider range of distribution channels than DNVs. Born globals are also more likely to operate in industries that have a high degree of global integration. (McDougall *et al.* 2003).
2.2.2 Born global firm liabilities

Born global companies typically suffer from three types of liabilities that are related to newness, small size and foreignness. Liabilities related to the newness and inexperience of the organization limits its access to resources networks and the firms may have problems with creditability. Many born global companies are small which limits the flexibility of their resources and therefore the possibilities to withstand challenges. Liabilities arising from foreignness of the firm mean overcoming barriers to entry, building links to customers and suppliers and gaining acceptance of new potential customers (Zahra 2005).

Freeman et al. (2006) identified key challenges smaller born global firms often face: lack of economies of scale, shortage financial or knowledge resources and reluctance to risk taking. These are in turn heavily influenced by the firm’s internal and external environment. The factors that enable the firms to overcome these constraints include the firm’s international networks (Oviatt & McDougall 1995), the knowledge and culture within the organization (Knight & Cavusgil 2004) and the characteristics of the top management team (Bloodgood et al. 1996 via Freeman et al. 2006). The authors identified five key internationalization strategies smaller born global firms use to overcome the above mentioned challenges: network contacts, relationships with large foreign suppliers and customers, client followership, using advanced technology, multiple entry modes. Figure 3 present a framework of the key internationalization strategies used by smaller born global firms.
Figure 3. A conceptual framework of key internationalization strategies employed by smaller born-global firms. (Adapted form Freeman et al. 2006).
Young firms often lack financial, human and tangible resources which are needed for internationalization. (Knight & Cavusgil 2004). It has been argued that one of the biggest challenges born global companies face is a scarcity of managerial resources needed to handle international operations since managers of young companies often have little experience in international business and management even though they usually are technologically competent. This has been noted to be especially the case with information communication technology firms. (Luostarinen & Gabrielson 2004 via Laanti et al. 2007). The firms need to find solutions to rapid expansion while sustaining the competitive edge (Laanti et al. 2007).

2.3 International entrepreneurship

Oviatt and McDougall (2005) divided entrepreneurship into two parts, opportunities and individuals striving to benefit from the. The literature suggests that internationalization and entrepreneurship are similar processes and that firm internationalization is actually recognition of internationalization opportunities (Andersson 2000, Chandra et al. 2009; Schweizer et al. 2010). According to Oviatt and McDougall (2005) "International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities -across national borders- to create future goods and services". In the research of born global ventures the importance of entrepreneurial behaviour and the entrepreneurs themselves is highlighted (eg. Andersson & Wictor 2003; Bloodgood et al. 1996; Knight and Cavusgil 1996; Madsen & Servais 1997; McDougall et al. 1994).

Schweizner et al. (2010) suggested that internationalization of a firm can be seen as a consequence of its efforts to improve the position within its networks, and therefore as a by-product of an entrepreneurial action. Moreover, Jones and Coviello (2005) suggested the internationalization of a firm to be “a time-based process of entrepreneurial behaviour”.

What distinct international entrepreneurship from domestic entrepreneurship are the decisions the entrepreneurs make. Namely, compared to domestic entrepreneurs, the
decisions international entrepreneurs make are much more complex due to the uncontrollable factors of the environment i.e. type of the economic system, technological environment, culture and politics. (Hisrich 2010: 10-11). Despite of the country of origin, several characteristics and traits are said to be typical for all international entrepreneurs:

- **Embrace of change**: Global entrepreneurs typically like and appreciate differences in people and situations. They see new situations as exciting possibilities to learn.
- **Desire to achieve**: Global entrepreneurs have a strong will to achieve and they also have the experience and abilities needed for success.
- **Ability to create a vision**: A clear vision that is understandable to employees and customers is crucial for international entrepreneurs. Typically global entrepreneurs think that nothing is impossible, they don’t count their working hours and most often these entrepreneurs do not fail.
- **Tolerance of ambiguity**: Global entrepreneurs have a passion for learning and that is why they do not see change or newness as a thread. Uncertainty is thought to bring new opportunities.
- **High level of integrity**: Global entrepreneurs have high ethical standards they follow in business and private life and the same level of honesty and integrity is expected also from employees.
- **The importance of individuals**: Well-being of employees is very important of global entrepreneurs and also customers are valued as individuals. This way the entrepreneur wants to create a sustainable business. (Hisrich 2010: 16-18).

### 2.4 The entrepreneur in a born global firm

Studies have shown that the mindsets of managers of born global companies differ from those of managers in more traditional organizations. Managers of born global companies are clearly more globally oriented and have higher risk tolerance than managers of gradually globalizing firms. Born global company management is in
general also more internationally experienced (Harveston et al. 2000) and have a clear global vision from the beginning with (Knight & Cavusgil 2004).

It has been shown that in small firms the decision maker has a key role in the firm’s internationalization (Andersson 2000, 2002). Born global companies are often small and flexible, and they are not likely to be institutionalized. This gives them one of their most important competitive advantages since the top management often meets personally with the customers. They have a good understanding of the business and also authority to make adjustments on the spot when needed. Therefore the role of individuals in decision-making is emphasized in these firms compared to larger firms. (Oviatt & McDougall 1997). Born global firms operate in unpredictable environments which is why individuals have a great role on affecting the development of the firm (Andersson 2000). It has been pointed out that to understand the behaviour of born global firms, understanding the entrepreneur is pivotal (Andersson & Evangelista 2006).

External factors like industrial characteristics and organizational factors, i.e. technological competence and the chosen entry mode to a market, are known to affect the survival of a born global firm (Mudambi & Zahra 2007). Oviatt and McDougall (1995) presented seven characteristics associated with survival and growth of global start-ups:

1. A global vision that exists from the inception
   - Possibly the most important character related to success. Business thinking within the company cannot be bound to a single culture or country. The founder also needs to be able to communicate the vision with other people involved with the company.

2. International experience of the managers
   - Many think this is necessary. The international experience has often been the initial inspiration for founding a born global company.

3. Strong international networks
   - Networks offer access to vital resources like financiers and suppliers.

4. Exploitation of pre-emptive technology or marketing
- In order to be successful in a foreign market the company needs to have a clear advantage. Startups have limited experience and small size so therefore born globals need the first mover advantage with a distinctly valuable service or product.

5. Unique intangible assets.
   - In order to sustain their competitive advantage born global start-ups are dependent on intangible assets like tacit knowhow.

6. Extensions of products and services are closely linked
   - To distinguish from their competitors in the long run, the global start-ups need their competitive advantage “a moving target”. Though, these start-ups have limited resources and experience and therefore the innovations need to be kept incremental.

7. The firm is closely coordinated worldwide
   - In order to achieve this there must be a close bond between the top managers and every employee in the company needs to be committed to the global vision. Additionally, to establish and nurture the company's international network a lot of travelling is required from the top management since face-to-face meetings are vital for this. Moreover, the communication infrastructure must be sophisticated and well working also between these face-to-face meetings. (Oviatt & McDougall 1995.)

On their part, Knight and Cavusgil (2004) emphasize the importance of innovative processes to success of a born global firm. The authors state that the strongly innovative nature of born global companies supports their rapid internationalization by supporting development of knowledge that drives development of organizational capabilities that enable rapid internationalization. Additionally they propose that a firm’s innovative activities facilitate entering new markets and reinventing operations that are needed to serve the markets optimally.

A firm’s capability to adapt new technologies is important for product differentiation, rapid market entry and gaining competitive advantage (Zahra et al. 2000). Surprisingly, imitability of the firm’s own technology has been reported to have a positive effect on a firm’s growth on international market (Autio et al. 2000).
However, the role of the entrepreneur’s behaviour on the development of a born global remains unclear (Andersson 2011).

2.4.1 Earlier experience

International experience of the manager is one on the seven factors Oviatt and McDougall (1995) listed a born global firm’s success and growth on the international market to be dependable on. Entrepreneur’s previous experience is suggested to compensate the lack of their knowledge, opportunity recognition, social networks (Presutti et al. 2008) and even partially the lack of organizational experience can be substituted by managerial experience (Sapienza et al. 2006).

It has been noted that an entrepreneur’s earlier experience about start-ups and closing down a firm correlates with a positive attitude towards failure. Actually, closing down a business as result of poor performance is a valuable source of learning for an entrepreneur. (Politis & Gabrielsson 2009). Knowledge combined with social networks are considered to be the main factors behind opportunity identification and exploitation (Ardichvili et al. 2003) and, they are strongly interrelated with entrepreneur’s prior experience (Evangelista 2005).

One entrepreneurial factor influencing the firm’s international development is the age of the entrepreneur (Andersson & Wictor 2003; McDougall et al. 2003). Older entrepreneurs who have gained more experience, resources, management know-how, industry specific knowledge and dense networks are more likely to become exporters (Westhead et al. 2001). When it comes to born global firms, the background and experience of the entrepreneur are important factors influencing the appearance of the firm (McDougall et al. 1994; Madsen & Servais 1997). Actually, it has been claimed that the manager’s perception of the fast-changing environment almost solely explains why some firms internationalize (Andersson et al. 2004).

Onetti et al. (2010) proposed that the success of a new firm would be dependable of the founder’s ability to anticipate change. They also saw that the accumulated experience and vision of the entrepreneur allows a new venture to be global from the
onset. Founder’s expertise and skills also affect the growth and profitability of a firm (Chandler and Jansen 1992). Internationally experienced management has a greater facility to develop foreign strategic partners and after the start-up face they delay less in obtaining foreign sales. These behaviours correlate with a higher degree of internationalization. (Reuber & Fischer 1997).

The founder’s experience is thought to influence a firm’s performance through development of expertise which enables more knowledgeable actions (Reuber & Fischer 1999) or dominant logic that is an information funnel through which experienced founders filter their attentions (Bettis & Prahalad 1995; Prahalad & Bettis 1986). These two ways of the influence of the founder’s expertise on the performance of a business are presented on figure 4.

Figure 4. The influence of founder’s experience on venture performance. (Modified from Reuber & Fischer 1999).
2.4.2. Entrepreneur’s behaviour and personal characteristics

Andersson and Tell (2009) presented a conceptual model of managerial influence on the growth of a small firm (figure 5). In the model three different aspects of managerial influence are identified.

1. **Managerial traits and characteristics:** Individual characteristics of managers that affect firm growth include risk taking propensity, achievement motivation and preferring innovation (Stewart *et al.* 1999) as well as personal values (Kotey *et al.* 1997). Also experience and education of managers have a positive effect on firm growth (eg. Richbell *et al.* 2006).

2. **Managerial intensions, aspiration and motivation:** A positive relationship has been identified between managerial aspiration to expand the business and the firm growth (Wiklund & Shephard 2003).Therefore the role of motivation in firm growth is stressed (Andersson & Tell 2009) but, however, it is not enough to guarantee the business expansion (Andersson 2003).

3. **Managerial behaviour and roles:** Managerial behaviour influencing the firm growth include internal activities like employee empowerment practises (Barringer & Jones 2004), strategic alliances and supplier relationships (Sadler-Smith *et al.* 2003), building up personal networks (Sawyer *et al.* 2003), strategic management (Woods & Joyce 2003), culture and vision management (Sadler-Smith *et al.* 2003) and decision comprehensiveness (Smith *et al.* 1988).
Mainela et al. (2011) defined four distinct entrepreneurial behaviours which primarily drive the development of born global ventures and their network embeddedness, namely, external solution-creation, solving of internal problems, opportunity organizing and opportunity selling. External solution-creation is closely related to the needs of customers. Internal needs and limitations often give birth to new innovations. The problem solving behaviour is also embedded in the co-worker network. Opportunity selling usually involves consultants and financiers to whom opportunities are needed to be sold. Opportunity organizing includes determination of the business concept, target market and customers and defining possibilities to put the opportunity into practice as international business.

Zott and Huy (2007) in turn identified four different types of symbolic actions that resource poor entrepreneurs use to acquire new resources: conveying the entrepreneur's personal credibility, organizational achievement, professional organizing and the quality of stakeholder relationships. The entrepreneurs who performed these actions frequently and skilfully where found to acquire more resources than those who did not.

Figure 5. Conceptual model of managerial influence on the growth of a small firm. (Adapted from Andersson & Tell 2009).
2.4.3 Entrepreneurial networks

Relationships within an entrepreneur’s network have been divided into different types, for example weak/strong (Sharma & Blomstermo 2003), business/social (Coviello 2006) or friendship/personal/organizational/reporting relationships based on commitment and trust (Mainela 2007). These networks are important for a firm's internationalization since they provide market access, distribution channels, guidance, financing and new contacts for further development (Oviatt & McDougall 1994, Coviello 2006). They have been explained to help entrepreneurs at opportunity identification, building of credibility and often lead to formation of co-operative strategies (Oviatt & McDougall 1995).

The literature suggests that the basis for growth provided by an organization's network relationships is more important than the path the firm takes to internationalization (Welch & Welch 1996, Johanson & Vahlne 2009). The success of a firm is dependable on the alliances and relationships built with other organizations (Spekman et al. 1998).

Knowledge intensity of the firm is claimed to be one of the key drivers of internationalization (Brennan & Garvey 2009). Organizational knowledge gained from long-term relationships is often concentrated in one person who can have a significant impact on the firm’s internationalization through their social networks (Ruzzier et al. 2006). This sub-network has an influence on and, vice versa, is also affected by the operational model the organization chooses as well as its gained resources (Holmlund and Kock, 1998). Equally, inter-firm and interpersonal relationships are reported also to have impact on internationalization matters such as the foreign market selection (Ruzzier et al. 2006).

According to McDougall and Oviatt (1994) networks help founders of born global firms to identify business opportunities in international business and that these networks have more influence on the entrepreneur’s choices of countries than the psychic distance. The strength of the ties within networks as well as size and overall density of the networks are identified to be the key aspects of entrepreneurial networks that influence the speed of internationalization (Oviatt & McDougall 2005).
At least with young born global firms the range and density of the networks are reported to grow over time (Coviello 2006).

A study of micro-businesses in New Zealand showed that the entrepreneur’s network plays an important role on survival and success of a small firm (Samujih 2008). Insidership in relevant network is a prerequisite for success in internationalization. Relationships enable learning and building of trust and commitment which are necessary for internationalization. (Johanson & Vahlne 2009). Networks help firms overcome liabilities like newness and smallness (Steier 2001).

When organizing the business network of a born global firm, managers use four different types of interpersonal relationships or managers within different organizations. These relationships differ from each other by personal trust between the parts of the relationships and by the degree of personal involvement. Reporting relationships are formal in nature and mainly only simple and often regulatory information is transferred through them. These relationships are a natural part of every business network but they are not seen important for business organizing nor are they relied on when urgent problems emerge. Organizational contacts are also formal but more important for business operations. Individuals are representing their companies and the trust in these relationships is based on the company reputation not on a personal view of the manager. The parts of personal relationships know each other well and these managerial relationships include continuous and frequent interaction. These relationships are still somewhat formal but are however really important for a firm. Friendship relationships are between individuals who have personalized trust on each other and who are able and also willing help with urgent problems. These relationships may have developed outside business and typically can be relayed on even without active interaction. All of the above described relationship types can change their character over time and they can also include to one but even all the four types of the relationships. Figure 6 illustrates these four types of business relationships and how they distinct from each other by trust and the degree of personal involvement. (Mainela 2007).
2.4.4 Change of the entrepreneur’s influence

Even though it has been suggested that the manager’s perception of the fast-changing environment is the primary cause behind firm internationalization, after the firm has entered the international market it is the experience accumulated in the organization combined with a younger generation of managers that are needed for the firm to grow internationally (Andersson et al. 2004). It has been concluded that effective leaders are able to change their leadership style to suite the context (Andersson & Tell 2009). However, change is not always easy. It has been showed that it is hard for managers to let go of the things that enabled the firm growth initially (eg. operational issues) (Tell 2012), even though after the initial growth phase a strategy change to a more dynamic would probably support firm growth more (Parker et al. 2010). If the manager of a small firm is unable to change their focus the firm is in danger to get stuck in its own success (Tell 2012) and loses its ability to recognize and adapt to environmental changes (Elsass 1993).

Figure 6. Four types of interpersonal relationships used for organizing a born global firm. (Adapted from Mainela 2007).
Previous experience of the entrepreneur is thought to be more relevant at the start-up phase (Reuber & Fischer 1999). For example in the research of Cooper et al. (1989 via Reuber & Fischer 1999) 42-58% of founders studied had got the business ideas from an earlier job, whereas (Vesper 1990 via Reuber & Fischer 1999) reported that entrepreneurs tend to start businesses in areas, (technologies, markets, countries) they are already familiar with. However, new ideas often come from outside the industry (Almond 1995 via Reuber & Fischer 1999).

Greiner (1972) presented an organization growth model where he described five different growth stages: creativity, direction, delegation, co-ordination and collaboration. Each of the stages (firm evolution) is followed by a crisis (revolution). (Figure 7).

- **Crisis of leadership:** In stage 01 the firm’s growth is acquired through entrepreneurial creativity whereas in stage 2 the growth comes through strategic leadership. When the firm moves from stage 1 to stage 2 the production grows larger and the workforce increases. Also further growth needs to be secured by financial control. Therefore restructuring of the organization and hiring additional executive resources are necessary to meet these challenges.

- **Crisis of autonomy:** When the physical size of the firm grows, the control mechanisms needed to overcome the first crisis become less practical. Centralized hierarchy does not work anymore since executives are not as familiar with markets and machinery as is the line staff. To overcome this crisis of autonomy, operational decision-making needs to be sufficiently delegated.

- **Crisis of control:** As a result of excessive discretion the top executives have lost the power that now is concentrated in lower and middle management. To leave stage 3 and into enter stage 4, the organization’s top management needs to regain control which happens through special co-ordination techniques.

- **Crisis of red tape:** When the firm has reached stage 4, it is likely that it has lost a lot of the entrepreneurial power it originally had. Increased bureaucracy and complex organizational structure with divided operations has lead to
crisis of confidence and red tape. The paper systems needed to overcome the earlier crisis causes dissatisfaction in line managers and in senior managers. At this stage the firm is too large and complex for management through formal procedures and controls to work. To move to stage 5, a shift to interpersonal collaboration is required.

- *Crisis of ??*: In the fifth stage the organization tries to overcome excessive bureaucracy by creating more collaboration within the organization. However, as the firm evolves new crisis will emerge. This crisis is hypothesized to revolve around psychological saturation of workers which results from information age. As a consequence employees are allowed to move periodically so that spent staff can refuel their energies. Alternatively, it is also possible that at this stage the organization starts to act the same they did when they were small. (Kirby 2003:278-279).
All of the above described stages of firm growth require a different management style. For a small firm, the key for not losing its entrepreneurial momentum as the firm grows, is to evolve the firm’s structure and the management style. This way the firm may never enter stage 4. (Kirby 2003:279-280).

In turn, Churchill and Lewis (1983) created a firm growth model describes six distinct phases of organizational development, these are: 1. conception/existence, 2. survival, 3. profitability and stabilization, 4. profitability and growth, 5.take-off and 6. maturity. The model suggests that in the early stages the success of a small firm is dependable on the founder’s ability to do inventions, produce, sell, manage etc. As the firm grows, the owner should dedicate more time for management and consequently delegate other operations. However, many find this difficult and fail to let go, which often explains why there not many businesses that reach the later stages of firm growth, take-off and maturity. (Kirby 2003: 282).
2.4.5 Conceptual framework of the study

Based on earlier research, conceptual framework for the study has been formed. Figure 8. illustrates the influence entrepreneur’s influence on the opportunity exploitation of a born global start up. The subject is divided into three different aspects, earlier experience, networks and behaviour and personal characteristics.

![Diagram of conceptual framework](image)

**Figure 8.** Influence of the entrepreneur’s earlier experience, networks and behaviour and characteristics on the opportunity exploitation of a born global high tech start up. -Conceptual framework of the study.
3. RESEARCH DESIGN AND METHODOLOGY

The purpose of this study is to elucidate how entrepreneurs influence the survival of a born global firm. Furthermore, the focus is on the entrepreneur’s earlier experience, behaviour and personal characteristics and their networks and the change of entrepreneur’s influence on the firm in the course of time. This chapter presents the methods used in this study to collect and analyze the empirical data.

3.1 Business research

The purpose of research is to search facts to answer questions and to solve problems (Krishnaswami & Satyaprasad 2010:2). Timm & Farr (1994:7) define research as follows: “Research is the process of getting dependable answers to important questions using a systematic method of gathering, analyzing and interpreting evidence. Its end product is knowledge.” Moreover, research is a “systematic and critical investigation” of a phenomenon by a scientific method. The purpose of research is to describe, interpret and explain the studied phenomenon and it aims at generalization and creating principles or theories. Another important feature of research is that is aims at finding an answer that does not depend on the researcher and can stand critical evaluation. The goal of a research can for example be developing new concepts or tools, verifying and testing facts, finding answer to a specific problem or simply just extending the human knowledge. (Krishnaswami & Satyaprasad 2010:3-4.)

Research can be further divided to basic research and applied research. The purpose of basic research is to widen the knowledge of a subject in general. It does not aim finding answers to any specific problems. In contrast to basic research, applied science is problem-oriented and aims at solving specific research problems. (Timm & Farr 1994:8.)

Data collected by research may be primary or secondary. Primary data is obtained firsthand for example through observations, interviews or surveys whereas secondary
data is obtained from published sources like books, journals or newspapers. Usually secondary data is used to refine the research question or to see if an answer for the problem already exists. Secondary data can also be empirical, i.e. annual reports of a studied company. This kind of data can be used as evidence for the arguments made in a study. (Timm & Farr 1994:7.)

Business research is problem-orientated by nature and usually tries to gain information to help to made a decision or solve a specific problem. Research can also been seen as a safer option for answering questions by trial and error. By research, good, informed decisions and effectiveness in organizations are enabled (Timm & Farr 1994:3-4, 6.) Business research is done to find an answer to a research gap, questions raised by earlier studies, to solve an inconsistency found in the literature or to investigate a question or phenomenon found in real life context i.e. within an organization. Basically, the idea of business research is to understand better what happens in organizations. (Bryman & Bell 2007: 28.)

Business research and managerial problem solving can be seen as very similar processes. Managers need to be able to understand and evaluate the consequences of their decisions. When managers use an investigative approach to solve problems and make decisions it should lead to better results than if the managers base their acts only on intuition or personal opinion. However, in the same time most managers do not know how to use the results gained through research (Ghauri and Gronhaug 2002:10).

3.2 Quantitative research

Quantitative research is based on amount and the outcomes are presented in numbers (Krishnaswami & Satyaprasad 2010:6). Quantitative research resembles natural sciences and it has many of its practises and norms. It is deductive by nature, therefore aiming at testing an existing theory. Quantitative research views social reality external and objective. (Bryman & Bell 2007: 28.)
Bryman & Bell (2007:29) presented the eleven main steps included in the ideal process of quantitative research:

1. Theory
2. Hypothesis
3. Selection of research design
4. Devise measures of concepts
5. Selection of research sites
6. Selection of research subjects
7. Data collection/Administration of research instruments
8. Data procession
9. Data analysis
10. Drawing conclusions
11. Writing up findings and conclusions

A very similar process is also recommended for qualitative research process (Eisenhardt 1989).

For data procession, quantitative research uses statistical tools like arithmetic mean and standard deviation. If the behaviour of the studied variables is constant for a period of time, the results can be used to draw generalization of trends. In social sciences most researches use simulations for developing a numerical model that is based on a created research environment. (Krishnaswami & Satyaprasad 2010:6-7).

3.3 Qualitative research

Qualitative research bases on subjective assessment for example of attitudes, opinions or behaviours (Krishnaswami & Satyaprasad 2010:7). The main purpose of qualitative research is understanding and gaining insights as well as constructing explanations or theories. (Ghauri and Gronhaug 2002:85-86)

The nature of qualitative research tends to be flexible and explorative since the studied problems are often “unstructured”. In contrast to quantitative research, which
emphasizes descriptions and testing of hypotheses, qualitative research is often explorative and unstructured and underlines understanding. (Ghauri and Gronhaug 2002:86). Differences between quantitative and qualitative data are presented in Table I.

Table I. Quantitative and qualitative data. (Modified from Saunders et al. 2009:482)

<table>
<thead>
<tr>
<th>Quantitative data</th>
<th>Qualitative data</th>
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<tbody>
<tr>
<td>* Bases on meanings derived from numbers</td>
<td>* Bases on meanings expressed</td>
</tr>
<tr>
<td>* Numerical and standardized data</td>
<td>* Non-standardized data which requires classification into categories</td>
</tr>
<tr>
<td>* Analysis through diagrams and statistics</td>
<td>* Analysis through conceptualization</td>
</tr>
</tbody>
</table>

Analysis of qualitative data is usually involves summarizing the data, categorizing or restructuring. Most often the analysis is done by creating a conceptual framework. (Saunders *et al.* 2009:482-484.) Whether qualitative research methods are suitable, depends on the research problem as well as the focus and purpose of the research. Typically, qualitative research is applied when the study aims at understanding a person’s behaviour or experience or uncovering an understood phenomenon. Events and social processes can rarely be studied with quantitative methods and therefore qualitative methods are more suitable. Qualitative research can be used to study individuals, groups and organizations. (Ghauri & Grønhaug 2005:110-111).

Qualitative research includes three major components: 1. *Data* which is usually collected by interviews or observations, 2. *Interpretative or analytical procedure* conceptualize or analyze the data, 3. *Written or oral report*. (Ghauri & Grønhaug 2005:111).

### 3.4 Case study

There are multiple ways for doing research in social sciences including experiments, surveys, histories, analysis of archival information and case studies. The type of research strategy chosen depends on the research question, the control the researcher
has over the behavioural events and whether the focus of the study is on contemporary or historical phenomena. Though, different research methods can be combined in a study. (Yin 2003:1).

The choice between different research methods depends on

- what kind the research question is
- if the researcher has control over behavioural events
- if the focus of the research is on a current or historical phenomenon
- what kind of information is needed
- how the information can be obtained. (Ghauri & Grønhaug 2002:172).

A case study is defined as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin 2003:13). In general, case study is a suitable research method when the research question is “why” or “how” type, the researcher has little control over the studied events and the study is focused on a contemporary event that has a real-life context. Often the case study method is used to understand complex social phenomena. Case studies can be further divided into three categories: explanatory case studies, descriptive case studies and exploratory case studies. (Yin 2003:1-3.)

In this study, case study is chosen for the most suitable research method based on the type of the research question and the study’s focus on a contemporary event. Additionally, a case study can be used because the researcher has no control over the behavioural events of the studied phenomenon. This type of a study is an explanatory case study. (Yin 2003:1.)

Case studies may be single or multiple-case studies (Yin 2003: 14). In this study a multiple-case study approach was chosen. When the research design of a case study is planned there are five components that deserve particular attention, namely, the question, propositions (if there is one), the units of analysis, the logic that links the data and propositions and criteria used for interpreting findings (Yin 2003:21). According to Ghauri & Grønhaug (2002:171) case studies are descriptions of
management situations. The method is applicable for developing and testing theories. There are many ways for collecting data, including personal interviews, observations and different kinds of reports, i.e. market and competition reports. (Ghauri & Grønhaug 2002:171-172.)

Here the research situation resembles one of the three situations described by Yin (1984, via Ghauri & Grønhaug 2002:173) when a case study should be preferred as the research method “if we want to study some specific characteristics of a rare or extreme situation in which an organization finds itself, we can use the case method to compare and contrast”.

Yin (2003:39-40) presented a 2x2 matrix describing four distinct types of case studies: single case (holistic) designs, single-case (embedded) designs, multiple-case (holistic) designs and multiple-case (embedded) designs (figure 8). The line between case and context is usually not sharp and in the matrix this is described with a dotted line. This study has a holistic multiple case design.

![Diagram of case study designs](Diagram.png)

Figure 9. Basic types of designs for case studies. (Modified from Yin 2003: 40.)
3.5 Data collection and analysis

There are three principles that should be followed when case study data is collected: 1. use of multiple sources of evidence, 2. creation of a case study database which increases the reliability of the study 3. maintaining the chain of evidence so that an external observer can follow the derivation of all the evidence. Following these principles when conducting a case study will increase the quality of the research. (Yin 2003:83-105)

Data for case studies can be conducted from six different sources: archival records, documents, participant-observation, direct observation, physical artifacts and interviews (Yin 2003:83). The data for this study is collected through interviews and direct observations. Semi-structured interviews are used, meaning that the researcher has a list of themes and questions that are needed to be covered during the interview. In semi-structured interviews the questions asked as well as their order may vary between the interviews. (Saunders et al. 2009:320.)

Most often the nature of case study interviews is open-ended which means that the respondent is asked not only about facts but also about their personal opinions. The respondents may also suggest their own insights of the events or propose other sources of evidence of suitable persons to be interviewed. (Yin 2003:89-90.)

Case study interviews can also be focused interviews. In focused interviews the respondents are interviewed for a short period of time and the interview is more likely to follow a certain set of questions even though open-ended questions can also be used. Focused interviews can for example be used to confirm some facts that already seem established. A third type of interviews used for data conduction in case studies is using formal surveys. (Yin 2003:90-91.)

Data collection by observation includes systematic observations, recording, description and interpretation of behaviour (Saunders et al. 2009: 288.) Observations can be formal or casual. Formal observations can for example be measuring of certain incidences or behaviours. More informal observations can be done for example through a field visit or during interviews as has been done in this research.
Through observations valuable additional data of the research topic can be conducted. (Yin 2003:91-92.)

One of the most popular techniques for case study analysis is pattern-matching logic where empirically based patterns are compared to predicted ones (Trochim 1989). With explanatory case studies patterns can be related to independent or dependent, or both, variables of the study. When descriptive case studies are analysed, pattern matching is relevant as long as predicted patterns are defined before the data is collected. (Yin 2003:116.)

Case study analysis can also be done by explanation building technique. The main idea of the technique is to analyse the data by conducting an explanation about the case. The method is mainly used with explanatory case studies. (Yin 2003:120). Other case study analysis procedures include time-series analysis, logic models and cross-case synthesis (Yin 2003: 122-133.)

To collected data about how entrepreneurs affect the performance of born global start ups, six entrepreneurs from three different companies were interviewed. All the interviews were informal face-to-face meetings and lasted from thirty to sixty minutes. Open-ended interviews were chosen as the most suitable method to gain the best understanding of the interviewees’ insights and opinions. The interviews were carried out in February 2013. Additional data was collected from the case companies’ websites and the companies’ and interviewees’ profiles in social media as well as by casual observations of the interviewees’ character and attitude towards the research subject and doing international business in general.

The interviews were recorded and they were transcribed to text for analysis. Explanation building technique is an often used technique with explanatory case studies and was also used as the analysis method in this research. Hence, the collected data was used to collect an explanation about the studies case.
4 CASE DESCRIPTION

To study the research question, three case companies were chosen, here referred with pseudonyms Chameleon, Innovationz and Thursday. People’s real names are either not used. All the three case companies are high tech start-ups that are based in Oulu, Finland. Two entrepreneurs from each company were interviewed.

4.1 Chameleon

Chameleon is an SME sized high technology start up that develops applications, games and cloud services for smart phones. The company was founded in Oulu at the end of the year 2011 by four engineers formerly employed by the mobile phone company Nokia: Jani Matikainen, Martti Vehnänen, Pekka Korpikoski and Mika Lehto. The company recruited quickly and in February 2012 it already had 11 employees. The company’s foundation was funded by the Nokia bridging packet which included start money and bank loans which were secured by Nokia.

Chameleon’s strength is its strong team which is skilful and internationally experienced. Product development, software testing, usability design and conceptualizing can all be done self by the team. The founders have got international business experience and are used to working with foreign cultures thanks to their background in a big global company. Two of the four entrepreneurs have also lived abroad. At the moment the team includes 12 employees and three interns. Strong experience of the team was also one of the main reasons why the company dared to start its business big right from the onset. All of the company’s business partners have been found through networks.

Chameleon launched its first product HW in the summer 2012. HW is a mobile application designed for families. The idea of the product is to be a virtual a fridge door that can be used with mobile devices. The application is a combination of a shared calendar for the whole family, a notebook and a messaging board. HW could be used right away in 40 different languages and it got quickly users in more than a hundred countries. Chameleon is also developing location based
mobile games for smart phones. The games’ idea is to create the game world based on the player’s real environment and physical movements. These products have not been launched yet and at the moment the focus is on HW.

Chameleon’s business is based on volume, the idea is to offer cheap products but to a big audience. For example HW is offered free for the first month and even after that the costs for the user are low, for example in western Europe approximately two euros per family. Therefore marketing is especially important because the only way to make profit is to have a big number of users for each application. On the other hand, this is also a challenge since a big audience needs to be reached with as low costs as possible. For this, mobile marketing has been found to be the best solution.

The marketing strategy with HW is to focus on the most promising market areas but at the same time to have the application available globally. Interestingly, there are some countries were HW is really popular even though only a little or no marketing have been done there. At the moment Chameleon’s number one interest with HW is the markets in South America. Beside South America, Chameleon has had promising negotiations in also Italy and Great Britain. Additionally, the company has representatives in Dubai, Australia, Singapore and Cuba. The search for new business partners has been outsourced for these people.

For this study, two of the company’s owners, Martti Vehnänen and Mika Lehto, were interviewed. Martti is the company’s chief marketing officer and a first time entrepreneur whereas Mika is responsible for the products’ usability and design. Mika is an entrepreneur also in another small company. At the moment Chameleon is facing challenges and both Martti and Mika have to earn their living elsewhere.
4.2 *Innovationz*

*Innovationz* is a high technology start up based in Oulu. The company was founded in 2012 by three engineers: Tuukka Lampi, Yrjö Miettinen and Mikael Jokela. At the moment the company has no other employees.

*Innovationz* provides services for crowdsourced feedback and idea campaigns. The idea is to help organizations to activate different kinds of communities and interest groups to tell about their ideas and opinions. *Innovationz* then helps its customers to develop these ideas and thoughts to market-driven products. Information can be collected for example by using social media, the organizations customers or subcontractor. Besides collecting feedback and information *Innovationz* also evaluates if it has value and potential for further use for the customer.

All of the company’s founders have earlier experience as entrepreneurs. Tuukka Lampi and Yrjö Miettinen are serial entrepreneurs who have experience with multiple companies and also at the moment own other companies beside *Innovationz*.

*Innovationz* has already done co-operation with big global companies and charities. The company has also started some projects in Finland, however, Finland is seen only as a good place to run test projects, since a majority of the owner’s contacts are Finnish. At the moment *Innovationz* sees USA is its most potential market area and also concentrates its marketing in the country.

To enter the markets in the United States, *Innovationz* has exploited the help of organizations like Finnpro, the Finnish American Chamber of Commerce, Ministry of Employment and the Economy. The co-operation has helped especially with gaining credibility for example in negotiation situations but so much with the actual business by bringing new customers or other ways. *Innovationz* also attends actively conferences oversees to network and get visibility for the company.
Innovationz has offices in Finland and USA but plans to move more of its operations overseas. At the moment the company is in a private beta testing phase and it has already carried out projects with big globally operating customers.

Despite its small size and young age, Innovationz has already caught vast attention both from media and by business partners. The company was one of the nine promising Finnish growth ventures chosen to ring the Nasdaq bell with the Finnish minister of affairs in October 2012.

Two of Innovationz’s three founders were interviewed: Tuukka Lampi and Yrjö Miettinen. Tuukka is Innovationz’s CEO and responsible for the company’s sales and marketing. Tuukka is experienced with start ups and has special know-how on social media and crowdsourcing.

Yrjö Miettinen is responsible for Innovationz’s technical strategy. Yrjö is also the chairman of the board of Innovationz. Yrjö’s has specialized in working life with areas around research and innovations. Yrjö’s background is in engineering. Both Tuukka and Yrjö are serial entrepreneurs and are engaged in other projects beside Innovationz.

4.3 Thursday

Thursday is a start up that organizes networking events. The idea of the company is to organize business networking events on Friday afternoons around a chosen theme. The events are organized in different places depending on the current theme. The events are informal, there are some invited guests who present themselves but otherwise no program is followed. Anyone interested in the theme of the event is welcome to join.

Thursday started from the idea of Matti Pulkkinen who organized a networking event for start ups in Helsinki in 2009. The event was a success so he decided to
build a company around this idea and so *Thursday* was founded. Soon new members joined in and at the moment the *Thursday* team has seven members.

*Thursday* has a special feature, namely there are also volunteer workers who help with organizing events occasionally. The volunteers are unpaid but benefit from the new contacts can have a chance to make.

Even though *Thursday* was founded and the first event was organized in Helsinki, now the company’s headquarters are in Oulu. In the near future the company is preparing to take its concept overseas. The first steps have already been taken in Singapore and Vancouver, Canada. The owners have contacts in these cities and that is why they were chosen as the first markets to target.

For this study, two of *Thursday*’s entrepreneurs were interviewed, Matti Pulkkinen and Jukka Ström. Matti Pulkkinen is one of the company’s founders and the father of the idea. He is a serial entrepreneur. He started his first company in the year 2000 and has founded over ten companies since. Also at the moment is involved with multiple projects beside *Thursday*. Matti is experienced in doing international business and has built strong international networks which he exploits with *Thursday* as well as with his other firms. Matti has specialized in start ups and also tries to help other Finnish companies to internationalize. Matti is also Finnpro’s official partner. He has a degree in engineering.

Jukka Ström is a co-founder and from the start with he has been responsible for *Thursday*’s sales and marketing. Jukka has studied business majoring in marketing. Jukka has worked as a sales manager for another company owned by Matti and that is how he got involved with Thursday before had even finished his studies. Jukka is a first time entrepreneur.
5. ANALYSIS AND DISCUSSION

In this chapter the empirical data of the research is analysed and compared to earlier studies. The purpose is to describe and discuss the interviewees’ thoughts of how entrepreneurs influence a born global start up’s ability to recognize opportunities. The findings of the research are categorized under sub themes: entrepreneur’s earlier experience, entrepreneurial characteristics, entrepreneurial networks and the change of the entrepreneur’s influence in time. Direct citations of the interviewees are written in italics.

5.1 Entrepreneur’s earlier experience

Regardless of how much and what kind of background the interviewees had, all six were unanimous in their opinion that earlier experience as an entrepreneur can be exploited with new projects and helps a young firm to survive. However, how much they thought the experience would benefit, varied.

Here, the effect of entrepreneur’s earlier experience to the opportunity recognition ability of a born global firm is divided into three categories: positive effect, disadvantages and neutral effect.

5.1.1 Positive effect of earlier experience

The owners of Chameleon were the most convinced that earlier experience as entrepreneurs helps a born global firm to succeed. They thought that even in their current situation it would help if they were more experienced.

Mika Lehto thought that in general it helps if the entrepreneur has experience of various situations and understanding of how an enterprise works:

"I think it is better that you have some understanding of what it is like to run a company and experience of different situations before you set up one.”
Martti Vehnänen mentioned that experience would be helpful especially because of the born global nature of the company. He thought that because of the lack of knowledge, they had had problems with focusing their resources and that had cost them time and money. He thought that in their case especially experience of aiming at global markets would be helpful:

"In this situation it would be an enormous help if I had some experience of being an entrepreneur, especially if I had some experience about doing business in global markets."

In Innovationz, the opinions about the benefits of earlier entrepreneurial experience varied the most. Tuukka Lampi could easily see how he could take advantage of what he had learned during his years as an entrepreneur. According to Tuukka, his earlier experience was an enormous help today. He believed that if he had known with his first start up what he knew for example about contracts and getting customers, he probably would have done almost nothing the same way he did back then:

"It [experience] is a huge help. If you compare to the first start up I had in 1999, if I had known then what I know now about contracts and getting customers and in general about founding and running a company, I would have done almost everything differently."

In his part, Yrjö Miettinen saw that the benefits are more abstract than specific knowledge. He thought that earlier experience turns into a gut feeling or instinct. Personally he thought earlier experience had thought him to tolerate his own mistakes and not being afraid of failures:

“The benefit [of experience] is more abstract, like a gut feeling, than “I have done this before, I know this now”. I probably haven’t learned much from my mistakes. Except that I know now what it feels like fail and make mistakes. I’s not so much afraid of doing them anymore.”
Also in the literature it has been speculated that earlier start up experience and experience of closing down a business are associated with a positive attitude towards failure and that closing down a business due to poor performance is a valuable opportunity for learning (Politis & Gabrielsson 2009).

According to Yrjö Miettinen business failures are not really accepted in Finland even though with start ups that is generally more likely than becoming a success story and that makes entrepreneurs afraid of talking about them. According to him only success stories are praised event though many of the successful entrepreneurs have first faced failures. He thought that the lack of open discussion prevents the entrepreneurs and the whole society from learning from the mistakes made. He believed that it would be important that entrepreneurs were not afraid of failures.

“Because of that it is hard for others, the society, or even yourself to learn because no one talks about it [failing in business]. There is no exchange of tacit knowledge about the effects of a bankruptcy or what you should do when facing one because everybody is afraid of admitting their failure. There are no examples of people telling about how they failed first and then hit the jackpot on the third run. Then it would not be necessary to go through a failure before you can stop being so afraid of them. It is a problem here, even in the start up circles. Too much praising of the success stories and too little talk about people’s mistakes and failures. Many of the people who are successful now have faced failures before their success.”

The entrepreneurs of Thursday were a bit more sceptic about the benefits coming from earlier experience as an entrepreneur. Matti Pulkkinen thought that after having set up several start ups he had learned some skills and gained knowledge that he could exploit also with new projects. He thought that especially at the beginning there is a lot in common with every company and there earlier experience can help to avoid mistakes:

“Of course in the beginning there are the some things you go through every time no matter what field you are operating in and now I know how to avoid mistakes.”
Additionally Matti Pulkkinen believed that through experience he had got more comfortable with making quick decisions and changing direction since often with start ups plans have to change on the way:

“Today making decisions is easier because I know that they never are definite. In the start up phase it is completely normal to change the directions 90 or 180 degrees. Someone might be shocked if have started with making a product and then end up having a company providing services but if that kind of decision has to be made then you just need to do it. I don’t have this threshold anymore which surely helps in every situation.”

And, like Yrjö Miettinen, Matti Pulkkinen also thought that his experience helped him to let go of business ideas if it seemed that they would not work. He trusted that new ones would always come if this one did not succeed:

“I’m not so much in love with my own business ideas anymore. I can trust that I will always get a new one if this one won’t work.”

In summary, when founding a new company, many phases are alike even though the companies would even operate on the same field or market. There earlier experience of founding a company provides knowledge on how to proceed and operate. With born global firms experience on doing business in global markets can be seen especially important. Additionally, earlier entrepreneurial experience gives the entrepreneur confidence to make quick decisions when needed. This is important with a nascent company because the near founding the organization and its operations are still finding their shape. An experienced entrepreneur can also trust to have new ideas if one does not succeed and therefore is able to let go of unsuccessful businesses. In order not to miss opportunities and to run a born global start up successfully, the entrepreneur also needs courage not to be afraid of making mistakes. After all, they can also be seen as a valuable source of learning.
5.1.2 Disadvantages of earlier experience

The link between earlier experience and a more positive attitude towards failure have been discovered in earlier studies (Politis & Gabrielsson 2009). However, the negative sides of earlier experience as an entrepreneur are not widely studied. It is possible that even though an experienced entrepreneur is more likely to create a company that succeeds in international markets, there are some phases during firm growth were the firm benefits from the optimistic view of an inexperienced entrepreneur and an experienced one misses good opportunities because of being too cautious. After all, opportunity identification capability has been listed as one of the biggest forces influencing the performance of an international start-up (Johnsson 2004).

In all the three case companies the entrepreneurs thought that there are situations where experience can also have a negative effect to a company’s performance. Mika Lehto (Chameleon) thought that earlier experience would be a disadvantage if earlier failures or bad experiences would make the entrepreneur too cautious. Something that did not work earlier could succeed the next time in a new situation but entrepreneurs may miss these opportunities if earlier experience told them not to even try:

“In general you can think that experience is a disadvantage if it tells you already before you have tried something that it won’t work. You have done it and failed. But this time the opportunity could work because the world around it has changed.”

Yrjö Miettinen (Innovatioz) was of like mind with Mika Lehto, that in the worst case scenario one can learn too much from earlier experience and becomes afraid of taking risks anymore:

“It would be the worst thing to become too cautious, to learn too much of your mistakes that you become afraid of trying.”
Also Jukka Ström (*Thursday*) thought that if an entrepreneur faces many failures, it can turn them cynical:

"If you have faced a lot of failures you can easily turn into more cynical or you become too cautious with everything and won’t believe in anything anymore."

5.1.3 Neutral effect of earlier experience

With entrepreneurial people the effect of earlier experience might be hard to recognize because these people often have businesses in different fields and therefore facts or practical knowledge gained from earlier experiences might not be usable with new firms.

The entrepreneurs of *Thursday* thought that in many cases entrepreneur’s earlier experience plays no role with the outcome of a company. Matti Pulkkinen thought that an entrepreneurial person always wants to start a new business in a different field what makes earlier experience hard to utilize with a new business. He personally would not want to start a new company that would be alike to his earlier ones:

“If you are not exactly one the same field you have operated in before, there are always new things to learn with a new company. And is what fun about it. I would not set up a firm that is a copy of one of my earlier ones."

In his part, Jukka Ström could not see the benefits coming from earlier experience. He has worked with serial entrepreneurs and thought that surprisingly seldom even experienced entrepreneurs could see if a business would survive or not:

“I have watched closely some serial entrepreneurs and it is surprisingly little the earlier experience and mistakes helps to see whether a new business will succeed or not.”
5.2 Entrepreneur’s behaviour and personal characteristics

Born global firms are often small which is why the behaviour and attitudes of the founder(s) have a strong influence on the firm’s operations and internationalization (Oviatt & McDougall 1997; Andersson 2000, 2002). It is thought that the founder leaves a lasting mark that influences the firm’s cultures and behaviours (Mullins 1996). Additionally, the founder’s character is important because it strongly affects investors’ decisions (Barringer et al. 2005).

5.2.1 Courage and born global attitude

In the case companies it was thought that the born global attitude of a firm comes from the mind-set of the founder and that heading to international markets straight away requires special characteristics, especially courage.

Martti Vehnänen (Chameleon) thought born global entrepreneurs were a certain type of people, a bit like those who went to work or study abroad. He reckoned that those people saw the world smaller and had understanding foreign cultures:

“I think they are a certain type of people... The entrepreneurs in born global companies are a bit like those who go on a student exchange or take a job abroad. I think what affects it is that to these people the world seems smaller and they have less prejudices. Maybe you are also more aware of cultural differences.”

Yrjö Miettinen (Innovationz) believed that the born global attitude of a company results from the attitude of the entrepreneur who has no problem with taking the company abroad or take contact to people they do not know:

“I think that in start ups the born global attitude comes from the attitude of the entrepreneur who has no threshold of going abroad or to call someone.”
This kind of people are not afraid finding the business opportunities and seize on opportunity when they see one. Courage and self-confidence are needed when a person running a nascent, inexperienced company has to find opportunities to make the business flourish.

When asked about the features that were required for entrepreneurs that started international business right away with a newly founded company, Matti Pulkkinen (Thursday) answered:

“Courage is most important.”

5.2.2 High motivation

Tuukka Lampi (Innovationz) knew many successful serial entrepreneurs and he thought that all of them shared the same passion. These people loved what they did and therefore they did not mind working around the clock because they really believed in what they were doing:

“I’d say that the successful serial entrepreneurs I’ve met have all being passionate about what they are doing. They love what they do and do not care about working around the clock if they truly believe in it.”

Also the literature speculates that a strong will to achieve is a typical feature for entrepreneurs in born global companies. (Hisrich 2010: 16-18). Often this equals not being afraid of hard work and in all the case companies of this study it was thought that the entrepreneurs behind successful born global companies are those who do not calculate their working hours and honestly they enjoy what they are doing. Opportunities may not come easily but believing that hard work will eventually pay off drives them.
5.2.3 Personality

In all the case companies it was thought that hiding a new business until everything is ready for the launch of first products was really typical for Finnish enterprises. However, the entrepreneurs thought that most often it is more fruitful to talk about the business openly already from early phases on. This was thought to bring information and ideas that could often be exploited in product development. The entrepreneurs also emphasized the importance of being able to accept criticism and listen to other people’s feedback.

Martti Vehnänen (Chameleon) thought that with a young company business plan and strategies are constantly evolving and that is why it is if the entrepreneur is open-minded and accepts that they do not know everything:

“With a nascent company your strategy and business plan evolve all the time along with the experience you gain. There you have an advantage if you are open-minded and ready to accept that at this point you do not know much about anything.”

Tuukka Lampi (Innovationz) told that even before he himself had the business idea clear in mind he would start to talk about it to test the idea and see people’s reactions to it:

"Even before my business plan is fully structured, I already test it when having conversations; I tell about it and see how they react to it... I think that having courage to tell about your ideas is exceptional. Especially in Finland ideas, not to mention innovations, are kept hidden very long."

Also according Matti Pulkkinen entrepreneurs are often so fond of their ideas that accepting even constructive criticisms is really difficult to accept:
“Often it is hard for the entrepreneur to accept criticism, even if it was constructive, because you have thought about your idea for so long and it seems the best one in the world.”

The entrepreneurs of Innovationz thought that the personality of the entrepreneur plays a big role when it comes to the performance of their companies. According to them, it affects the investors’ decisions, as reported also in earlier studies (Barringer et al. 2005).

“Investors invest in the team.” (Yrjö Miettinen)

Tuukka Lampi believed that an extrovert personality helps the entrepreneur to spread the word about their business. He told that a majority of the successful serial entrepreneurs he knew liked pitching their company and talk about their business even if they did not know the language properly:

"Most of them are really open about what they do and they go pitching in different places. They like performing even if they would not know the language, they still love about talking about it (their business), in whatever language."

Running a business is lot about finding and exploiting opportunities. By introducing one’s ideas to a big audience it is possible to recognize new opportunities that otherwise would have been missed. Accepting criticism might be hard to a passionate entrepreneur might help them being open-minded and to see the opportunities provided if the strategy, product or business itself is restricted. Especially in young and small companies the entrepreneur’s personality has a big influence many features of the enterprise.

5.2.4 Investing in marketing

The entrepreneurs from the case companies kept it important that, in born global start ups, beside product development, emphasis was also put marketing which should be started well before the products are ready. This way it could be ensured
that when the products come to the market, it was the consumers want and there are already buyers for them. Also according to Oviatt and McDougall (1995), to successfully enter a foreign market global start ups need a clear advantage to compete local firm who usually have a more deep understanding of the market. One way to overcome this problem is using pre-emptive marketing.

Mika Lehto (*Chameleon*) reckoned that many entrepreneurs put all their resources on product development then have no money left for marketing campaigns or further development of the product when the first feedback from the customers have been got:

“Probably many develop their product too much before it is ready and then you have no money left for marketing. So when you get feedback from the market you don’t have resources for further product development anymore. “

Also Tuukka Lampi told he did not know any start ups were marketing would have been invested on at an early phase:

“ I don’t know any start ups were they had invested in marketing at an early phase. For many companies it comes as a low priority. Pity. ”

Matti Pulkkinen (*Thursday*) according to him being too much product development oriented is a fundamental mistake many entrepreneurs make:

“For a start up to survive and succeed the key questions is to invest in sales and marketing and building the networks. This is the ultimate mistake. Being too much product development-centered has been the stumbling block for many.”

Hence, by concentrating too much on the product and developing it the way the entrepreneurs wants it to be without really putting a weight on marketing and getting feedback from the actual customers the entrepreneur is missing real business opportunities and more fulfilling their own dream which might not be that fruitful businesswise. Therefore marketing of a coming product and also getting feedback from the market are central for creating a profitable business.
Especially with born global enterprises this is highlighted since behaviour of foreign markets might be more difficult to predict than the domestic ones’ and to find the right marketing channels might also not be completely straightforward.

5.2.5 Delegation and sharing responsibility

At the early phases, the success of a small firm is strongly related to the entrepreneur’s performance. However, as the firm grows, management issues take more time and the entrepreneur would need to delegate other operations. Ultimately, failing to do this might lead to missing opportunities simply because the limitations of the entrepreneur and his lack of time.

In Innovatioz and Thursday it was thought that many companies missed their opportunity to internationalize because of the entrepreneur’s inability to delegate and share responsibility. Yrjö Miettinen (Innovationz) and Matti Pulkkinen described cases they knew:

“I know many companies that have had the potential to internationalize but have not done that simply because of the limitations of the entrepreneur or CEO or the owner.” (Yrjö Miettinen)

"you have to let it go when the company has started to grow and other people can take over, you don't have to do everything yourself anymore. That is the stumbling stone for many, the start has been promising but it is not the same thing anymore to run it alone if you have twenty employees. You need share the responsibility.” (Matti Pulkkinen)

In Chameleon, this phase of firm growth had not yet been experienced. Yet, Martti Vehnänen already expected that it would be hard to let go:

“We are not there yet but surely at some point you will have to be able to let go of your own child. I just haven't experienced that yet.”
To be able to share their responsibilities, entrepreneurs need motivated employees they can trust to do the work. Start ups often lack human resources so it is stressed that everybody involved in the company are understood the company’s vision and are not truly willing to work for it.

In Innovationz and Thursday the entrepreneurs thought that good employees could not be motivated by money but by openness and responsibility. This way one can also avoid a relevant managerial capacity problem, the moral hazard of new personnel (Barringer & Jones 2004).

Yrjö Miettinen (Innovationz) told about his view of employee motivation:

“The ways to motivate your employees have changed. Bigger salary does not mean bigger motivation. It is getting responsibility that makes people motivated. You have to be open and tell about your thoughts.”

Matti Pulkkinen’s (Thursday) advice was:

“If you have hired good people, like most of us usually want to, then those good people want to be involved. They want duties and responsibility.”

5.3 Entrepreneurial networks

In each case company, the entrepreneurs considered networks to be extremely important for business in general and especially helpful for young companies aiming at international markets. All of interviewees networked actively and it was thought that the effort would certainly pay off. Contacts had directly or indirectly brought new customers but additionally networks were thought to give very useful information of other’s experiences and offer on opportunity to learn for other people’s mistakes. In Chameleon and Innovationz basically all the business partners had been found through networks. Additionally, sometimes international networks offered a possibility to gain inside information of cultural details that
was crucial to know to succeed in a certain business but, however, really difficult or even impossible to know if one did not know the right people.

5.3.1 Networks’ effect on country choice

Earlier studies suggest that networks entrepreneurs in internationalizing firms to discover opportunities (Oviatt & McDougall 1995). In Thursday networks had knowingly had been used as the main reason when the first target markets where chosen. Both the entrepreneurs thought that contacts and even coincidence affect their market selection more than clear logical decisions. Jukka Ström told about the choice of the first international markets Thursday was expanding to:

“With us it goes through networks. Now it seems that Vancouver and Singapore are good places to start with because we know people there who have already been involved with our organization and they can take it there easily. Also after that who we know will probably determine where we will expand.”

5.3.2 Quality of the relationships within networks

In the literature there has been a clear division between the business and personal networks of an entrepreneur (Coviello 2006). The interviewees partly disagreed with this, since a surprising theme raised up with the interviews with Innovationz and Thursday, namely the sincerity of the relationships within the networks. The entrepreneurs underlined that to benefit from the networks, i.e. with opportunity discovery and exploitation, the relationships between people should not be superficial but unselfish and sincere. Earlier studies have reported that the more personal and sincere a relationship is, the more likely it is to last through difficulties (Mainela 2007). This was also found in this study.

Yrjö Miettinen’s (Innovationz) told about his view of networking as follows:
“In Finland people have a very clinical way of thinking when it comes to networking. That it is like a giving a business card and only professional. According to my experience that kind of superficial networking is no use.... I’d wish people would want to get to know to people as people, not as representatives of companies. That works.”

Matti Pulkkinen (Thursday) told he often helps to connect people and companies with those he thought would benefit each other and eventually he might also discover and be able to exploit new business opportunities on the side even though that had not been his original aim:

"...somehow I can remember that this could benefit them and this those. Then I just combine those people or companies. Of course you cannot force anyone to co-operate but often it really is worthwhile and many times to me also on the side.”

He told that when getting to know to possible new business partners he always wanted to be honest and not play any roles:

"I try to create partnerships by being open and just being myself. This way I have got partnerships that I believe will also last even through tougher times.”

5.4 Change of the entrepreneur’s influence after the start up phase

Based on this study it seems that entrepreneur’s influence on the firm is strongest during the time near founding when the firm is still finding its final form. Entrepreneur’s experience helps with the first steps to understand the basics of founding a company but after that each case is so unique that any specific knowledge is hard to utilize. Instead, earlier experience turns into a hunch. Also networks are extremely helpful with a start up but after a while they turn into the company’s networks and are not only the founder’s personal networks anymore. However, growing and maintaining them is important also with a more mature firm. The same thing happens with the entrepreneur’s personal characteristics, they turn into the
company’s own values and ways to do things. Therefore, the founders influence on the organizational culture and the firm’s behaviours is lasting (Mullins 1996).

As Jukka Ström (Thursday) put in words:

”Maybe when the firm is growing the situation has stabilized so much that single acts don't have such a big impact anymore. Then the entrepreneur's character and personal values will surely be integrated in the organization culture and finally become organizational features and values.”

Actually, Innovationz’s owners thought the founder of the company might not even be the best person to run the firm after it had passed the start up phase. They thought that entrepreneurial people had they strengths with managing a young company and that was also what these people enjoyed the most. On the other hand they thought that after the start up phase a new managing style was needed and that was also why a new CEO might be needed at this point.

In Tuukka Lampi’s words:

“start up CEOs and innovators are rarely able to run a business in the long run. This might be because of their inability or lack of will to concentrate on certain things or then because they are really good at doing other things. Sometimes there is even a pressure coming from the investors to change the CEO. Therefore CEO changes in start ups are not rare and there should be even more.”

According to Yrjö Miettinen an entrepreneurial person would rather start a business anyhow after some time had passed with the previous one:

“An entrepreneurial person wants to start a new business because they want they own input and influence on the company to be big.”
6. CONCLUSIONS AND IMPLICATIONS OF THE STUDY

The purpose of this study was to investigate how different entrepreneurial qualities influence the opportunity exploitation of a born global start up. More specifically, the focus was on the entrepreneur’s earlier experience, networks and behaviour. Additionally, the change of the entrepreneur’s influence to a born global firm in the course of time was investigated. This chapter presents implications of the current study for managers as well as implications for scholars and policy makers. Propositions for future studies are presented as well.

6.1 Conclusions

The relation between the entrepreneur’s earlier experience and the success of a born global firm has been broadly discussed in the literature (eg. Oviatt & McDougall 1995). For example, increasing experience has been suggested to be one of the factors affecting the rationality of decisions making in internationalizing SMEs (Schweizer 2012). Previous experience is thought to play the biggest role at the start up phase (Reuber & Fischer 1999). This study investigated the influence of earlier experience from the point of opportunity exploitation. The results indicate that entrepreneur’s earlier experience may have positive, negative or neutral effect on the opportunity exploitation ability of a born global start up. As suggested in earlier studies, this study proposes that experience is useful especially at and near foundation of a company since knowledge of practises, rules and laws makes things easier. However, negative earlier experience can make the entrepreneur too cautious for risk taking and therefore lead to missing opportunities. Often earlier experience has no effect since every company is seen as a unique case and that makes previous experience hard to utilize. Hence, it can be concluded that the effect of earlier experience is always case depended; however, the possible pitfalls may be possible to avoid if the entrepreneur is aware of them.

For entrepreneurs in born global companies networks play a big role. They might affect a company’s country choices and can substitute entrepreneurs’ lack of
market knowledge. Therefore often the markets to enter are chosen by where the company has contacts not by i.e. psychical distance. Networks might also offer inside knowledge that cannot be gained otherwise. The quality of relationships affects how the entrepreneur and their company benefit from the networks. Hence, the closer the relationship the likelier it is to be beneficial businesswise.

Earlier studies have reported that networks influence the country choice of born global companies (McDougall & Oviatt 1994). However, it has been pointed out that foreign market knowledge facilitates early internationalization (Rialp et al. 2005) and lack of it can even be a major obstacle to a company’s internationalization (Erikson et al. 1997). However, with one of the case companies, Thursday, networks were primary reason for choosing target markets and they possibly substituted the lack of market knowledge. As a conclusion, it there can be multiple reasons behind a company’s market choices, however international networks seem to be preferred as a reason to choose a country over i.e. similarity of cultures or knowledge of the market.

Entrepreneur’s character and personality affect the spirit and values of a company. Their role is important in employee motivation and affects the performance of the company. Earlier studies have noted that lack of employee motivation may solely prevent a firm from growing at its ideal rate (Penrose 1959). Therefore, commitment for growth increases a firm’s probability to achieve rapid growth (Barringer et al. 2005). This study concentrated on born global start ups’ ability to exploit opportunities. Young firms are still finding their directions and humble attitude is needed from the entrepreneur to enable constant learning.

In the literature it has been suggested that different phases of a firm’s internationalization, i.e. entering international markets and growing an international firm, often require different qualities from the entrepreneur (Andersson et al. 2004). Additionally, it is known that different phases of firm growth require different management styles (Greiner 1972; Churchill and Lewis 1983). As the company grows and stabilizes, single acts of the entrepreneur have not such a big impact of the firm as at the beginning. Running young companies requires quick decisions, ability to adapt and strong will, even stubbornness. However, with mature companies the
situation is (usually) more stabilized and therefore these companies also need different kind of managing style in comparison to start ups. With bigger employee number changes cannot be made so quickly and softer managing style might be more suitable than being stubborn. As a conclusion, to be effective, leaders need to be able to change their leadership style to suite the context. This has been noticed also in previous studies (Andersson & Tell 2009).

6.2 Conceptual implications

This study has extended the knowledge on entrepreneur’s influence on the opportunity exploitation of a born global high tech start up. First, the study has shown that entrepreneur’s earlier experience can have positive or negative effect on a born global start up’s ability to exploit opportunities. However, neutral effect of earlier experience was not found. Hence, it can be concluded that earlier experience always has some kind of influence on these firms, either positive or negative.

Second, entrepreneur’s networks were found to be relevant for the survival of a company. Especially attention was paid to the quality of the relationships within the networks. Earlier studies (Coviello 2006) make clear division between entrepreneur’s personal and business networks. This kind of classification was not found to be relevant in this study since it seemed that the interviewees more had a pool of network resources were no classifications or distinction between different kinds of relationships could not be made.

Third, this research talks about entrepreneur’s behaviour and personal characteristics. Several factors were found to influence a company’s opportunity exploitation, namely, entrepreneur’s motivation, personality, openness and ability to motivate good employees.

Fourth, it has been indicated the influence of the entrepreneur is lasting but however changes in time. Soon after the foundation the survival of the company is strongly related to the performance of the entrepreneur. However, in time the entrepreneur’s personal influence changes and maybe even should change in order to serve the
company’s best interests since the results of this study indicate that different entrepreneur characteristics are needed at different phases of firm internationalization.

6.3 Managerial implications

This study has shown the importance of the entrepreneur for the opportunity exploitation of a born global start up. Entrepreneur’s earlier experience, behaviour and characteristics as well as network indeed influence the survival of a born global start up and by noting this it might be possible to avoid some often encountered problems. Another notion of this research is that the entrepreneur’s influence on the firm changes in time and for the survival of the company it is important to accept this change. For example, different managerial qualities are needed soon after founding in contrast to managing a growing, more stabilized company.

An open mind is a necessary asset for an entrepreneur whose company is aiming at rapid internationalization. By not hiding the ideas a major advantage may be gained, namely: useful advices and critics that can be applied, if needed, to product development before market release. Also the importance of marketing, specifically pre-emptive marketing, should be underlined. Many companies fail because marketing has been on a low priority and when products are finally on the market no one simply knows about them and there are no resources left for big marketing campaigns.

To ensure the success of a born global start up, delegation and employee motivation have an important role and those two actually often go hand in hand. To ensure that the growth of the company will not be limited on the owner’s time resources and personal skills, delegation of the responsibility will have to be done at some point. This is also important from the point of employee motivation. Besides internationalizing companies, this may be generalized to all SMEs.

It may be possible that to serve the company’s best interests, change of the CEO is worth considering when the firm grows and new skills are needed from the
managers. It may be possible to increase a company’s probability to survive and succeed when the person running firm suits at the current needs of the company. This way also the founder can concentrate on the matters were they at their best. However, in the case of SMEs, the firm’s money and human resources are often limited and hiring a new CEO is often not possible. Therefore it may be more practical if the original CEO continues but they should be aware that may be a need to change the managing style. Though, this study should that at this point many entrepreneurs are willing to step aside or to sell the company since they are not that interested in running a stable company. With MNEs the change of the CEO might be applicable because they is already a bigger number of people involved with the company and resources might also enable hiring a person outside the firm.

6.4 Policy implications

At the moments the Finnish funding system for start ups, nor media or general opinion, does not accept failure even though with nascent companies failure is in general more likely than survival. As indicated in this study, a business failure can also be a valuable opportunity for learning, not only for the individual but also for a bigger audience if the failure and the reasons for it at discussed openly. Therefore a higher tolerance and even acceptance for business failures should be considered especially from the organizations funding start-ups and from the state’s tax system. However, attitudes are culture bound and therefore change slowly. In general, the Finnish culture can be seen as unaccepting failures, possibly already starting from school and ultimately evolving to attitudes of policy makers. Henceforth, changing the general attitude towards failure starts already from the education of children.

6.5 Limitations of the research

The most relevant limitations of this research are related to small number of interviewees and their similar backgrounds. For the study three case companies were chosen and six entrepreneurs, two of each, were interviewed. To form a generalized theory of the study subject, a bigger number of case companies would be required.
However, a small number of studied cases can be justified if they are all chose to represent a specific context (Eisenhardt 1989). All the case firms were based in Oulu, Finland which could often be seen from their answers. This may have caused a bias. Even though this study explored a phenomena occurring in time, the case companies were interviewed only once. This may have affected some of the results since the interviewees were asked about current events and they might see things differently after time had passed. This is because sometimes the influence of one’s acts are not always seen immediately but after some time when the big picture can be observed.

6.6 Propositions for future research

Born globals are a growing phenomenon that has also been under the researchers’ scope lately. Therefore there is clear need for further studies. To further study the entrepreneur’s influence on a born global start up a study with a wider and more diverse sample group would be essential. Additionally, to gain deeper understanding of how the entrepreneur’s influence on the firm changes in time, a longitudinal study is recommended. This study, as most of the born global literature, concentrates on high tech firms. Hence, there is a need to extend the scope on other business fields as well i.e. service providing businesses. Possibly the results of this study are applicable on other business types as well, not only high tech firms, however, this should be investigated in future studies.

As Coviello and McAuley (1999) presented, even though country-specific information is also needed to understand the special features of certain cultures, internationalization as a subject requires a broader view, which could be done in a future research on born global start ups which origin from variable countries.
REFERENCES


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