Global SME in OECD countries

Anastasia Zueva
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Thesis supervisor: Gabor Vigvari
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I. Introduction

Main goal of the thesis is to explore entity of Born Global SMEs, process of SMEs becoming global, to understand if behavior of Born Global SMEs can be explained with already existing concepts and to make findings based on own observation. Also one important point is to check relevance of the theories applied to real life case studies.

As far as some of these theories were formulated decades ago, we would describe changing of economical approach to International SMEs. The research question is:

What is the role of internalization theories in globalization process? How internalization behavior of Born Gobal SMEs can be described nowadays?

To limit research I would like to focus my attention on OECD global SMEs. I would like to observe background information about SMEs, globalization, and barriers for SMEs to enter world market.

This paper is a thesis work. It is a desk study. Thus, the methodology consists in analyzing the data, articles and books in the following areas: international markets, globalization, SMEs, globalization barriers. Sources of data: Corvinus University of Budapest Library, EBSCO, OECD-website, opened resources in Internet.

OECD studies motivation of SMEs to become international and barriers that SMEs face. Methods of survey include different types of questionnaire, interviews, and case-studies. (OECD, 2009).

Trade liberalization busted development of SMEs. Government regulation can help in globalization of SMEs.

I expect my Master thesis to consist of chapters:

1) introduction where I describe the background, research problems and purpose of this research;
2) theoretical chapter that shows theoretical background of topic with explanation of already existing concepts that explain behavior of Born Global Small and Medium enterprises;

3) observation of case study;

4) analysis if case study using articles from theoretical chapter and own observations;

5) conclusion

*Importance of the topic*

Word economy changes rapidly during several last decades. Impact of globalization on enterprises is inevitable. All aspects of economical activity of firms is heavily influenced by this challenge. Marketing activities, investment policy, sourcing, research and development nowadays are performed with help of new technologies.

Roughly 80% of the effects come from 20% of the causes (United Nations Development Programme, 1993). Applying it to enterprises it is possible to make assumption that SMEs do not represent any significant value. SMEs represent important part of market. They provide 60% - 70% of working places in OECD countries. Over 95% of all OECD firms are SMEs. In 2001 in USA 97% of exporting companies were SMEs.

SMEs play important role in world economy. They provide goods and services that were ignored by larger firms to customers. Large enterprises enjoy benefits of mass production and economies of scale from one hand. From another hand, Big companies cannot satisfy some special needs and do not cover this segment of market.

Before 1960s SMEs represented part of economy with low importance. That means that role of SMEs in employment and GDP creation was not high. After revolution in information and communication technologies in 1980s it became easier for large companies to become international. This made basis for rise of SMEs which started to cooperate with large enterprises through outsourcing. It gave SMEs access to foreign direct investments.
It formed subcontracting segment of SMEs. Later it is possible to see SMEs that became global initially. Technological progress made it easier to get information and exchange innovations. SMEs are more flexible than large firms. They usually have smaller departments with fewer layers of hierarchy and simplified procedure of decision making. That gives SMEs ability to adapt quickly and to react faster on changing of environment. Many inventions were made by SMEs that later were acquired by large firms.

Liberalization of international trade and capital flow, technological progress and chain reaction of innovations influences entity of enterprises. Cheap access to Internet and new fast developing industries with globalization gave space for SMEs that were more cost-effective and productive than large enterprises who needed more time to evolve in new environment. Globalization gave chance to firms that were innovative and competitive to find foreign customers and win new markets regardless size and country. Result of that was availability of high quality goods and services with reasonable prices that we can enjoy now.

*How to define sme?*

There is no uniformed way how to define SME. Even among OECD countries a variety defining criterions exists. The easiest way to do it is to measure by amount of employees. For Europe Union limit for SMEs is 250 employees. For comparison, in US this figure equals to 500. Financial condition of firm is also used to clarify if it belongs to SMEs or not. For small enterprises (10-49 employees) turnover should not exceed 10 million EUR, for medium-sized firms (50-249 employees) turnover should not exceed 50 million EUR and there is 2 million EUR limit for micro firms (less than 10 employees). (OECD, 2004)
Researchers give common description of SMEs below:

1. SMEs have their unique characteristics that from one hand represent advantages and disadvantages from another hand.

2. Structure of company. In SMEs there are fewer employees and regulation is not so strict as in large companies. Influence of entrepreneur is high and work of a company depends on personality of management group;

3. Risk taking. Level of risk depends on circumstances but in general SMEs are more risky than large companies. It is connected with high influence of entrepreneur and less mechanisms of protection inside of company with limited resources.

4. Flexibility. Simple structure of SMEs and niche strategy makes them closer to customers, easy to adapt. Management team creates close relationships with employees. Employees perform individual approach to customers, what makes goods and services of SMEs less standardized and more attractive for customers as these goods and services can meet needs of consumers better. (Hollensen, 2001).

**Global SMEs**

SMEs cannot produce as much as large firms do. They are more concentrated on domestic supply of niche products. Nowadays there is a trend of narrowing of niches on markets. That happens because of increasing level of life and income in developed and developing countries. Small size allows SMEs to combine advantages of limited production scale, flexibility, and effective firm organization. SMEs can evolve and adapt to changing preferences and implement innovations. They usually form strategic alliances and joint ventures with larger partners to get access to financial flows. SMEs also can become global as a part of GVC now. SMEs can be involved in any part of GVC from pre-producing activities and producing inputs to post-production activities.

OECD reports present typology of international SMEs based on survey of 1200 companies in the East of England (OECD, 2008) who compete on international market:
1. Those who are curious: SMEs want to enter global market but do not have necessary knowledge, skills, and experience. As usual they have more or less strong domestic business and want some expansion.

2. The frustrated. Such SMEs had some negative experience of international activity in the past. They are not active on a global market at the moment but have an intention to make attempt in the future.

3. The tentative. Such type of SMEs have some skills and solution for international trade that were acquired by some limited experience in the past. These firms are rather confident about their future strategy and have good chances to reach a success on global market.

4. The enthusiastic. These SMEs have experience of trading on global market, but felt full impact of barriers. Such firms had success in past but without clear strategy and understanding of situation because of changed conditions.

5. The successful. SMEs of that type have successful experience of global activities. They are developed use their competitive advantages effectively and have clear vision of global market.

There is a difficult question, should government intervene in economical activities or not. Debates about that are old and controversial. Nowadays we are far from extreme points. Government policy influences not only business environment inside the country but also trade with international partners. Government support can help or harm economy and every policy should be carefully analyzed.

“Born global” SMEs got this term as a result of their successful penetration of world market. They provide goods and services for international trade from their very first years. Such SMEs are competitive not only against other small companies but also against big corporations. Their small size that represents disadvantage connected with finance here gives positive characteristic. SMEs can become international faster. Born global SMEs do not have to adjust their structure for global operations because they
were already created for international trade. That makes such firms different from traditional domestic SMEs.

Studies are usually observe large firms and giant corporations, because of their higher impact on world market. It was a huge knowledge gap connected with SMEs. Today we have different trends in research. Despite the emerging importance of SMEs and their growth attention of researchers and government is mainly focused on MNC. As a result growing significance of SMEs, authors found it important to focus on born global SMEs. During last two decades it has been witnessed by global economy that the trend of born global SMEs is becoming more and more important. Many of created at that time born global SMEs are not global anymore because success gave them opportunity to grow.

According to European Commission "...internationally active SMEs report an employment growth of 7% versus only 1% for SMEs without any international activities" and "26% of internationally active SMEs introduced products or services that were new for their sector in their country; for other SMEs this is only 8%" (European Commission, 2010). These numbers show positive effect that internalization makes. Global SMEs show higher rates of employment growth, that means rapid development of them. Because of small resources SMEs are very reasonable about hiring new employees. Such a high rate is a sign of development of enterprises. Comparison of percentage of international SMEs that introduce new products and services with percentage of domestic SMEs that introduce new products and services. It shows that Global SMEs are more innovative than domestic ones.

It can be clearly visible in developed markets of Europe and USA. SMEs started to create the competitive advantage against MNCs. MNCs traditionally had their competitive advantage: skilled human resources, sufficient resources, innovations, research and development. Nowadays resources became cheaper, transportation and communication. Technology also became more affordable. It provides opportunities to SMEs to compete in. the international market. Global SMEs mainly operate in different high technology industries.
New technologies and innovations in SMEs

Technological progress changes business environment. New innovative ideas and products open fresh opportunities for SMEs. It gives leverage to compete with large mature firms. Communication technologies made process of international trade easier and affordable for SMEs. New technologies provide resources that help SMEs to implement inner processes even faster than large firms. International environment made a huge progress over past two decades.

Globalization and implementation of new technologies allowed to change traditional model of becoming international company. Traditional model included periods of growing and winning market share on domestic markets. (Norbäck, 2013) New technology of communication presented a revolution in world trade that reduced time and financial aid needed for international trade. That made possible for SMEs to become global. Process of searching, attracting, and serving customers became easier. Satellites, cable TV, Internet, and cheap telephones allowed SMEs to wider their market share and reach some kind of economy of scales.

Internet created absolutely new environment where distance between producer of good or service and customer does not matter. Computer programs give opportunity to decrease expenses for sales force, distributor and other post-production activities. SMEs can use their potential with help of sophisticated technologies. Internet based SMEs use their opportunities to create tailor-made services and goods for customers from different parts of the world and deliver them to customers within reasonable time. Level of innovation activities influence SME's ability to adapt to changing environment. Role of implementing innovations is growing especially in industries with high level of competition.

There are many examples that show SME's ability to find new opportunities using innovations because of flexibility of such firms. SMEs are able to switch to new
technologies faster and face advantages of first comers. They even can change industries if situation on market changes.

Many mass market products initially were started to produce by small businesses. But SMEs have some weak points to compare with large firms. For example, they can face financial difficulties and lack of capital. In some way it forces them to implement innovations. Because only using something new it is possible to compete with large firms with their economies of scales.

OECD dedicates time and efforts to help SMEs to develop themselves (OECD, 2004). As far as SMEs provide big percentage of demployment, the policy to support SMEs can help decrease unemployment, give opportunity for population to take part in economical life of society, to decrease amount of benefits that government pays to unemployed. OECD developed recommendations to push SMEs to improve economical condition of countries:

1. Development of strategies for SMEs in countries’ broader national development and poverty reduction programs. SMEs are the largest provider of working places. Raise of SMEs helps to reduce poverty and unemployment;

2. To create environment that will give SMEs capacities to obtain competitive advantage in different levels of market (local, national, and global).

3. Promote policy coherence at all level. Government should support trade and investment policies that can raise cooperation within economy. The more infrastructure is developed the easier it is to start an enterprise.

4. To attract MNEs as they perform educational policy for local employees that can get essential skills such as technical, managerial. Employees can get vital experience and after that use them to create SMEs or work there. Multinational corporations provide huge accumulated experience that can help to develop SMEs on all levels.

SMEs key to success on global market is find high potential market and enter it bringing new innovative approach. This is the reason why they are successful in technological spheres and niche products. High potential markets provide space for new companies.
Motives of SME to become global

It is much easier to start domestic enterprise because of many factors including barriers described above. But there are factors that motivate SMEs to become global. They are different for countries and for companies. (OECD, 2009)

1. Growth Motives. Entering global market definitely will provide access to new customers and new opportunities. It will allow SME to grow and achieve some advantages connected with increasing production. It is possible that domestic market is full of competitors and niches are occupied already. In this case company can start to produce new goods or services after entering global market. Growing of size also means growth in profits.

2. Knowledge-related Motives. Entering global market requires skills and knowledge. At the same time it pushes SMEs to new ideas and gives experience. Competition is usually higher on world market because firms from all the world have access there. Internalization forces SMEs to invest more in R&D, innovations, unique products development, skills of employees, and knowledge base.

3. Network/Social Ties and Supply Chain Links. It is obvious that entering new markets gives additional opportunities connected with supply chain links. That means that network will become wider bringing new connections and opportunities.

4. Fear of losing domestic market. In case instability in country of origin SMEs can try to diversify risks by going global. Internalization helps to switch to foreign markets even during crisis on domestic market. This is the reason why many SMEs try to enter international market. They appear much more protected after internalization because of decreasing dependence on domestic market fluctuations.

5. Extend sales of seasonal goods and services. In case seasonal industry company has no opportunity to work all the year on domestic market. Foreign market provides opportunity to prolong "active" period of SME and increase profits.
6. One more motive for SME to become international is a theory of product life cycle. (Vernon, 1966) Will be described in next chapter.

There are two types of global SMEs:

1. SMEs who started as domestic firms, found some niche in domestic country and then entered foreign market;

2. Born global SMEs who were established global. Usually they are connected with innovations, internet, and new technologies.

In following chapters I would like to observe more entering models, case studies of SMEs and understand how liberalization and removing barriers influences development in this question. I will present case studies of born global firms, models of such SMEs, internationalization processes they used to follow, and their strategies how to deal with the challenges. These topics are not well covered in research articles.
II Theoretical background

There are many available approaches to research on internationalization of SMEs, there is no single theory which has to be accepted as one that can clearly describe that. There are also many ways to classify existing models. It must also be highlighted that opinion of the researchers about internationalization of small firms changed during last years. Dynamics of the researchers’ approaches were the result of the continued changes in the world economics.

Business has been international for decades, however internationalization of business as a research topic up to latest time was mainly about transnational corporations and large enterprises rather than SMEs. Small firms were not observed carefully to find out common patterns in behavior. Such overview of SMEs can be explained with multiply trade barriers of the 20th century and also difficulty to obtain relevant information about SMEs as they provide less opened data. Even now with availability of Internet it is not an easy question. SMEs do not publish data openly, but present it to government services. As far as government was not interested in getting full deep information to study entity of SMEs, it was a research gap. Overcoming those barriers required resources. Therefore, most of SMEs functioned locally.

Over time, barriers to international trade were being continually released. Trade agreements, for example, the EC (European Community), ASEAN (Southeast Asian Nations) NAFTA (North American Free Trade Agreement), and ESM (European Single Market, 1993) changed global understanding of internationalization. A growing number
of SMEs tried to take advantage of new environmental conditions.

![Graph of trade patterns](image1)

Pic.1 Pattern of trade (Vernon, 1966)

*Product Life Cycle theory*

One of the first attempts to explain export behavior was made in 1960s in Product Life Cycle theory. It shows a pattern of sales of new product on the market. It is possible to see that there is some limit that can be earned on domestic market. That enforced companies to go abroad to seek for new markets they can supply products to.

According to product life cycle theory of Vernon pattern of production and trade of goods is the same in general in advanced countries.
For US during first stages of product's life production curve is higher than consumption curve. This means that there is overproduction on domestic market and some companies would like to export goods. Later production curve goes down below consumption curve. At that moment some companies would like to import goods because of demand on domestic market.

In other advanced economies situation is opposite. During first stages of product's life consumption is higher than production. So there are importers of the good. Later production is rising faster than consumption so there are exporters of the good.

According to the theory there is almost no point in time when consumption is equal to production. That means that there will be international trade between countries. Companies want to prolong demand on their goods. They prefer to be involved in international trade.

In less developed countries new products are not produced but consumed. Domestic production starts only in the middle of maturing period. Firstly level of production is very low. Production is enough to cover domestic demand only at the end of life cycle of product. That means, there is almost no opportunity to export good from less
developed country. From another hand, in less developed countries there are some firms who import good from more developed countries and involved in international trade in this activity.

SMEs started to represent valuable part of economy not so long time ago. Now SMEs provide huge amount of working places, pay taxes, and create environment for innovations. Internalization of SMEs was an important step in development of world economy and growth.

Internalization happens because of removing barriers and availability of resources. Nowadays it is easy to get access to new technologies and to implement them in firms. There are different models that describe entry processes for global SMEs. Diversity of technologies and high level of income in developed countries makes it possible for SMEs to take part in international trade.

*The Uppsala model*

Although SMEs play important role in economy of countries, researches regarding them started only in 1970s. It was started in Nordic countries with gradualist models (Kalinic & Forza, 2011). At that time it was no business environment was there to provide necessary resources for born global SMEs as a world trend. Recently new studies appeared about International New Ventures (INV), Born Globals, Global Start-ups. Growth of amount of born global SMEs started only in 1990s (Oviatt, McDougall 2005). First result of research of gradualist models was Uppsala model (U-Model) (Johanson & Vahlne, 1977) and the Innovation-Related Internationalization Model (I-Model).

The Uppsala model (U-model) shows internationalization as a process of getting knowledge from activities of firm on global market. U-model takes into account the process of learning and the distance between markets. Firms pass through stages of development, were they decrease risk of operating on global markets and obtain experience. Concept of learning through engagement is explained by pattern: at first
there is no export activity, then export is organizes with help of subsidiaries, and finally firm can operate itself on market. (Johanson & Vahlne, 1990).

Second concept shows that for firms it is easier to build activities on familiar markets with lower risks. Firstly firms build their activities on national markets. After that it is possible to move to relative markets. Later it is possible to expand activities to completely unknown markets. This pattern can be explained with huge market risks connected with lack of information about foreign markets. Through the process of gradual growth companies collect information and can operate on foreign markets with lower risk. The U-Model state an experience through learning process as a corner stone of internationalization. (Kalinic & Forza, 2011)

Innovation-Related Internationalization Model (I-Model).

The U-Model takes managerial and organizational experiences as key elements of internationalization and accentuates on the learning theory in this process. It is possible to expect a time-dependent increase in export activities of firms. It is clear that the more experience and knowledge firm accumulates the easier it is to enter foreign market. Internationalization can be explained with an acquisition, integration and utilization of knowledge in international operations (Johanson & Vahlne, 1977). Through these activities firm starts to take part in foreign market activities.

![Diagram](image)

Fig.1 The internationalization process of the enterprise (Johanson & Vahlne, 1977)
Figure 1 shows how internalization process happens with 4 aspects. After going abroad firm obtains market knowledge that will be transformed into commitment decisions.

*The Innovation-Related Internationalization Model (I-Model)*

was developed based on the U-Model. I-Model studies connection between adopting new technologies and the internationalization. The I-Model show internationalization as a consequence of stages where firm has more experience and is more involved in global market activities than before (Vissak, 2003). Every new stage brings innovations to firm.(Gankema, Snuif, Zward, 2000).

Market activity of firm depends of decision-making persons views, motivation, and experience. (Reid, 1981). Decision to go global is an important step for enterprise. U-Model and I-Model are both based on concept of stages. I-Model supporters consider internalizations as a process of innovation for organization. According to I-Model there are two mechanisms that influence internalization: internal and external, that can influence shifting from one stage of internalization to another. External mechanisms represent environment and market conditions, internal - development of firm. Different stages of internalization have different proportion of export revenue. Some researchers (Gankema, Snuif and Zwart, 2000). (Leonidou and Katsikeas 1996) explain structure of internalization process with following stages:

1. Pre-export stage.

During this internalization stage there are several pattern of behavior: company is interested in domestic market; the enterprise operates on domestic market but has intention to go global in future, searches for opportunities and makes research to measure risk and availability of options; the enterprise was involved in export activities in limited scales an has desire to continue in future.

2. Export trail stage.
The enterprise exports irregularly and has strong intention to continue and expand activities abroad. In this stage company usually does not have any activities abroad but selling goods and services.

3. Advanced export stage.

The company starts to perform regular export activities. It has experience in foreign markets, can locate some activities outside domestic country, can be involved in other forms of international trade. (Collinson and Houlden, 2005)

The stages describe internationalization motives, behavior of decision makers, and impact of the process. I-model takes into account role of decision-maker. Entrepreneur has strong impact force in SMEs. Experience, desire, knowledge of decision-maker can help SME to skip stages and go further without necessary experiencing of them. Some companies pass through all the stages, but others prefer to jump over one step or two. SME can stop during the process and do not reach final stage of internalization based on preferences of entrepreneur (Gankema, Snuif and Zwart 2000). SMEs started to export in early internalization stages during time of their establishment. Some of them even do it since they were created (Torres 1999). Although I-model was developed from U-model, it is more modern and starts to discover phenomenon of Born Global firms.

SMEs are more flexible than MNEs, they face bigger impact from individuals that can make decisions based on their own understanding of market. I-model partly shifts the stages to a decision-making person, so he/she can be the one who gets experience and then brings it to a company. (Reuber and Fischer 1997). Even experience of international activities is not necessary for decision-maker according I-model. It can be compensated with knowledge and desire to expand activities of the firm beyond domestic country.

The stage approach means accumulating experience that can give access to foreign markets. The enterprise gains experience how to operate successfully firstly in country of origin and then abroad. Knowledge that was got from effective experience should be applied to new operations abroad. In this case companies tend to enter physically and culturally close markets to be able to apply knowledge.
The network approach

According to Network theory network itself is a process of continually developing and maintained process in which different kinds of relationships are started, developed or finished to achieve goals of company (Johanson & Mattsson, 1988). Through network companies can get market knowledge about foreign markets and obtain new opportunities.

Network also can be defined as a sum of financial, technological, market relations within the company (Cook, Emerson 1978). Firm initiates, extends, finishes connections through gained experience, creates new activities inside and outside country firm was initially found. There are different types of internationalization and they are chosen according kinds of relationships in network (Coviello, Munro 1997).

Interaction within the company is very important. Attitude to obtaining new knowledge, technological development, continuous improvement of operations influence internalization process (Johanson & Mattsson, 1988). Based on activities and network there are possible four types of internationalization.

<table>
<thead>
<tr>
<th>Degree of internationalization of the enterprise</th>
<th>Degree of internationalization of the market</th>
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<tr>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>The early starter</td>
<td>The late starter</td>
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<tr>
<td>The lonely international</td>
<td>The international among others</td>
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Fig. The Network approach of internationalization (Johanson & Mattsson, 1988)

1. The early starter. This type of internalization has characteristics of low degree of internalization of enterprise and low degree of internalization of the market. The early starters usually have limited information about foreign markets and low access to
foreign enterprises. Entering new market they often rely on local partners experience. For such firms it is possible to start exporting to get information and experience for future activities. Part of export operations are delegated to local distributors.

2. The lonely international. This network approach has combination of high degree of internalization of enterprise and low degree of internalization of the market. That means firm can extend its network and start new activities.

3. The late starter has low degree of internalization of enterprise and high level of internalization of the market. Network of this kind a firm is a source and engine of internalization process in this case. Company uses members of its own network to extend activities abroad.

4. The international among others operates in high degree of internalization of enterprise and high degree of internalization of the market. In this case company is international and it operates on international market. Company has developed network and experience but also a lot of competitors.

Network approach theory divides companies on 4 groups based on their network. This is an approximation that is rarely represented in real world. As a result of that Network approach gives only basic understanding of internalization process for enterprises.

*The international entrepreneurship approach*

Traditional stage models did not fully describe patterns of internalization of SMEs. There were more and more cases of exceptions: born global firms and international new ventures. INV were very difficult to explain by traditional theory (Johanson & Vahlne, 1977). Cases of born global firms had an impact on development of new concepts connected with internalization that contradicted stage models. New point of view considered internalization process as an outcome of ability of management team to accept new ideas and to combine already existed network to fresh concepts about different business environment outside of domestic country. (Simin Lin, 2012)
New BGs and INVs showed a trend to enter global market in very early stages or even from inception (Oviatt & McDougall, 1994) (Knight & Cavusgil, 1996). In such SMEs decision makers accepted global understanding of business processes abroad. Results of behavioral analysis for SMEs with some outcomes from stage theories and Network approach gave a new type of theory: International entrepreneur approach.

Researchers (Oviatt & McDougall, 1997), (Oviatt & McDougall, 2000) gave a description of entrepreneurship on a global market as “a combination of innovative, proactive, and risk-seeking behavior that crosses or is compared across national borders and is intended to create value in business organizations”. International entrepreneur approach expect entrepreneur with skills and experience to be main engine of internalization and a resource to achieve global market. Entrepreneur is a source two important values: experience and network (Birley and Westhead, 1993). Personality with pro-active approach can be a trigger for creating and improving already existing network that will be used in the future to create and support new opportunities. The concept showed a value of experienced employees with background on international market as such decision makers can analyze and use opportunities to create and successfully run business globally.

The international entrepreneurship approach shows internalization process from new perspective. This models takes explanations partly from stages models with details from network approach. The key idea is how entrepreneur can acquire new knowledge and integrate them to already existing network to achieve a goal.

The concept of resources and competences

There are three main groups approaches that describe internalization process of SMEs:

1. the stage approach,
2. the network approach
3. the international entrepreneurship approach.
These approaches give deep understanding of internalization process. But it does not give solid understanding of behavioral patterns of SMEs. Limitations of mentioned above paradigms do not give enough information to cover all the issues and specific details of SMEs. This research gap motivates researchers to create new concepts and approaches using partly old theories, that attempted to explain internalization process of SMEs, and partly use new ideas that are based on new statistical data and researchers that cover last decades of economy. Stages approach revealed itself not able to explain behavior of SMEs. It is not obvious why they skip some stages in internalization process. Network approach and the international entrepreneurship approach together can together can give an overview of sufficient conditions that are necessary to enter international market. SME should show ability to acquire knowledge about international market, to have efficient network, useful resources and others. The entrepreneurial resources were described to give definition of resources that entrepreneur brings to company (McDougall and Oviatt, 2000). The core stone components are technological and financial ones.

The network approach paradigm rises a topic of social interaction (Granovetter 1973) and conceders it a core factor of becoming global. Normally, enterprise in network approach uses resources that are necessary for its existence in the network and easy to transport and adapt for usage in foreign country. (Vesalainen, 1999). However, SMEs may not be able to exploit the resources in its network in case it does not have the necessary skills and knowledge. If there is lack of competences within employees, SMEs it can be not so easy to perform global operations and progressive steps in internationalization. From the perspective of resources and competences point of view the network can be described as intangible assets and relational resources that create business environment for the company (Julien, 2005).

The social resource is described with researchers “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet and Ghoshal, 1998). It is defined as range of resources that can be approach through the network. So, all the actions of the entrepreneur made using the network have impact on condition of all
parts of enterprise. Using social resources of enterprise (Brush et al., 2001), entrepreneur can change condition of network. That means, social resource will be used to implement some positive changes in environment of SME for further internationalization.

The concept of resources and competences approach has three main points:

1. The entrepreneur has core meaning in internationalization process of SME globalization process of SMEs that applies available knowledge and experience and makes decisions chooses how to allocate resources and competences to achieve targets of enterprise. (Leonidou and Katsikeas, 1996).

2. The enterprise gives network and production capabilities that can be reached with given assets of SME.

3. Environment represents conditions on the market where SME operates including units of global value chain, available technology, consumers, competitors. (Fourcade, 2002). SMEs should use network and resources to operate successfully in given environment. (Ruzzier et al., 2006). SMEs can get knowledge and experience (that will become resources and competences) from the environment. It will help to enter and operate on foreign market.

The concept of resources and competences was an important stage in understanding of a SMEs internalization. It is not only team of managers who make decisions that influence final outcome. All the levels of company management in SME face an impact of resources and competences availability. Strategy of enterprise and internalization strategy is usually chosen based on available resources. (Rasheed, 2005)

In many cases resources are described as tangible and intangible assets that can be acquired, used in operations of SME to add value to goods and services (Hébert, 2002; Julien, 2005; Pantin, 2005). Resources include all assets of firm including information, knowledge, know-how. In general resources can be divided in three groups:

1. the physical capital resources (Williamson, 1975), usually include location, access to resources and inputs.
2. the human capital resources (Becker, 1964), include access to human capital, education, experience.

3. the organizational capital resources (Tomer, 1987) refers to systems of planning, control and coordination.

Internationalization can be observed as a process initiated with help of resources and competences to achieve a strategic target (Patin 2005). Some competences are vital to enter foreign market starting from knowledge about environment and finishing with ability to implement inventions to innovations. There are three main types of competence (Bigler and Nyffler 2006):

1. strategic competences,

2. operational competences

3. technical competences.

The competences play an important role in different stages of internalization. They can be used to explain behavior of SMEs during stages of internalization. Internalizations as a complicated process requires mobilization of all resources and competences of SME. The resources and competence approach in contradiction to Stages models provides deep view of internalization process of SMEs and

*The phenomenon of Born Globals*

M. Gabrielsson et al separated all SMEs that take part in international trade to make research easier. There are 4 types of SMEs defined in the paper:

1. Born Globals are SMEs with the global market orientation and for further internationalization.

2. Born Again Globals are SMEs who failed first attempt to internalize or achieved limited result. Such firms make second attempt and have an intention to acquire global market vision and continue internalization process. Between two attempts to enter
foreign market they grow with support of domestic market and then have enough resources to enter global market (Bell, McNaughton, & Young, 2001).

3. Inward internationalizers take part in global market by importing of inputs or resources from global market with lower prices. They have potential for further internalization (Korhonen, Luostarinen, & Welch, 1996).

4. The last group presents SMEs, who are following slow internalization pace. They can serve needs of already existing MNEs and act on the market like a supplier. This is an easy way for enterprise to become a part of global value chain. It should not use internal resources dealing with agents on global market, invest in research and development activities.

Other researchers give definition of Born Global SMEs as young enterprises that were created in knowledge-intensive industries. (Kalinic & Forza, 2011) These firms are oriented on niche market. They enter global market during one or two years after inception. Global SMEs have active approach for development. For SMEs that follow U-model of internalization entering foreign market is a way to increase their profit, market share, number of customers, and to decrease costs. Usually they have to make significant changes in their operational and product strategies to meet all the new requirements of new markets. Unlike that Global SMEs are already global from their inception. Although they can start to operate on domestic market during first year after inception, the vision of company, operational an market strategy are already international as it had been created to meet need of global customers.

Global SMEs perform flexible entry models. They do not have big market power so they have to search for available opportunities and act. In different countries it is possible do define different scales of foreign trade share. In big and/or isolated countries the share of foreign sales will be smaller. First reason is gravity model. (Sawako, 2013). That means that countries tend to have trade with closer neighbors. It is obvious that SMEs from isolated countries have less opportunities to perform international trade because of their small resources to overcome barriers for trade. Second reason is domestic market. For small countries national market is rather small, so there is high
competition. For new comers it is easier to enter global market as competition there can be lower. In big countries with multiple states population is bigger. That gives big market to supply and SMEs have less reasons to go abroad because it is possible to supply domestically. Because of that the minimum share of foreign sales can vary from 25% to 50% according to conditions mentioned above.

*International New Ventures.*

Phenomenon of Born Globals arose in 1990s and caught attention of researchers. First paper with summary of publications was published in 1994 by Oviatt and McDougall, who stated "collectively, these case studies indicate that international new ventures are important phenomenon. They are identified the formation of international new ventures in more than ten countries in all parts of the world, suggesting that global forces may be promoting their development". Paper focused on description of organizations that "from inception, seeks to derive competitive advantage from the use of resources from and the sale of outputs in multiple countries. (Oviatt and McDougall 1994). Such organizations are called International New Ventures.

Authors are concentrated of the the time that firms need to become international but not on their size. INV are apposed to companies that follow traditional stages approach. Stages approach is considered as less risky (Johanson, Vahlne, 1990). INV should deal with risks of foreign operations, culture difference, knowledge about foreign markets from inception. After strong criticism of stage theory (Thurnbull, 1987) it was transformed in later concepts like Network approach or entrepreneur approach. Big size was not strictly required in later models but companies were expected to be MNEs. With development of technologies more companies faced global competition. World globalization process had huge impact of domestic business in countries. They needed to develop and accept new viewpoint to enter market as international competition became inevitable. Theoretical framework (Oviatt & McDougall, 1994) that presented
necessary and sufficient elements for sustainable INV to fill informational gap that had existed before.

The framework from the Figure below starts with Economic Transactions that organization perform. Framework starts with Economic Transactions. Element 1 shows internalization of some transactions. This element explains meeting needs of presence on foreign market, FDI and other forms of asset ownership. Transactions are changed under influence of market needs. Second element is Alternative government structure. New ventures have less resources than mature firms with experience and accumulated assets. That means that New Ventures have to invent new efficient ways how to build network with lack of resources. For example, hybrid structures like franchising. Hybrid structures increase risks of New Ventures but also give an opportunity to get access to resources (Kanter 1989). Governance structure is the thing that distinguishes mature organizations from New Ventures.

Foreign Location Advantage is third element of the framework. International firms acquire advantage by transferring goods and resources through borders. Transactions through borders can be costly because of trade barriers and imperfect understanding of foreign culture, laws, language, regulation. From another point of view knowledge as a resource is easily transferred after production. That means ones know-how appears the information can travel easily and be used in any part of the world. This is the reason why New Ventures often operate in knowledge intensive markets. (Oviatt & McDougall, 1994).

Three elements above show conditions for International New Venture existence. They are not enough for sustainability of INV. To be sustainable INV should have competitive advantage. That means that company requires some Unique Resources (element 4). For knowledge-based companies that can be a real challenge. By definition one of their core competitive advantages is knowledge. And nowadays it cannot maintain unique for a long time (Oviatt & McDougall, 1994). Competitors will investigate products and services of the INV and will copy the technology or find a substitution. The paradox is that the more INV uses the technology the more attention it
attracts and as a result it will be copied faster. The less INV uses technology, the less profit it gains. It is possible to protect intellectual property by using patents, trade secrets, licensing.

![Diagram](image)

**Fig. Necessary and Sufficient Elements for Sustainable International New Ventures (Oviatt & McDougall, 1994)**

It was found that stage models failed to define such enterprises, because stage models did not cover firms that start to operate in global market instantly instead of starting in domestic country. There is a difference between traditional firms and start-ups in sources and amount of resources. Born Globals do not get such strong financing as mature traditional enterprises that are ready to go global. BGs cannot invest a lot production process, distribution channels. Born Globals choose modern efficient ways in marketing and sales activities that allow to reduce costs and take part in international relations using minimum amount of money.
Amount of BG SMEs increased because of opportunity to use opened innovations and multiple sources of information. Availability of informational resources decreased competitive advantage of MNEs. SMEs nowadays can compete globally because their network, skills, operational system allows to find external partners and get access international market without huge expenses (Chesbrough 2003).

Rennie (1993) examined SMEs and gave a structure of emerging exporters. Approximately 75% of firms were traditional companies based on country of origin. They firstly built stably domestic business and only after that entered foreign market. In average it took 27 for them to initiate internalization process and their foreign activity reached 15-20% of sales. Born Globals have 75% sales export. Usually Born Globals produce most advanced or innovative products for niche markets. (Moen and Servais 2002). They are close to customers, flexible and have fast reaction on changing of consumers preferences. Early researches had point of view that SMEs use domestic market to learn "rules of the game". But number of Born Global SMEs who start to export during their first year of life increased rapidly (Moen & Servails, 2002), firms have different paths to internalize based on ways to get experience and transmitting it to internalization actions.

As it is possible to see, it is not so easy to define Born Globals because majority of firms nowadays more or less are connected with global market. Different researchers give various definitions to Born Global firms. The most important characteristics from research papers are presented in Table 1.1 in Appendix. By definition Born Globals have to reach level of 25% of export in three first years of existence (Knight & Cavusgil, 1996) because the study was made in USA which was more isolated at that time and gave more domestic opportunities because of big size of the country. European countries are smaller and physically closer to each other, what makes numbers from USA not demanding for Europe. Big proportion of newly born firms providing not standard products or services in small countries should be oriented partly on foreign market because domestic one does not provide enough consumers for niche products. (Kuivalainen, Sundqvist, & Servais, 2007). Other studies presented a viewpoint that
Born Global should perform more than 50% of sales outside of domestic continent of the firm (Luostarinen & Gabrielsson, 2006).

Later researchers think that definition of born Globals should not be strict because countries have different geographical, political, financial, and cultural conditions that make an impact on internalization process of Born Globals. (M. Gabrielsson et al, 2008). Born Globals face various reasons that influence them not equally. As a result it is not correct to follow strict numerical definition to show entity of Born Globals. From Table 1.1 (Appendix) it is possible to see, that researchers have different attitude to Born Globals. Researchers agree in their vision of Born Globals as business organizations that have global vision and intention to operate on a global market from inception. (Oviatt & McDougall, 1994), (McKinsey and Company 1993), (Rennie 1993), (Knight and Cavusgil, 1996), (Luostarinen and Gabrielsson, 2006).

![Diagram](image-url)

Fig. Six dimensions of firm internalization (Cerrato, Depperu 2011)
Firm can be presented not only as an entity but also as a sum of functions (Cerrato, Depperu 2011).

Internationalization from the demand side hardly can be measured "by the ratio of foreign sales to total sales. This ratio is the most widely used measure of internationalization in studies focusing on the impact of internationalization on firm." (Cerrato, Depperu 2011).

Geographical internalization is an important component of internationalization strategy. International business research has traditionally focused on country differences. Geographical scope can be operationalised by the number of countries or regions in which a firms operates and by the variance of economic, political, and cultural factors of the different national or regional environments.

International research highlights that the level of internationalization of a firm includes an special component, that is represented by managers global vision. In general, motivation, experience, skills and other resources of managers deeply affect the globalization process of a firm. Specifically, international vision positively correlates with acquired experience of founder and managers (Sullivan, 1994) Share of managers with previous global experience has a huge impact on globalization of SMEs.

Eclectic paradigm also describes internationalization process of firms. It is also known as OLI-Framework (Dunning,1993). It explains international activities of companies connected with Foreign Direct Investments with special focus on Ownership, Location, Internationalization advantages of firms. These principles show when companies go international and how it happens.
<table>
<thead>
<tr>
<th>Form of market entry</th>
<th>Ownership</th>
<th>Location</th>
<th>Internalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Licensing</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>FDI</td>
<td>Yes</td>
<td>Yes</td>
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</tbody>
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Fig. 1 (Dunning, 1981)

1. **Ownership advantage** refers to competitive advantage of company that gets through special forms of ownership. Usually it is connected with production technology, know-how, patents, structure of company, tangible and intangible mobile easily transportable factors of production. This gives foreign firms competitive advantage over domestic enterprises. Firm can acquire Ownership advantage through different types of internalization: direct export, licensing, and FDI (Dunning, 1981). In case foreign firm does not have Ownership advantage, it can be dangerous to enter foreign market because local firms are more experienced in domestic business environment, have market knowledge, and understanding of cultural issues of the country.

2. **Internalization** means company should get advantages through international transactions. Globalization of company helps to diversify risks and decrease uncertainty. Internalization effect works when it is possible to transfer some knowledge or cut costs entering foreign market. Difference in price of goods, services, and resources can make it more profitable to shift part of production cycle abroad, sell abroad (Krzysztof, Daszkiewicz, 2012).

3. **Location advantage** means foreign markets should give some advantages to the company. This advantage usually is connected with some foreign resource that cannot be transportable. Local markets in different countries vary with income structures, demand on different products (Krzysztof, Daszkiewicz, 2012). It can be a part of Location advantage too. This advantage also can be connected with climate, national culture, government, natural resources. Location factor can have influential production cost because of availability of labor, inputs, wage expenses. For example, companies founded in developed countries can relocate some of their activities in developing
countries and significantly cut costs of production with that. The advantage can be obtained by direct export and FDI (Dunning, 1981).

Dunning focuses mainly on how MNEs can use three types of advantages going international. At that time Eclectic paradigm had no connection with SMEs because of their inability to obtain ownership, location, internalizing advantages. Nowadays because of rapid globalization, availability of information, new technologies SMEs also can be a part of OLI-paradigm in international markets with some limitations. SMEs can have intangible assets that they can use abroad as transactional costs today are lower. They can shift their activities abroad to cut their costs and

**Eclectic paradigm** has some limitations. It assumes that market is imperfect. Paradigm implies that companies operate rationally on market, that is possible only in case information is spread instantly and fully in unlimited scales. It is not achievable completely in real market situation. Firstly, OLI-paradigm was expected to work only with MNEs because they had more resources to achieve maximally available access to relevant information. Today it is possible not only for big firms. In some markets SMEs have almost equal access to information. So with some limitations OLI-paradigm can be used to explain internalization behavior of SMEs
III Case study

This part of the study is theoretical. Concept of Born Globals is relatively new and there is a research gap connected with that. It is partly related to International New Ventures approach, but more concentrated on SMEs. Born Global model appeared after finding that there are multiple cases that cannot be explained with already existing models.

Case study in the chapter was taken from paper (M. Gabrielsson et al., 2008) dedicated to Born Globals. It contained 8 companies, one of which does not meet requirements of SMEs described in first chapter. 7 enterprises meet requirements and can be investigated in present chapter. According to the paper these SMEs met 4 criterias:

1. All of them are SMEs that were global from foundation.
2. SMEs provide innovative products that can be sold globally.
3. SMEs were founded as independent enterprises.
4. They have potential for further internalization.

Companies were found in four different countries: Norway (Trolltech), Greece (Archetypon, Gaea), Italy (Fedegari, Mary short tricot), Finland (CodeToys, SSH). That provides different cultural background, economical situation, geographical location. All the countries are located in Europe but characteristics are different. Local conditions always have higher impact on SMEs than on MNEs because of smaller scales and scarce of resources. I considered such variety of enterprises interesting for research.

Tables in Appendix (1.2, 1.3, 1.4) provide short description of cases taken from the paper (M. Gabrielsson et al., 2008) and from multiply resources (websites of companies, youtube channels of companies). The paper provides information about condition of SMEs during period after foundation and before 2008. It was acquired by interviewing two senior members of each company. Additional information that I managed to find using additional resources covers period 2008-2016. Information placed in tables:
1. Short description of cases (sector or industry, year of foundation, when company started export, number of employees, headquarters location, comments).

2. Background of Born Globals, core business, network (information about founders, used innovations, product strategy, distribution network).

3. Financing, operational strategy, market strategy.

Companies belong to different sectors. 4 of them operate in IT sector, 1 operates in food production, 1 in clothing, and 1 in machinery. It gives shows different factors that influence the enterprises.

Overview of all companies is given below.

Archetypon

First case study is about Archetypon enterprise established in 1996 with headquarters in Greece (Athens). Company operates in sector of information technology, translation, and software. The enterprise had 60 employees at the moment of research (2008) and belonged to medium enterprises. It started internalization process from first year after inception and performed operations in 6 countries.

Archetypon was started with by several people who were involved in relative industry before. They had an opportunity to acquire specific knowledge about the sector and at the moment of inception of Archetypon they already had experience. Founders used innovative methods in their enterprise. Starting with only testing activities products managing team made a decision to continue with localisation and globalisation of services to electronic-government, translation, information and communications technology services. Company concentrated on permanent software development for both domestic and foreign markets and high quality service of testing for Microsoft. Core activities of Archetypon were connected with global testing activities and adaptation of global products for local needs. The company worked with big global clients such as IBM and Microsoft, firms in Europe Union, firms in Greece. Company
also worked with companies that provide translation services. Archetypon got 70% of sales to its biggest customers IBM and Microsoft. It managed to reach 45% of annual growth rate and was included in 20 fastest growing companies of Greece in 1999 and in 500 fastest growing companies of Europe in 2001.

Firstly company took a bank loan for first period of existence when sales were not enough to finance expenses of Archetypon. After that enterprise started to accumulate sales money. One department worked with Microsoft and IBM providing services to meet localization and globalization needs of these companies. Another department had to deal with European needs making information and communications technology service projects. Archetypon was global from first year of company. It managed to find niche product that could provide globally exporting 90% of services. Archetypon developed successfully investigating available global opportunities that existed on global market. Company faced stagnation of IT sector and developed new strategy to diversify products (e-government services and language related services). After period of cash-flow problems Archetypon took long term bank loan. After 2004 second period of expansion started. (Dana L. at al, 2008).

**Gaea**

Gaea is Greek food brand established in 1993 with headquarters in Greece (Egion and Athens). It started to export since 1 year of existence and firstly was oriented only on export of traditional Greek products. At the moment of study (2008) it had 60 employees and belonged to medium-sized company. It operated in 6 countries. According to website of the company now it has sales in 23 countries of the world.

Gaea was founded with two shareholders who lived abroad and had some experience of dealing with global culture. They had an international vision of the market. Gaea exported traditional products such as alive oil and olives and had not a bag room for innovations. But they could find innovative approach and create new approach to olives. Gaea presented olives as a healthy sneak with low salt content. Company created
positive effect using traditional quality approach with new innovative technologies. Later Gaea started to produce more goods (sauces and spreads made of olives). It was a niche strategy to find customer who are searching for high quality olive products in foreign countries. Gaea could achieve remarkable result because of their approach to design. They created new attractive and easy to use package that ketches an eye. Olives are packaged in small flat packages without liquid and with minimum amount of air. That makes olives a perfect one time snack that can be consumed any time and everywhere. Company works with local farmers. It won the Ruban D’Honneur award in the Import / Export category of the European Business Awards 2011.

Gaea creates alliances with big foreign distributors abroad to create trust worthy distribution channels. Company has 90% of sales abroad. 12 years after inception it finally entered domestic market. Gaea got finance from venture capitalists and then started to accumulate revenues.

**Mary short tricot**

Mary short tricot is a clothing brand established in 1961. The company started to work with luxury brands abroad from inception. As a sub-contractor Mary short tricot performed indirect export. At the moment of research (2008) enterprise had 40 employees and belonged to small business by size. Headquarters of it is in Italy, Mortara. Products of Mary short tricot are exported to over than 10 countries.

Company was found by group of entrepreneurs who previously got experience working on domestic market. Founders acquired necessary design and technical skills there and then could develop them in Mary short tricot using global vision. Company used innovative methods to achieve high quality of fabric, high level of design. Technological solutions helped to develop new products for leading luxury brands that met high quality demand. Mary short tricot had a niche strategy to work with brands, to develop designs and to produce cashmere clothes for them. For founders it was vital to
hire employees with strong design and technical skills to meet needs of brands. Later it was possible to build long term relationships with luxury brands.

The firm is family business with initial inside financing. It was not involved in loans or investments and could maintain its own unique vision. After that enterprise started to accumulate revenues. Mary short tricot has no plans to become public. It started with importing high quality inputs such as silk and cashmere, produces clothes and then sold it to luxury brands abroad. Later it was possible to create own brands and reach direct agreements with shop centers in world fashion leading cities: Milan, London, Tokyo, New York. Mary short tricot had niche orientation and reached 70% of export sales under their own brandname. 30% of sales were made to global brands that operated mainly in Italy.

Fedegari

Fedegari was established in 1953 with headquarters in Italy Pavia and was involved in exporting from its 1st year. Company operates in engine building and machine tool building sector. In 2008 Fedegari had 180 employees and belonged to medium-sized enterprises. Today according LinkedIn profile company has 200-500 employees, what makes it difficult to understand if it belongs to medium or large companies. Company operates in more than 20 countries.

Fedegari was founded with two brothers metal craftsmen, who already had global vision and acquired necessary knowledge and skills. In 1961 Fedegari concentrated on manufacturing of sterilizers for the pharmaceutical and health care industry. The firm understood global need of customers that existed at that time and created innovative technological solutions to meet the need. It was a niche products offering to global companies on pharmaceutical market. Fedegari produced specialized products by cooperating with both domestic and global customers to be able to produce exactly what they needed.
Fedegari is a family business that did not accept investments. It has no plans to be listed. It started with import of inputs, production of goods and export to foreign countries. Then company introduced many innovative products (first sterilizer with electronic process controller, first liquid CO2 washing machine, modular laboratory sterilizer), became a group of companies (company specializing in stainless steel working, service company for carrying out all after-sales activities). Company is connected directly to the customer. This gives an opportunity to get clear feedback and to develop goods and services according to changing preferences of customers. Fedegari produces niche products and services globally with 80% level of foreign sales. This point was achieved very soon after inception of company.

**SSH**

SSH is a company that operates in remote system administration and secure file transfers sector. It was established in 1995 in Helsinki, Finland and became global since 1st year of existence of the company. In 2008 amount of employees was 80 people (medium enterprise), in 2015 it increased to 109 people, in 2016 decreased to 84 (SSH annual report, 2016). Products of company are sold in more than 50 countries, SSH works with original equipment manufacturers.

Company was found by entrepreneurs with knowledge and IT skills. One of them developed SSH (SECURE SHELL) implementation in 1995 and company was started after opened version appeared to be successful. Security Shell became a standard solution for file transfers, excess management for key based access, remote access, etc.. SSH develops services and products to meet customer and government needs. It works mainly with large companies such as as Sun Microsystems, Lucent, Compaq, Intel, Juniper, Nokia, Ericsson, NEC (SSH website), SSH provides end-to-end security services for global MNC clients. Products are modified to meet exact needs of customer.
During first period after inception company used revenue as a source of financing. Later company was listed in Helsinki. Company sales licensing to competitors and also works with subsidiaries in US and Asia. Firstly SSH worked through partners and then developed own network to sell products to customers. It entered US market, then Asian Market.

**CodeToys**

Codetoys is Finnish Mobile entertainment company established in 2002 with headquarters in Finland (Espoo). It started to export since 1 year of operating. At the moment of study (2008) it had 65 employees and belonged to medium-sized company. It operated in over 50 countries. Codetoys was acquired by Valimo Wireless and at the moment of study (2008) operated as a part of Valimo Wireless.

Codetoys appeared as a merger of two companies. Founders already had experience in IT industry and in international sales. Company offered operators of mobile services to raise revenues by providing complementary services such as mobile games. Codetoys developed hosting framework that was sold to mobile operators and entertainment providers. Enterprise worked with global companies: Tekes, Sonera, Nokia, Almamedia. International Hasbro, Celador, Motorola, HP.

Codetoys got financing from private investors, venture capitalists and grants from government, that were vital in first years of operations. Also in later years company got funds from Motorola and AOL as an investment. Finally company faced difficulties during recession of mobile games market and was acquired by Valimo Wireless. Codetoys started internalization process with entering UK market. After placing sales in UK firm entered US and Japanese markets.
Trolltech

Trolltech (later Qt Development Frameworks, Qt Software, Quasar Technologies) is a company established in 1994. The company started to work in software development sector. Core product of Trolltech was multi-platform Graphical User Interface framework Qt. At the moment of research (2008) enterprise had 170 employees and belonged to medium business by size. In 2016 amount of employees was 210. Headquarters of it is in Norway, Oslo. Trolltech operated in more than 60 countries. It experienced IPO in 2006. Nokia bought the company in 2008-2012 to develop software network within itself.

Trolltech was found in 1994 by two entrepreneurs. They started to develop Qt framework in 1991 and had global vision of the product. It was an innovative software that provided users with platform for multiply applixations. Firm arranged a fee for usage of their software. Trolltech created a network of customers.

Company got financing from sales revenue (20 mln $ in 2005) and IPO on Oslo Stock Exchange in 2006. Operational strategy of the company was continuous development and error eliminating. Trolltech had close contact with customers and received feedback that helped to meet needs of target audience. Company performed all marketing operations and services online on internet. It used special sources like Linux chat line to attract new customers and to make advertisement.
IV Analysis of case study

Difference of companies is described as an attempt to make a case about companies with different background. IT sector is technology intensive. It has been developing rapidly during past two decades. This gave huge opportunities to start-ups that were created during that time. It was a big room for development and real need of market for new products and services.

Other markets presented in the case are not so innovative. Food sector os presented with one firm. Food production is more traditional. It is related to real sector of economy and has long history. Food industry is less innovative. This gives an opportunity to entrepreneurs with global vision to implement something new and to create sustainable competitive advantage.

Clothing industry is also related to real sector of economy. Technology of production of clothes does not change a lot during years. Globalization gives an opportunity to move production to different country but for SMEs it is not so accessible as for MNEs. For clothing industry it is also very important to find bright idea and to develop a vision. Key to success here is to orient business to niche production. Strong market strategy with fresh design are vital there.

Machinery production belongs to absolutely different sphere.

It is possible to see some common things in cases of these companies. First of all, process of internalization starts before actual foundation. For example, core product of Qt framework had been developed before actual company foundation. Founders of Archetypon already had international experience and technological knowledge gained before Archetypon foundation. Founders of Gaea had global vision developed during living abroad. Founders of CodeToys also got experience on previous working places. SSH founders had technical skills. Foundation team of Mary short tricot used to work in local firms before foundation. It is possible to notice principal similar with described in
theoretical chapter Entrepreneur Approach. SMEs are heavily influenced by founders and their ideas, vision.

It is clear from description of companies that SMEs from case study were global from the very beginning of operations. It also proves that described cases follow patterns of Entrepreneur Approach. All the founders had new ideas that they implemented in new enterprises and could develop sustainable competitive advantage. It is very common for Born Globals to undertake unique innovative approach. (Barney, 1991; Schoemaker, 1990).

In theoretical part it was mentioned that one of the triggers for creation of Born Globals was development of internet, communication technologies and logistics that helped to create massive and fast information flows with low costs. But in 2 out of 7 described cases firms were rather old. Fedegari was found in 1953, Mary short tricot was found in 1961. Both of them were started in Italia. It can be explained with Italian economic miracle. (Crafts, 1996) This term describes rapid and strong economical growth in Italy 1950-1970ss. High growth was in clothing sector and in machinery. So it is possible to assume that two described in case study firms were typical for Italy during that years. Both described Italian companies manufacture goods for different sectors, clothing and machinery. Both of them represented family business and were not affected with investments. They started with import of inputs and serving needs of global customers.

The rest of firms from case study are younger. With exception of CodeToys that started operations in 2002, IT enterprises were found in mid-1990s. It is understandable with development of world industry of hardware. Global MNC that produce computers were growing fast entering more and more markets and creating environment for software firms development. IT start-ups were created with individuals that had innovative products. Skillful employees for such firms are main resource.

Also it is clearly visible that enterprises from IT sector could enter more markets. It happened because of specific easy to relocate goods and services, network of global customers and Internet development. For companies of IT sector it did not really matter
were to export. Innovations for IT sector are understandable: one or several individual develop software that has global market potential.

But for manufacturing companies it is not so easy. They should create physical good that will meet need of customers. Such companies prefer to follow Uppsala-model pattern of development. Greek company Gaea is an exception. It produces FMCG (olives, olive oil, sauces). Greek market not so big because of small population of country itself. There are a lot of local farmers there and competition on olive and olive related market is high. Founders of Gaea understood that there was a niche market abroad for traditional Greek products. The main innovation here is the idea to go abroad with traditional food, development of market strategy and new packaging. Policymakers of the firm could find global trend of healthy lifestyle and started to follow it with an idea if olives as a healthy snack. New packaging made it convenient and attractive to use products of the firm. Gaea is the only one firm out of 7 presented in case study that deals with ordinary consumers but not companies. This company builds positive outlook of the brand using YouTube channel to create videos about the company, policy, vision, and some useful tracks about cooking.

All the companies have initial niche product strategy. SMEs usually do not have enough resources to directly compete with MNC on global market. All of companies used already existing distribution channels to reach customers. SMEs act as a suppliers of MNC following network approach. They become a part of GVC. Even Italian companies that were found in 1950-1960ss were able to find large corporations and started to serve their needs.

After decision what to produce firms decide to whom they will sell their goods and services and which distribution channels to use. According to paper M. Gabrielsson et al, 2008) there are available distribution channels that Born Globals can use to reach customers with the lowest costs:

1. To serve needs of MNEs customers.

2. To provide products and services to MNEs for distributing
3. To use networks of supportive firms.

4. Internet as a platform to find new customers.

5. Different combinations of options above.

It is possible to see that all the companies from case study managed to choose one of mentioned distributing channels.

Observing firms from IT sector it is clearly seen that there is a common pattern for development of these enterprises. They were found by software developers who created bright idea. Then it was a period of rapid growth and expansion with entering new markets. But at the end none of these four companies maintained itself as it had been founded. Archetypon had to change its core business switching to language-services and information technology. Trolltech and CodeToys was acquired by larger firms. SSH now has a crisis and increasing from year to loss. Company made a decision to concentrate on selling licenses as this part of sales raises every year. Based on case study described before, information from opened sources and my assumptions I created a pattern of development for Born Global SMEs from IT sector.

It consists of our main stages:

1. Foundation and going global with innovative product and chosen network. During this stage company has limited resources. Network is not developed, so it is vital to have skillful employees with technical knowledge and experience that had been acquired during pre-phase. Products should have global market potential. This stage can be risky because performance of the company is not stable and it is complicated to assess performance.

2. During second stage company should grow and enter new market. In case product was chosen in a right way, here comes period when network, operational strategy has to be improved. Born Globals establish and develop distributing channels, reach customers. Development of the company depends on chosen strategy, that is usually
formulated by management team. Born Global grows and starts to accumulate resources.

3. End of life cycle of innovative product and decline of revenue

4. Adaptation for new conditions with possible switching to another product, changing of network,

Born Globals development consists of 3 main stages:

1. Foundation and going global with innovative product and chosen network. During this stage company has limited resources. Network is not developed, so it is vital to have skillful employees with technical knowledge and experience that had been acquired during pre-phase. From Table 1.3 (Appendix) it is seen that founders of Born Globals already have experience in chosen sphere or relevant education. Products should have global market potential. This stage can be risky because performance of the company is not stable and it is complicated to assess performance. Innovations are very important for Born Globals. They are small and do not have large amount of resources. From another hand their flexibility allows to implement and develop innovations quickly. Innovations in Born Globals are related to background of founders. Some particular invention can be a reason why the company was found.(Yli-Renko et al., 2002). Innovations give Born Globals competitive advantage and core element of globalization process.

2. During second stage company should grow and enter new market. In case product was chosen in a right way, hare comes period when network, operational strategy has to be improved. Born Globals establish and develop distributing channels, reach customers. Development of the company depends on chosen strategy, that is usually formulated by management team. Born Global grows and starts to accumulate resources. It is time to explore all existing opportunities. Gaea is a bright example from case study. Founders of the company understood high competition on traditional food domestic Greek market. After that they had an idea of exporting olives, olive oil abroad using new marketing approach. Sustainable BGs can accumulate organizational learning, and resources (for example, funds) during process of own growth.
3. Adaptation for new conditions with possible switching to another product, changing of network. Although founders of Born Globals usually have experience of work, company itself accumulates information about products, markets. Strategies and networks are improving. Behavior of customers is examined to satisfy their needs. BGs in Phase 3 adopt new improved vision through positioning on the market.

Global vision of market and business environment and effective commitment are two corner stone conditions for a successful sustainable Born Global. Phase 3 Born Globals depend on the planning and strategies that were developed during Phase 2. That requires a major cooperative customer or additional resources.

It can be illustrated with the example of the Italian firm Mary Short Tricot, that was created to produce cashmere clothes for leading global brands in the luxury clothes industry. This company developed technological and marketing skills with help of experienced employees that got experience before inception of the company. They made decision to launch their own brand and start to work with some Italian designers. However, they continued to work as sub-contractors for their leading global brand customers but in smaller scales.

BG has a unique product or service that can generate capital. Another possibility to get finance is to go to the financial markets for a public offering of shares to raise capital. Also it is possible to go through mergers and acquisitions or joint ventures or licensing of its product. This allows to sustain the rapid growth. The case of the Norwegian company ASK illustrates this point. The firm was established in 1984 and acquired in 1991 by Tandberg Data. The company was listed on the Oslo Stock Exchange in 1996.

There is one more case of the Finnish SSH. It was established in 1995. SSH was tied up for 3 initial years with another security software vendor F-secure, which represented it on the international market. It started to build its own market strategy and funded this growth by listing on the Helsinki Stock Exchange in 2000. It may understandably take a decade or more to become a global player; a case in point is Apple Computer Inc., the US firm led by Steve Jobs. Consequently the following proposition was developed:
U-model cannot be applied to Born Global SMEs (Krzysztof & Daszkiewicz, 2012) because Born Globals by definition are created to perform globally on international market. (Kalinic & Forza, 2011). U-model has clear point of view that firstly companies grow mature on national market. I-model shows pattern of pre-export stage, export trial stage, and advanced export stage. It can be applied to SMEs with some limitations. Pre-export stage in this case is really small. It is needed just to start company and to make trial operations to find all initial errors and fix them. Then there is next stage - Export trial. As Born Global SME is a fresh firm it should have this initial stage of export to get knowledge and experience on global market. The last stage is advances export stage for already experienced enterprises.

This model does not explain pattern of behavior of SME that happens after. Nowadays situation on global market changes quickly, so outcome is unpredictable. Even with skills, experience, developed strategy, and network future of company is unpredictable.

According to Network approach (Johanson & Mattsson, 1988) and my own considerations networks of organizations can be presented in four groups:

1. The early starter;

2. The lonely international;

3. The late starter;

4. The international among others.

As this classification is rather old, it is difficult to apply it to modern situation. Markets nowadays have high level of internalization because of strong globalization processes started in 1990s. Modern companies can be only The late starters and The internationals among others. By definition (Kalinic & Forza, 2011) Born Globals are oriented on global market and have high level of enterprise internalization. As a result modern Born Globals with high probability belong to The international among others group.

In presented above case study there are firms that were established in 1953 (Fedegari) and 1961 (Mary short tricot). At that time markets had low level of internalization. It is
surprising to find Born Global firms that were founded such a long time ago. In 1950s and 1960s there was not even description of Born Global enterprise. International New Ventures concept was developed earlier (Oviatt & McDougall, 1994) but it hardly can explain SMEs that are Born Global.

Concept of resources and competences as a combination of three approaches (the entrepreneur approach, the network approach, the stages approach) can explain some motives of behavior of SMEs. (Granovetter, 1973). Combination of the approaches influence the companies. Entrepreneurs that start the companies (Leonidou & Katsikeas, 1996) have global vision, experience and global vision. They bring these things into a company and make them to become resources that can be used to create network. These skills can be used to analyze environment and market conditions (Lin, 2010).

As it is possible to understand, Born Global approach describes behavior of firms from case study above better. The problem is that now it is very wide and gives only not clear behavioral patterns. I think it can be a subject of future researchers.
V Conclusion

The main goal of the thesis work was to study Global SMEs, explore entity of Born Global SMEs, process of SMEs becoming global, to understand if behavior of Born Global SMEs can be explained with already existing concepts and to make findings based on own observation.

Observing existing models we can understand that Uppsala Model is the less applicable to Born Global SMEs (Moen & Servails, 2002). The problem of U-model is orientation on traditional stage approach. It has no chance to explain newly emerged phenomenon of Born Global enterprises. But this concept was one of the first ideas how to explain internalization process. Later concepts that were based on Uppsala Model are more flexible and can partly explain behavior of Born Global SMEs. I-model is developed with help of U-model and also shows stages approach. As far as Born Globals usually are connected with innovative approach it is possible to track some similarities between I-model explanation and real behavior of Born Globals.

Based on case studies and personal findings about historical data according SMEs described in case study we can assume that key factor for Born Global SMEs are:

1. Initial orientation on global operations and markets;
2. Implementation of innovative approach.

Innovative approach can reveal itself in different ways. It can be new software, new innovative product, traditional product with new marketing approach, innovative operational policy.

Entering global market in general means offer of relatively standard product (Kalinic & Forza, 2011). That happens because of entering multiply markets with customers that belong to different cultures and have different preferences. The more countries the company enters, the more standard products it should offer. From another point of view SMEs target niche products and tend to create unique approach to reach only exact category of customers. (Gabrielsson, 2008) Combination of these two approaches
gives us overview of Born Global SMEs that have niche product for exact category of customers but with global vision, global marketing strategy, and global operational strategy.

Case study and further observation of companies made me think that Born Globals follow special stage model, that can be described based on innovation the company uses to achieve sustainable competitive advantage. Innovations used by SMEs described in observed case study follow stages close to Product Life Cycle:

1. Innovation is found and understood by entrepreneur. It is used in small scales and can be described as Just Born Innovation. Founder of innovation creates an enterprise and starts operating on global market.

2. Innovation is explored and entrepreneur uses it to achieve profits. As far as innovation is used by him/her it is possible to win market share and achieve growth.

3. Innovation is copied or substitution is found. Newcomers now reveal on the market and initial founder of innovation is not a single market player within this niche anymore. Because of that profits of initial founder of innovation decrease, SME can face difficulties.

4. Adaptation for new conditions. It can happen in different ways. According to observed case study (Gabrielsson, 2008) it is possible to mention some of these ways. It can be:

   1. Changing of industry and/or target customers,

   2. Changing type of ownership of the company.

   3. Finding new innovative approach,

   4. Stagnation.

   Obviously it can happen that unique combination of factors makes the innovation stable and it stops on Stage 2 where it gives opportunity to perform on the market for many years. But many SMEs should seek for new ways how to survive on global market. For
example, no one out of 4 Born Global SMEs that belong to IT industry in observed case study could maintain their high performance without going through Stage 4 of "Innovation cycle".

There is still huge space for further research. Research shows that concepts are improving and improving with time. Since 1990s there was rapid growth of amount of Born Global SMEs. That means in nearest future it will be available information about bunch of 10-20 year old Born Global SMEs. It will be possible to track their paths with help of modern sources of information and to create new Models that can describe behavior of Born Global SMEs better.
VI References:

Award's film featuring Gaea's excellence and innovation. Available at. (05.04.2017). https://www.youtube.com/watch?v=K_G9Hm1BWaQ.


OECD. (2004). *Promoting entrepreneurship and innovative SMEs in global economy towards a more responsible and inclusive globalisation*.


### Appendix

<table>
<thead>
<tr>
<th>Dimension/author</th>
<th>Vision</th>
<th>Time before starting export</th>
<th>Export versus global growth/age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oviatt and McDougall (1994)</td>
<td>A business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries.</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(McKinsey and Company (1993) and Rennie (1993))</td>
<td>Management views the world as their market place from the outset.</td>
<td>Began exporting, on average, only 2 years after foundation.</td>
<td>Achieved 76% of their total sales through exports at an average age of 14 years.</td>
</tr>
<tr>
<td>Knight and Cavusgil (1996)</td>
<td>Management views the world as its marketplace from the outset.</td>
<td>Begin exporting one or several products within 2 years of establishment.</td>
<td>Tend to export at least a quarter of total production.</td>
</tr>
<tr>
<td>Chetty and Campbell-Hunt (2004)</td>
<td>-</td>
<td>Within 2 years of inception.</td>
<td>80% of sales outside New Zealand; markets are worldwide</td>
</tr>
<tr>
<td>Servais et al. (2007)</td>
<td>-</td>
<td>Within 3 years of establishment.</td>
<td>More than 25% of foreign sales or sourcing outside home continent.</td>
</tr>
</tbody>
</table>

Table 1.1 Definitions of born global firms (M. Gabrielsson et al, 2008) and own considerations based on opened sources.
Table 1.2. Short description of the cases (M. Gabrielsson et al, 2008)

<table>
<thead>
<tr>
<th>BG</th>
<th>Country</th>
<th>Sector</th>
<th>Date of establishment, start of internalization</th>
<th>Number of countries</th>
<th>Employees, size</th>
<th>HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Greece</td>
<td>Archetypon</td>
<td>Software, translation, information technology.</td>
<td>(established 1996). From the 1st year of operation.</td>
<td>6.</td>
<td>60; medium</td>
</tr>
<tr>
<td></td>
<td>Norway</td>
<td>Gaea</td>
<td>Food</td>
<td>(established 1994); From the 1st year of operation</td>
<td>12</td>
<td>120; medium</td>
</tr>
<tr>
<td></td>
<td>Finland</td>
<td>Trolltech Qt Software later</td>
<td>Open source crossplatform application software.</td>
<td>(established 2002). From the 1st year of operation</td>
<td>60</td>
<td>170; medium</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>CodeToys</td>
<td>Mobile entertainment</td>
<td>(established 1995). From the 1st year of operation via an OEM partner.</td>
<td>Over 50</td>
<td>65; medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SSH</td>
<td>Enterprise security solutions</td>
<td>(established 1995). From the 1st year of operation</td>
<td>50</td>
<td>80; medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fedegari</td>
<td>Machinery for sterilising instruments.</td>
<td>(established 1953). From the 1st year of operation</td>
<td>Over 20</td>
<td>180; medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mary short tricot</td>
<td>Clothing (cashmere).</td>
<td>(established 1961). Started indirect export from beginning as sub-contractor of luxury brands</td>
<td>Over 10</td>
<td>40; small</td>
</tr>
</tbody>
</table>
Table 1.3. BGs, their backgrounds, products, and channels/networks (M. Gabrielsson et al, 2008) and own considerations based on opened sources.

<table>
<thead>
<tr>
<th>BG</th>
<th>Countr</th>
<th>Greece</th>
<th>Norway</th>
<th>Finland</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Archetypon</td>
<td>Gaea</td>
<td>Trolltech</td>
<td>CodeToys</td>
<td>SSH</td>
</tr>
<tr>
<td>Founders</td>
<td>Various founders who had international, industry-specific and technological knowledge from an earlier firm.</td>
<td>Two shareholders living outside the home market.</td>
<td>Entrepreneurs with a global vision</td>
<td>Academic/technical background and sales experience in global markets.</td>
<td>Entrepreneurs with technical skills.</td>
</tr>
<tr>
<td>Innovation</td>
<td>Expanded product line from testing, localisation / globalisation to electronic-government, then to translation, and ICT services</td>
<td>Introduction of innovative products with positive ‘country of origin effect’ — subsequent adoption of innovative production technology</td>
<td>Products offering operators an opportunity to raise revenues from mobile data services e.g. mobile games.</td>
<td>First product ‘Secury Shell’ became industry de facto standard for encrypted terminal connection on the Internet in 70 countries.</td>
<td>Innovation means the capacity to understand global customers’ needs by developing new technological solutions (innovative sterilisers for health care and pharmaceutical industry).</td>
</tr>
<tr>
<td>BG</td>
<td>Greece</td>
<td>Norway</td>
<td>Finland</td>
<td>Italy</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Product strategy</strong></td>
<td>Archetypon</td>
<td>Gaea</td>
<td>Trolltech</td>
<td>CodeToys</td>
<td>SSH</td>
</tr>
<tr>
<td></td>
<td>Software development for domestic market and testing services for Microsoft. Exploitation of opportunities in global testing and localisation industry.</td>
<td>Trolltech user customers paid license fee for their programmes sold using Trolltech software.</td>
<td>Hosting systems sold to mobile entertainment and games operators.</td>
<td>Security solutions (Tectia software) and end-to-end communications security for large firms.</td>
<td>Hosting systems sold to mobile entertainment and games operators.</td>
</tr>
<tr>
<td><strong>Networks/ channels</strong></td>
<td>Networks with big foreign clients (e.g. IBM and Microsoft), EU and Greek organisations, and translation service firms.</td>
<td>Alliances with reputable foreign organisations (distributors, designers etc.) e.g. Waitrose supermarkets in the UK, Carl Lange A/S in Denmark, etc.</td>
<td>Ultimate network made up of Trolltech customers.</td>
<td>Tekes, Sonera, Nokia, Almamedia, International Hasbro, Celador, Motorola, HP</td>
<td>Tekes, Sonera, Nokia, Almamedia, International Hasbro, Celador, Motorola, HP</td>
</tr>
<tr>
<td></td>
<td></td>
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</tbody>
</table>
Table 1.4. BGs and their sources for financing, operation strategy, and market strategy (M. Gabrielsson et al, 2008) and own considerations based on opened sources.

<table>
<thead>
<tr>
<th>BG</th>
<th>Country</th>
<th>Finance</th>
<th>Operation strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Archetypon</td>
<td>Greece</td>
<td>Slow accumulation through sales revenues. Bank loan when sales were low</td>
<td>Export department handling IBM and Microsoft localisation and globalisation needs. Another department serving ICT R&amp;D projects for the European commission.</td>
</tr>
<tr>
<td>Gaea</td>
<td>Norway</td>
<td>Slow accumulation. Then alliance with venture capitalists.</td>
<td>Networks with distributors and designers. Full production scale 8 years after establishment.</td>
</tr>
<tr>
<td>Trolltech</td>
<td>Finland</td>
<td>Sales revenue snowballed to US $20 million in 2005 for a growth rate of 80–100% per year. IPOS on the Oslo Stock Exchange in 2006</td>
<td>Access to customer feedback. Consequent troubleshooting led to product refinement and development.</td>
</tr>
<tr>
<td>CodeToys</td>
<td>SSH</td>
<td>Private Investors and venture capitalist funding and governmental funding (e.g. Tekes) important in early phase. Later strategic investors (e.g. Motorola, AOL) became more important. Acquired by another wireless technology firm.</td>
<td>Exports to UK. Then rapidly placed sales offices in the UK, Japan and US. Inward mode license agreements with game firms. Partner with Motorola as cooperation mode.</td>
</tr>
<tr>
<td>Fedegari</td>
<td>Italy</td>
<td>Mainly revenue in beginning. Then US private placement and listing in Helsinki.</td>
<td>Sales through licensing to current competitor. Then sales subsidiaries in US and. Asia. Later sales promotion units in some parts of Europe.</td>
</tr>
<tr>
<td>Mary short tricot</td>
<td></td>
<td>The firm is a typical family business and it is not affected by private equity investments and does not plan to be listed on a stock exchange. Slow accumulation through sales revenues.</td>
<td>Import of some components. Export to many countries, according to global customers’ locations. Access to customer feedback and codevelopment, through URS (User requirements specification) system connected with R&amp;D department.</td>
</tr>
</tbody>
</table>

The firm is a typical family business and it is not affected by private equity investments and does not plan to be listed on a stock exchange. Slow accumulation through sales revenues.
<table>
<thead>
<tr>
<th>BG</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Greece</td>
</tr>
<tr>
<td></td>
<td>Archetypon</td>
</tr>
<tr>
<td>Market strategy</td>
<td>Global niche. 90–100% international sales from inception. Emphasis on testing and localisation. Could pursue opportunities outside its traditional high-tech industry.</td>
</tr>
</tbody>
</table>