

Chapter 5

Seeking Opportunities: Challenges Faced by a Small “Born Global” Company

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ABSTRACT

New types of companies have emerged, known as “Born Globals” (BGs), transitioning and internationalizing early and rapidly. They have attracted scholarly interest because their involvement in international sales from the moment of inception contradicts the more traditional perspectives on internationalization. This chapter explores a gap in the literature on BG micro-enterprises’ behavior on their internationalization trajectory. It analyzes the case of a micro-company based in Aveiro, Portugal that follows a passive internationalization path to embrace a BG’s typical behavior. The behavior of this micro-company is examined to illustrate how a BG can find new opportunities abroad and take advantage of them, the main entry modes and marketing strategies adopted in the early and rapid internationalization process, the importance of networking and growth strategies, and the role of the CEO in the internationalization process. This chapter adds value by explaining how a micro-enterprise manages to overcome its passive behavior and evolve into a BG company.

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INTRODUCTION

Businesses have evolved over time to adapt their international competitive behaviors to the external environment (Ietto-Gillies, 2012; Ribau et al., 2015). There have been several different frameworks, theories, interpretations and basic assumptions relating to globalization and growing international competition. The traditional Uppsala theory, which argues that a company internationalizes only slowly and gradually through the progressive accumulation of resources, knowledge and capabilities, has been called into question (Johanson & Vahlne, 2009; Maciejewski & Wach, 2019; Stanisauskaite & Kock, 2016). Several other models and theories of internationalization have been used to categorize companies, especially small and medium-sized enterprises (SMEs), according to their internationalization behavior.

With rapid internationalization, young, resource-constrained small companies, known as “born globals” (BGs), have emerged, exporting soon after their inception, entering both geographically and psychically distant markets, despite their limited resources and lack of organizational learning (Lopez, Kundu, & Ciravegna, 2008). This phenomenon goes against the assumptions of traditional theory, generating new perspectives on the behavior of companies.

In the literature on international entrepreneurship, Rennie (1993) first used the term “born global” to refer to companies that internationalize early and rapidly (Jones, Coviello, & Tang, 2011). However, similar new terms have emerged and are wrongly used as synonyms of BG, among which the term “International New Ventures” (INVs) stands out (Coviello, 2015). There is no clear definition of a BG company in the literature (Lopez et al., 2009). Another concept related to the rapid internationalization of SMEs is “born regionals” (BRs), which differ from BGs in the scope of their internationalization (Lopez et al., 2009). Despite the definitional problems, the widespread emergence of such companies around the world indicates that this is an important phenomenon that deserves further study (Knight & Cavusgil, 2004; Kraus et al., 2017).

Although other definitions of BGs have been suggested, in this chapter the definition of Knight et al. (2004) is used: exporting SMEs focused on a global niche market, with a specialized but narrow range of products, which internationalize up to three years after their inception, generating at least 25% of their total sales from foreign markets. There is no consensus about the percentage of foreign sales that a BG needs; and some authors mention the need to adapt the figure to the European reality, especially in small countries where it is easier to achieve a significant export rate.

All studies of this type of small and medium-sized companies assume that they have resource constraints (Hånell & Nordman, 2019), but that these do not prevent their founders from using their knowledge, experience and networking to enhance the internationalization process of their companies (Lopez et al., 2008; Maciejewski & Wach, 2019). The manager and / or founder plays an indispensable and dominant role in networking (Lopez et al., 2008; Maciejewski & Wach, 2019; Jones et al., 2011; Mort & Weerawardena, 2006; Englis & Wakkee, 2015), in strategy formulation (Jones et al., 2011; Knight, 2000; Knight & Cavusgil, 2004; Englis & Wakkee, 2015; Franco & Haase, 2016) and, consequently, in the rapid internationalization process. Studies show that companies with an international entrepreneurial orientation seek international markets by adopting risky, innovative and proactive behaviors that are essential for rapid internationalization (Mort & Weerawardena, 2006; Jones et al., 2011; Coviello, 2015; Maciejewski & Wach, 2019; Knight & Cavusgil, 2004). They use interorganizational networks to leverage their lack of internal resources (Lopez et al., 2008; Maciejewski & Wach, 2019; Hånell & Nordman, 2019; Sasi & Arenius, 2008; Coviello, 2006; Jones et al., 2011; Coviello & Munro, 1997; Mort & Weerawardena, 2006; Englis & Wakkee, 2015).

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A literature review on BGs found many studies on the topic as it relates to SMEs and large firms (Maciejewski & Wach, 2019; Luostarinen & Gabrielsson, 2006), but there are still gaps, especially in relation to how resource-constrained micro-enterprises can successfully internationalize early in their development. Based on a case study of a micro-company, this chapter seeks to address the following research question: Can a resource-constrained micro-enterprise behave as a BG or is it just another micro-enterprise seeking the traditional internationalization path to survive in the international business arena? To answer this question, the following objectives are defined:

1. To analyze how this micro-company takes advantage of the globalization process and embraces opportunities in the international arena.
2. To analyze how this micro-company finds new opportunities in international markets.
3. To analyze if this micro-company follows an early and rapid internationalization path and what led the company to choose its growth strategy.
4. If this micro-company pursues early and rapid internationalization, to analyze the main determinants of the internationalization process and the extent to which the company can be considered a BG or a BR.
5. To analyze the determinants that motivated this rapid and early internationalization process.
6. To analyze the role of management and relational networks in the internationalization process.

After this introduction, this chapter presents a literature review based on the BG / BR concepts and the main factors that influence the internationalization process. The third section sets out the research methodology. The fourth section presents the case study and the fifth section discusses the results. Finally, the section six presents the main conclusions.

LITERATURE REVIEW

Born Globals and Born Regionals

Three types of companies are characterized by the fact that their internationalization process starts soon after their foundation: BGs, INVs and BRs. Although there are differences between BGs and INVs, most authors use the terms interchangeably (Cesinger, Danko, & Bouncken, 2012; Coviello, 2015; Maciejewski & Wach, 2019). For example, Rialp, Rialp, and Knight (2005) refer to INVs and BGs collectively as “early internationalizing firms”, since both internationalize early and rapidly, focusing on niche markets, demonstrating flexibility in the mode of entry, and developing international networks. There is no single and precise definition of a BG in the literature (Lopez et al., 2009; Knight, Madsen, & Servais, 2004), although it is recognized that the term derives from the theory of entrepreneurship (i.e., looking for new solutions through new products and new markets) (Knight et al., 2004).

There are other similarities between BGs and INVs: they are normally innovative SMEs and they tend to look for global markets from the moment of their inception (Maciejewski & Wach, 2019; McDougall, Shane & Oviatt, 1994). They do not conform to traditional theories of gradual internationalization, such as the Uppsala theory (Jones et al., 2011; Ribau, Moreira, & Raposo, 2015). Both are also characterized by resource constraints and are usually founded by networking-oriented individuals who have previous international experience and have been involved in networking activities (Coviello, 2006; Hånell &

Nordman, 2019; Sasi & Arenius, 2008). The development of rapid and extensive networking facilitates the entry into multiple markets, and helps to overcome resource constraints (Andersson, Evers, & Gliga, 2018; Coviello, 2006; Coviello & Munro, 1997; Englis & Wakkee, 2015; Franco & Haase, 2016; Jones et al., 2011; Luostarinen & Gabrielsson, 2006; Maciejewski & Wach, 2019; Mort & Weerawardena, 2006; Sasi & Arenius, 2008). International experience is a critical intangible asset, positively influencing the internationalization of the company; the more internationally experienced managers are, the faster the internationalization of the firm (Kuivalainen et al., 2006).

Born Regionals (BRs) only differ from BGs in their geographical scope, as BRs operate in a more limited area, closer to their home markets (Lopez et al., 2009; Sui, Yu & Baum, 2012). However, both internationalize rapidly after their inception (Maciejewski & Wach, 2019).

The pattern of internationalization of these small companies contrasts with the traditional patterns in which companies operate in the domestic market for several years, and then gradually evolve into international markets, such as the Uppsala model (Ribau et al., 2015; 2018; Moreira, Ramos, Ferraz, & Martins, 2018; Fernandes et al., 2019). BGs operate in the global market from their earliest days, developing activities in domestic and international markets simultaneously (Franco & Haase, 2016; Kraus et al., 2017). In fact, BGs are usually companies for which the domestic market is of little relevance due to their small size, which pushes them to look for opportunities abroad. Moreover, in the case of European BGs, as their domestic market is small, looking for foreign markets is essential for rapid growth (Lopez et al., 2009). The notion of BGs was popularized by Knight and Cavusgil (2004), and their definition is the most widely adopted in the literature, although Coviello (2015) argued that the companies could best be referred to as “early internationalizers”, since there was no evidence that these companies were global, nor had they definitely aimed at internationalization at the time of their creation.

Despite their limited human, financial and tangible resources, BGs are grounded in innovation activities and in their knowledge-based ability to address international markets early on. While established companies have strong tangible resources that they use to leverage their success in international markets, BGs build on a unique set of intangible assets that are critical to their rapid and early internationalization process (Franco & Haase, 2016; Knight et al., 2004; Kraus et al., 2017). Marketing-related skills are very important, as they underpin international trade activities. A strong customer orientation and product differentiation help to improve the international performance of BGs.

To overcome their limitations, BGs tend to use personal and corporate networks to accelerate their internationalization process and gain knowledge and experience (Franco & Haase, 2016; Kraus et al., 2017; Maciejewski & Wach, 2019). The international mode of entry is mainly through exports, as resource constraints and the liability of smallness preclude other entry modes, especially foreign direct investment (Maciejewski & Wach, 2019). BGs face several challenges in international competition that multinationals do not, as they are more vulnerable and have fewer resources for their internationalization effort. These resource constraints are aggravated by high R&D costs that BGs cannot afford (Franco & Haase, 2016). Another feature of BGs is that they are able to penetrate markets that are both geographically and psychically distant, despite their limited resources (Lopez et al., 2009). As young companies, BGs do not have an established bureaucratic culture and they can operate in international markets, relying on managers with prior international experience, a global mindset and a greater propensity to take risks. As a result, BGs are more skillful and proactive in seeking international opportunities, based on a strong culture of innovation (Knight et al., 2004; Knight & Cavusgil, 2004).

BGs market highly specialized and innovative products, identifying opportunities in global niche markets (Knight & Cavusgil, 2004; Franco & Haase, 2016). They normally craft specialization strate-

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gies focused on very limited product ranges (Knight et al., 2004; Maciejewski & Wach, 2019). As their products require adaptation to specific customer needs (Hånell & Nordman, 2019) BGs usually follow a strategy based on product quality and differentiation.

Born Global, Internationalization Process

The traditional internationalization framework, known as the Uppsala Model, argues that internationalization is a slow, linear process in which companies go through several phases, and that internationalization only takes place after a period of maturity in the domestic market. This theoretical model assumes that resource acquisition requires both time and experience, in young and small SMEs. However, the behavior of BGs contradicts this model, as their internationalization process is early and rapid, supported by two main trends (Knight & Cavusgil, 2004): globalization of markets and consumer homogenization, which simplify product development and positioning in foreign markets; advances in information and communication technology, which facilitate international exchanges. The emergence of early internationalizers is a recent phenomenon, emerging worldwide in recent decades. It is not restricted to a specific country and has led to an evolution of traditional internationalization theory (Rialp et al., 2005; Ribau et al., 2015).

Although BGs usually rely on export activities, their international behavior cannot be seen as an isolated activity, as the growth of the company depends on it (Kuivalainen et al., 2006). In order to create strategic alliances, important facilitators of the internationalization process, SMEs must evolve in international markets (Franco & Haase, 2016). Internationalization helps BGs to achieve higher growth rates as their domestic market may be too small. This internationalization process involves various operations such as importing and subcontracting, as well as exporting, making a holistic learning process (Kuivalainen et al., 2006).

Some companies adopt a low risk approach, using local operators as distributors that are familiar with the overseas market. In these cases, strategic alliances are important modes of entry, with access to external opportunities that otherwise would not be accessible to these companies because of their limited resources (Franco & Haase, 2016; Li, Qian, & Qian, 2012). Although strategic alliances increase the competitiveness and sustainability of BGs (Franco & Haase, 2016), few SMEs establish joint ventures abroad, as this mode of entry is complex and requires both time and resources (Rodriguez, 2007). As there are costs associated with internationalization, such as intellectual property protection, companies need to consider their local and global strategies carefully in order not to compromise their development. The higher the perceived costs of relationships, the greater the pressure to choose direct modes of internationalization that do not involve cooperation with foreign agents (Maciejewski & Wach, 2019).

Two important factors influence market entry and exit of many SMEs in international markets (Rodriguez, 2007): strong international learning capacity and above average international experience. These two factors underpin a proactive international strategy (Franco & Haase, 2016). The internationalization process is seen as a learning process and not just a series of business operations, decisions and transactions that involve dealing with new types of customers who are located away from the corporate headquarters and may have different values and purchasing behaviors.

BGs create networks to grow their businesses rapidly, but because of this they may be subject to more risks (Kuivalainen et al, 2006). Maciejewski and Wach (2019) argue that internationalization is facilitated by inter-organizational and interpersonal relationships, which in turn require cooperation and mutual learning, and enable companies to expand rapidly.

Importance of Networks and Local Partners

SMEs increasingly use networking activities to accelerate their internationalization process (Andersson et al., 2018). Based on inter-organizational relationships, Johanson and Mattsson (2015) consider that internationalization depends on a set of relationship-based networks, and not on company-specific advantages. They argue that partnerships with external actors (i.e. customers, suppliers, competitors, and public or private entities) are important forces influencing internationalization. The use of partnerships allows companies to access knowledge, technologies, financial resources and foreign markets, and to overcome difficulties in marketing their products in international markets that arise from their limited experience and resources. BGs can use personal and corporate networks to overcome their limitations. Consequently, they take a proactive stance in finding new partners, thus recognizing the importance of alliances in order to take advantage of their competitiveness (Franco & Haase, 2016). By engaging in partnerships with larger companies, BGs can mitigate constraints arising from their size, and strengthen their R&D and marketing skills (Li et al., 2012). BGs can then focus more on R&D and the development of innovative products, resulting in permanent access to new knowledge and technology. They obtain greater market recognition for their products, mainly due to the credibility of being associated with their partners (Franco & Haase, 2016).

Since SMEs have few resources, it is important to establish good relationships with potential partners to exploit competitive advantages through their networks (Andersson et al., 2018). SMEs typically resort to business networks that are built throughout their internationalization process, to share and gain new knowledge and experience (Maciejewski & Wach, 2019) and compensate for their lack of market experience. Networks play a very important role in the rapid internationalization, knowledge intensive development and international market performance of BGs (Jones et al., 2011). Developing networks enables BGs to identify opportunities in global markets (Franco & Haase, 2016). Since most BGs lack material and financial resources, and depend on a limited product line, they look for partners that complement their competencies, to overcome the fragility of marketing a single product in foreign markets (Mort & Weerawardena, 2006; Franco & Haase, 2016). The trend toward increased globalization, coupled with technological change and stiff competition, has made strategic alliances more important in the global economy, forming an important part of international business strategy (Franco & Haase, 2016).

According to the network-based approach, international networks are created slowly, and companies must be committed to them and trust their partners (Sasi & Arenius, 2008). Managers' social networks also impact the company's internationalization process, which may involve the identification of a new market opportunities or the provision of important resources, and new information and knowledge about international practices (Andersson et al., 2018).

Englis and Wakkee (2015) concluded that the position that companies occupy in the network affects the process of recognizing opportunities, because of the related impact on the availability of information, time and references. Participation in a network is a source of information for entrepreneurs and CEOs about current market activities and developments. The entrepreneur or CEO has access to different information, depending on their position in the network. The position in the network also determines when the entrepreneur or CEO gets information and what opportunities can be identified and evaluated (Englis & Wakkee, 2015).

Networks also have a strong influence on both the market entry process and new country selection, as they allow the identification and exploration of new markets (Andersson et al., 2018; Bell & Cooper, 2015; Evers, & Gliga, 2018). They contribute to the identification of new market opportunities and the

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creation of knowledge about them (Mort & Weerawardena, 2006). The presence of SMEs in international networks is of great strategic importance, as new business opportunities arise among network members (Sasi & Arenius, 2008). The development of these networks also makes it possible to identify partners that complement the company's competences, thus enabling them to reduce the risks of marketing single products or niche products in foreign markets (Franco & Haase, 2016).

In short, network-based relationships are important means for companies and are useful for the acquisition, mobilization and development of organizational, human, financial and social capital throughout their international activities (Jones et al., 2011). However, Mort and Weerawardena (2006) claim that being involved in network-based activities restricts the company's strategic options, which is an inhibiting factor.

Importance of Previous Experience

The role played by the managers or by the CEOs of BGs is an important factor in the internationalization process. According to Hånell and Nordman (2019), BGs are usually founded by relationship-oriented individuals who, in their previous careers, have developed international experience and a strong network of contacts. Thus, due to the prior experience of their founders, BGs have the capability to acquire resources and knowledge to gain competitive advantage (Hånell & Nordman, 2019).

The founder's international experience affects the psychic distance perception to foreign markets and the degree to which this is seen as an internationalization barrier. Thus, entrepreneurs or CEOs with international experience have a well-developed contact network that supports early internationalization (Lopez et al., 2009). When managers occupy positions in international companies or abroad, they develop more open minded knowledge about international markets and new opportunities (Englis & Wakkee, 2015). Therefore, the role of the entrepreneurs or CEOs, their experience and their knowledge are key factors supporting the early, rapid and successful internationalization (Kraus et al., 2017).

Given the importance of newness and innovation in international markets it is mandatory that entrepreneurs and CEOs possess deep technological knowledge and skills (Franco & Haase, 2016). As they have the responsibility to implement business models, it is important that they focus on value creation activities so that the company improves its international performance (Kraus et al., 2017). It is also the entrepreneur's and CEO's responsibility to develop competitive strategies that differentiate the company from its competitors (Kraus et al., 2017).

Importance of Entrepreneurial Orientation

Jones et al. (2011) presented the concept of international entrepreneurship, which is a core behavioral concept involving entrepreneurial activities in several countries. The entrepreneurial mindset can be defined as the attitude of the company's founder towards internationalization (Englis & Wakkee, 2015).

According to Knight (2001), entrepreneurial orientation emphasizes innovation in the company's products and processes, risk propensity, and proactive behavior. Moreover, the attitudes and mindset of the company's founding team play a very important role in determining the extent to which companies engage in international activities (Englis & Wakkee, 2015). Thus, the entrepreneur's international orientation and the company's risk perceptions strongly influence the degree of internationalization (Jones et al., 2011). It is therefore important to consider the impact of the founders' knowledge and entrepreneurial capacity on the company's internationalization process, as this is crucial for the companies' success (Coviello, 2015).

Marketing Strategies of Born Globals

Because of lack of resources, BGs have to overcome several challenges, including the capability to market their products in world markets (Gabrielsson & Gabrielsson, 2008). As foreign markets are characterized by uncertainty and exogenous factors, it is important for resource-constrained companies to optimize their marketing interactions with the local environment (Knight, 2001). Thus, in addition to an entrepreneurial orientation, BGs are characterized by a strong international marketing orientation, which is reflected in their innovation and proactivity in seeking new markets (Knight & Cavusgil, 2004). Adapting products to external market conditions is a critical element, as it is important that they respond to the different needs of their customers (Knight, 2001).

BGs have a management mindset that emphasizes value creation through marketing activities, so that they can serve international customers and offer high added value products and services to customers that are more valuable than alternative offerings (Knight & Cavusgil, 2004). By adapting their marketing strategies, companies are able to respond more easily to changes brought about by globalization, and improve their performance (Knight, 2000). To penetrate international markets, it is important for BGs to select the countries where they want to expand, adapting their products/services and marketing strategies, or renewing their product/service portfolio (Gabrielsson & Gabrielsson, 2008).

According to Luostarinen and Gabrielsson (2006), BGs look for and serve global market niches because it is impossible for them to satisfy a large customer base. They also conclude that BGs prefer to serve niche markets, selecting B2B businesses rather than B2C businesses, as the former require fewer resources and require less focus on brand awareness. The focus on market niches also help BGs to define the R&D and marketing activities they need to invest in.

RESEARCH METHOD

Case Study Selection

In order to address the research question, a single case study was used, as it makes it possible to analyze real life situations, to combine previously developed theories with new specific results, to investigate phenomena in unique contexts, to analyze retrospective information and to develop new theoretical and practical insights (Eisenhardt, 1989; Ghauri, 2004). The internationalization of BGs, as micro-enterprises, is a complex process, and the case study method is well suited to analyzing a longitudinal perspective (Eisenhardt, 1989; Vissak & Francioni, 2013; Welch & Welch, 2009). The case study is an important research tool extensively used in management (Mariotto, Zanni & Moraes, 2014), to generate and test theory, but it also allows a more accurate perception of the circumstances in which a phenomenon occurs and can be used for both pedagogical and research purposes (Eisenhardt, 1989; Furtado et al., 2019; Mariotto et al., 2014; Gibbert, Ruigrok & Wicki, 2008).

This chapter focuses on a case study, following a qualitative analysis of a micro-enterprise based in Aveiro, Portugal, which in this study will be called VERTICAL. It was selected based on a judgmental / purposive sampling approach (Teddlie & Yu, 2007; Elo, Kanste, & Pölkki, 2014). The authors had previous knowledge of VERTICAL, and they realized that it could be considered a BG firm, as VERTICAL is a young, technology-based company with only three employees, and it exports most of its products. It was seven years old at the time of collecting information, having been founded in 2011 as a start-up,

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although its business activity only started in 2014. In addition, the CEO was willing to participate in a research project.

Data Collection and Analysis

A qualitative methodology was used to collect data. Two semi-structured interviews were conducted in May of 2019 with VERTICAL's CEO, who was chosen because he had been part of the company's staff since its inception and had the knowledge to provide the most reliable information. As well as having knowledge regarding the company's growth strategy, activity, and financial indicators, he also had an evolutionary perspective on the company. The interviews lasted approximately 30 minutes each. Both were recorded in audio format. Subsequently, in order to ensure the conformity of the results and facilitate further analysis of the data, the interviews were transcribed. The second interview complemented the first and helped the researchers to confirm and validate the content of the first interview, and also to seek further elaboration on key points.

The initial interview was structured around the topic of research, i.e. the company's internationalization and its behavior as a BG. Previous knowledge of the company was used to tailor the script to the specific context of the company. The interview guide covered questions relating to eight key topics: (1) company information, about the evolution of its initial market objectives, main team, sales volume, competitive positioning and strategic changes; (2) internationalization activities, strategies and processes; (3) participation in export programs; (4) product / service sales strategy; (5) subsidiaries; (6) relationships with suppliers, customers and competitors; (7) mode of internationalization and key success factors.

Visiting the production facilities was important for the interviewers to familiarize themselves with the different products and the environment in the unit, improving the researchers' understanding of the company and products. During the visit it was possible to meet one of the employees working in the technical department, who described the company's facilities and explained thoroughly VERTICAL's sales process. The researchers' impressions of the visit were attached to the summary of the interviews.

The interviews and the complementary visit allowed the researchers to analyze managerial actions regarding the internationalization of activities. All the interviews took place at VERTICAL's facilities, so the researchers could observe events in their natural setting, rather than relying on pre-arranged single interviews. The researchers maintained a passive and unobtrusive presence, in order not to interfere with on-going events and activities. Data from all sources were collected and transcribed into a single case story, helping to identify missing information.

Primary data collection was then complemented with secondary data collection, which involved obtaining material from public sources, such as the website of the firm, marketing information and multiple observations. Obtaining complementary information from different sources was important to ensure the validity and reliability of data (Gibbert et al., 2008; Ghauri, 2004; Mariotto et al., 2014).

With the data from the interviews and other sources it was possible to build an evolutionary image of the company that is reliable and close to reality. In addition, data analysis and data triangulation resulted in a series of unique characteristics and behaviors that allowed the researchers to compare case-specific data with the theory gathered in the literature review.

Finally, a summary table was developed, which is included at the end of the chapter. This table assists comparison between observations and theory, and also summarizes the discussion of the results comprehensively and clearly.

CASE STUDY PRESENTATION

Company History

Founded in 2011, VERTICAL started its business with a single patented product – PLTS, acronym for People Lifting and Translation System – and six employees. VERTICAL was founded by Mr. Manoel. The current CEO joined in as partner with marketing responsibilities and focused mainly on internationalization processes, trying to open foreign markets in the construction industry, where the PLTS could be employed. Mr. Manoel was already the owner of a Brazilian company specializing in working at height, created in 2002 and focusing mainly on the construction industry, but the company was in need of new equipment. In 2010, as a result of safety and productivity problems in the construction industry, this Brazilian company came up with the innovative idea, but could not develop it. Thus, VERTICAL was born with the objective of developing high-tech equipment and marketing it, as well as creating new solutions for working at height. The innovative PLTS product was created and soon afterwards patented. As a result of a company turnaround, Mr. Manoel stepped out, and VERTICAL was taken over by its current CEO with the support of external investment.

Between 2011 and 2013 VERTICAL focused on product development, patenting and bureaucratic work, and there was no sales activity. In 2013, VERTICAL was formally registered as a company. A factory was set up in the district of Santarém, Portugal, which is currently being decommissioned, although it was active until 2018. VERTICAL does not currently produce any components in-house, as is dedicated to mounting the system and providing services. The company is currently located in Aveiro, Portugal. The relocation of facilities to Aveiro was also related to the fact that Santarém has a limited business environment, with few resources, people, suppliers and partners. Moreover, the CEO and another employee were originally from Aveiro, which influenced the decision to relocate. VERTICAL is a young, dynamic and flexible company with a strong customer focus, concerned with the development of solutions that meet the needs of its customers.

The company's activity began in January 2014, when the current CEO joined VERTICAL on a full time basis. Between 2013 and 2014, VERTICAL managed to certify product quality, produce catalogs, design a website and establish several partnerships. By 2016, the company, to compensate for its limited resources, typical of micro-companies, actively participated in several competitions, having earned some awards for its innovative activities. Currently, VERTICAL is dedicated to the development of new products/services, having launched three new products in 2019. In 2018, the company's turnover reached around 300,000 euros.

Mission, vision, values and objectives

VERTICAL's mission is to develop simple yet effective equipment that is both safe and productive for working at height. The three main pillars of this company are safety, productivity and innovation. Innovation is undoubtedly one of VERTICAL's competitive advantages, given that it was created to develop new equipment. Safety is also critical, as the main downstream business sector is construction, an industry with high occupational accident rates. Sustainability and social responsibility are also important values that govern the company's operations. The CEO claims he is concerned about using environmentally friendly materials in the manufacture of PLTS.

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The company focuses on the development of new projects with innovative technologies that can solve problems that are emerging in working at height. The main need the company wishes to address is the risk and low productivity associated with working at height. According to the CEO, about 40% of a worker's day is lost to the resettlement of their life-lines and other safety issues. Therefore, VERTICAL's value proposition is (a) a 40% reduction in cleaning and maintenance costs, and (b) social inclusion, as PLTS enables the employment of handicapped individuals.

Organizational structure

VERTICAL is a micro-company with only three employees. It is currently looking for a fourth employee to join the sales team. Being a micro-company, it relies heavily on technical partners who collaborate temporarily with the company in certain areas. Partnerships with universities mean that an intern is currently part of the team, but this cannot solve structural problems. The CEO is responsible for both the financial and marketing functions of the company. VERTICAL also has a technical department.

Product and service portfolio

PLTS is innovative equipment that allows work to be performed at heights of up to 120m with both horizontal and vertical movement. A worker can reach any part of a structure/building using a single harness and a remote control. Its innovative design also allows anyone, including the physically disabled or paraplegic individuals to carry out vertical work safely and efficiently. PLTS is versatile as it fits any structure, whether a building, bridge, oil rig or wind tower. This patented technology enables safer, faster work, as it takes only six seconds to reach a height of 120m. It also makes work cheaper, as it increases the productivity of work at height. PLTS is still considered the safest lifting system in the world, consisting of seven mechanisms. Of these, the lifting system is based on the first winch in the world that lifts people using a single harness, i.e. without the need for safety baskets. This replaces the use of more conventional methods such as scaffolding, lifting platforms and ropes.

PLTS is VERTICAL's core product. However, it has several models, which have a total of 13 different applications, of which the following stand out: *PLTS no limits*, which allows horizontal and vertical movements, using a simple harness, initially designed for the construction industry, but can be used in maintenance services, such as cleaning exterior or interior glass; *PLTS freedom*, which is most suitable for elevators; *PLTS4two*, which combines *PLTS no limits* with a basket (which allows the transportation of heavy loads such as stones, windows or glass) and a distance limiting bar; *PLTS wind* for the repair of wind power towers; *PLTS home*, designed to be installed in homes or hospitals, to allow quick access to multiple rooms without the use of a wheelchair; and *PLTS deep*, suitable for accessing mines. However, the interview with the representative of the company's technical department revealed that only *PLTS no limits* is currently for sale, and that it meets European standards and has European certification. In addition to PLTS, the company also sells accessories, which are developed by its R&D team. These are mainly equipment to make the work more practical and safer.

In terms of services, VERTICAL has created the PLTS Academy, a program, integrated into its strategy, to train and certify individuals, including the disabled and amputees, and other companies to install and use the PLTS technology and products. When the PLTS system is sold, at least one VERTICAL representative, accompanied by a team that is subcontracted in Portugal or in the destination market,

must supervise the installation of the product on site. A representative of VERTICAL must be physically present wherever the PLTS service is being provided.

Market and competitors

VERTICAL was created to meet the needs of markets in different industries: construction, renewable energy, services and maintenance for vertical structures, and tourism. The company's target is mainly maintenance companies in those sectors. VERTICAL is a company that works in the B2B segment. The company was established to develop the necessary parts and equipment for which there was not yet an offer in those markets. The two main industries that the company is dealing with are the construction and renewable energy sectors, as the company also develops internal elevators for wind energy turbines.

The main competitors are predominantly international companies. There is no manufacturer of similar equipment at national level. For example, one competitor, TRACTEL, a multinational company, provides lift and maintenance equipment, suspended work platforms, and fall arrest systems in more than 120 countries, featuring similar products to those sold by VERTICAL, or that can replace them.

RESULTS

Internationalization Strategy

International activity, through exports, was developed at the same time as domestic activity from 2014 onward, three years after its creation as a startup. VERTICAL was founded with an international orientation, mainly as a result of the nature of the product, because of the limited domestic market for the product in Portugal. The CEO thinks that VERTICAL could not be profitable if it was entirely dependent on the domestic market. Hence the drive for internationalization, through exports, has been constant from the beginning. The CEO, who was initially responsible for the commercial area, focused on finding new markets in the construction industry that could be suitable for VERTICAL's products. He claims that VERTICAL was created mainly to serve foreign markets, and so was "born international".

In its early years, the company followed a strategy that lacked structure and objectivity. The efforts to internationalize involved attempts to enter as many markets as possible, which proved not to be the best approach. The company then decided to change its strategy. Currently, VERTICAL follows a geographical-based strategy, investing, at the same time, in the creation and development of relations with strategic clients. That allows VERTICAL to conserve its energy and retain customers, distributing up-to-date information about the company and its portfolio, and gathering information about potential future projects from its customers.

The growth strategy was a low risk one, entailing the use of local operators (distributors), who were very familiar with the local market and were responsible for product sales in their area. Later, and as a consequence of the geographical refocusing and dropping local intermediaries, the firm's growth strategy changed to what is currently practiced. These changes were directly related to changes in the company's management structure, entailing a focus on a limited number of markets, with a higher associated value. They were also related to the weaknesses of distributors, in promoting and selling the product.

Nowadays, exports are made using a direct sales approach, and the main destination markets are located in North Africa, the Middle East, and Europe. In terms of sales, the firm trades with a wide variety of

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countries, scattered globally, such as Singapore, Brazil, Spain, and Saudi Arabia. The quantity of exports to each country is highly variable. In general, as stated by the CEO, the European market comprises 50% of the operations, the Middle Eastern between 20% and 30%, and the rest to the African market. Notwithstanding the direct sales approach, VERTICAL makes some effort to establish local partnerships in target markets, mainly to ensure technical and commercial support; however VERTICAL retains overall responsibility for all projects. On the whole, the strategic adjustment explained above arises from the need to adapt early strategic choices, i.e. the use of intermediaries, which, according to the CEO, were a failure because the local operators were not able to sell the product. Finally, and equally important, are the company's export percentages, which, since 2014, have been higher than 30%.

Selection of Foreign Markets

VERTICAL started by selecting markets that were supposedly culturally closer to Portugal, namely Angola. Some factors influenced this choice, making it easier for VERTICAL to enter this market. First of all, VERTICAL already had some Angolan market knowledge. Secondly, Angola's official language is Portuguese and lastly, several Angolan companies have relationships with Portugal. However, the CEO realized that businesses are conducted differently in both countries.

Gradually, VERTICAL selected more geographically and culturally distant markets, as the construction companies mentioned earlier also started to conduct businesses in those markets. All in all, VERTICAL did not have considerable knowledge about the foreign markets to which it internationalized. Therefore, foreign market selection resulted largely either from market potential or the presence of the aforementioned Portuguese construction companies. In short, it was VERTICAL's network that influenced decisively the choice of the various foreign markets.

The main obstacle in VERTICAL's internationalization relates to the delivery of products to foreign markets, especially due to transportation and logistics issues. In fact, VERTICAL needs to be physically present at the construction site where the PLTS is going to be applied, as the company is responsible for its on-site installation.

Importance of Networks

VERTICAL's main entry strategy into foreign markets is through the establishment of informal agreements with some of the best known Portuguese construction companies, namely Teixeira Duarte, Martifer and Soares da Costa. VERTICAL's objective is to be subcontracted by these companies that conduct businesses all over the world. The established informal relationships allow VERTICAL to conduct businesses in the same countries as those companies, according to the CEO. These informal agreements are crucial to VERTICAL's internationalization strategy and arise from the so-called "informal network" of the CEO. This network comprises both personal and professional contacts established by the CEO during the time he worked in the sector, for over six years.

In VERTICAL's destination markets, the company works closely with a network of local partners, mainly for logistical issues. They also provide help concerning installation, provision and customer service. This local network of partners is an integral part of VERTICAL's approach to international markets as the company relies heavily on them. Local partners are selected through online searches, or are recommended by local clients.

Role of Innovation in Internationalization: R&D Activities

According to the company's CEO, in 2018 investment in R&D corresponded to 30% of the current sales volume. As VERTICAL is a young company, in order to satisfy new market needs, it tries to develop new products and improve the existing ones. Since innovation relies on markets, it is not associated with faster internationalization. The CEO explains that, in the Middle East, there is a demand for technologically innovative products, which helped VERTICAL's market entry. In contrast with that, the functionality of the product is more important than technological innovation in the African market. In foreign markets, VERTICAL was not a pioneer, since other large companies, such as TRACTEL, already operated there.

Role of the CEO in Internationalization: Networking and Previous Experience

The CEO acknowledges that his previous experience, gained from his previous work in this industry, allowed him to build a network of contacts, crucial to VERTICAL's internationalization. His professional and personal contacts with various companies in the construction industry enable VERTICAL's CEO to identify which partners have projects in certain foreign markets. With these contacts, the company is able to overcome its resource constraints. The company's CEO also states that his network contacts are a cost-effective way to communicate and advertise the products in international markets. These informal contacts are essential to obtain resources and to accelerate the internationalization process.

The CEO also had previous experience in internationalization activities, which facilitated VERTICAL's internationalization process. He believes that without this experience the company would have to spend more time and resources. In conclusion, the CEO is a key-factor in the company's internationalization process, since he defines and coordinates all operations. As mentioned before, the previous management team tried, wrongly, to accelerate the internationalization process by having a presence in all foreign markets and having various local distributors. However, with a new CEO and new strategies, the company spent fewer resources and focused on the most profitable markets. Since the target customers are not active on social media, the company had to adapt their style of communication.

Marketing Strategy

The company has adapted its market and effort concentration over time in relation to the resource-contained perspective. Initially, VERTICAL focused on social media since it was a low cost approach. However, given the standard product base of this particular company for B2B markets, the initial marketing strategy failed and was changed. VERTICAL started to focus on the customer. The CEO understood that social media networks were irrelevant to the target customers, bringing no advantages to the company. This was possible because of changes in the management team and international policy and strategy (concentration of foreign markets). In tandem with that, international distributors were also identified. Several contracts were signed and several companies paid VERTICAL royalties to sell PLTS in specific markets. The CEO points out that this was a wrong strategy, because distributors were unable to make sales, as they were not companies particularly committed to products like PLTS.

As VERTICAL operates in niche markets with standard products, the market approach is very important for a successful outcome. This is achieved through being close to the customers, and is mainly achieved through participation in international trade fairs, distributing and mailing catalogs and personalized information about products that may be of interest to certain customers. In other words, product

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advertising strategies and contact with target customers include catalogs and flyers, complemented with disseminating product information through the website. Sending customers information is crucial in the internationalization process. Establishing branches abroad will be necessary in the future, as some local partners have already approached VERTICAL to discuss that possibility.

DISCUSSION

Marketing Strategy and Customer Orientation

The CEO considers that the marketing strategy followed by VERTICAL is crucial to the success of the business. It changed over time as a result of a customer-centered approach (from a focus on low cost social media to a standard product base for B2B markets). VERTICAL increasingly focused on its customers. The CEO understood that social media networks were not relevant to the target customers, and had no advantages for the company. As Knight (2001) argued, resource-constrained companies must approach their customers through marketing activities, product adaptation and channels that optimize their interactions. Gabrielsson and Gabrielsson (2008) state that, due to their lack of resources, BGs have to overcome several challenges and must advertise their products in global markets, which can be difficult.

The results show that VERTICAL is a customer-oriented company, focusing on a close and mutual learning approach, seeking to create long-term and stable relationships. The company was able to build customer loyalty by sending up-to-date information about the company and products, realizing which projects customers are involved in and pursuing them. As argued in the literature, the company was able to adapt products to foreign market conditions and create customer value (Knight, 2001; Knight & Cavusgil, 2004). Since VERTICAL had few resources in the early stages of its internalization process, this case study confirms the importance of focusing on a narrow set of clients (Luostarinen & Gabrielsson, 2006), especially as VERTICAL is a micro-enterprise competing in international markets.

Internationalization Strategy

Founded with an international orientation, notwithstanding its domestic activity, VERTICAL's case confirms the importance of both international and domestic markets in the rapid and early internationalization process (Franco & Haase, 2016; Kraus et al., 2017). It confirms that the search for foreign markets is almost a requirement for such a company's growth (Lopez et al., 2008): a "borderless" vision of markets, which prompts companies to develop international marketing strategies immediately after their creation, usually within three years of their inception (Coviello, 2015; Knight et al., 2004).

Since VERTICAL exports more than 30% of its product, it can be considered a BG (Knight et al., 2004). VERTICAL's export entry mode in foreign markets is shaped by its lack of resources and its small size. As described in the literature, VERTICAL focuses on a global niche market (Knight & Cavusgil, 2004; Franco & Haase, 2016; Luostarinen & Gabrielsson, 2006) and on the commercialization of a narrow range of products (Knight et al., 2004; Maciejewski & Wach, 2019), namely equipment for working at height, in the maintenance of enterprises in the construction and renewable energy sectors.

Regarding market selection, VERTICAL started to internationalize in Angola, as it is culturally and linguistically close to Portugal. Gradually, the firm internationalized in the Middle East. The destination choice of the company's international process is not proactive, since it merely follows its partners to

markets already chosen by them, which can be described as “follower” behavior. Leveraging its network, VERTICAL has internationalized to several European countries. Although BGs are portrayed as having proactive behavior in the search for international opportunities (Knight, Madsen, & Servais, 2004), the firm can be considered to be closer to a BG than to a BR, due to its wide geographical scope (Kraus et al., 2017). However, the behavior of this micro-company is passive, in contrast to the claims of theoretical studies (Knight et al., 2004; Ribau et al., 2018), using personal and business networks to mitigate the lack of both resources and international knowledge.

Another aspect that positions VERTICAL as a BG is the fact that it invests a lot in R&D, corresponding to about 30% of sales volume. With its innovation culture functioning as an antecedent of early internationalization (Knight & Cavusgil, 2004), VERTICAL displays a typical behavior of BGs.

Relationship Networks and Informal Partnerships

Initially, VERTICAL focused on formal agreements, establishing strategic alliances with local distributors. However, over time this strategy changed, as VERTICAL realized the importance of informal agreements and partnerships. VERTICAL’s internationalization process has been strongly influenced by the CEO and his informal network, which comprises both inter-organizational and interpersonal relationships. VERTICAL’s main concern is to develop its networks in order to expand its business quickly, using local partnerships and informal agreements (Maciejewski & Wach, 2019). VERTICAL’s internationalization process currently depends on a set of networks, which are of critical importance to the company. They influence its rapid internationalization, as has been suggested by Johanson and Mattsson (2015) and Li, Qian, and Qian (2012).

Due to its limited resources, BGs usually rely on different types of networks, which allow them to access new knowledge and resources. Networks also speed up the internationalization process of BGs, by helping these companies enter many markets at the same time, and overcome resource constraints (Andersson et al., 2018; Coviello, 2006; Englis & Wakkee, 2015; Franco & Haase, 2016; Jones et al., 2011; Maciejewski & Wach, 2019; Mort & Weerawardena, 2006; Sasi & Arenius, 2008). The “informal networking” carried out by the current CEO and the relationships established with local companies to provide additional services, enabled VERTICAL to gain knowledge and international experience, and have helped the company to overcome its constraints, and supported the internationalization process.

Role of Management: Culture, Previous Experience and Entrepreneurial Capacity

The role of VERTICAL’s CEO, who had prior international experience and a global mindset, has been very important throughout the internationalization process, since he coordinates and defines the company’s strategies. With the resignation of VERTICAL’s founder, its management, and consequently its internationalization and marketing strategies, changed. When developing new strategies, the CEO embraces ideas that support the company’s international success. In addition, the CEO’s previous experience makes it possible to draw on a network of personal and professional contacts that were crucial to VERTICAL’s rapid internationalization. Based on Hånell and Nordman (2019) arguments, VERTICAL can be classified as a BG. As argued by Franco and Haase (2016), CEO’s previous international experience has allowed him to develop entrepreneurial skills, a global mindset and greater risk propensity. In its emphasis on product and process innovation, VERTICAL demonstrates an entrepreneurial orientation, as suggested

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by Knight (2001). VERTICAL has a passive market orientation – following some Portuguese client companies that purchased their products – which differs from the typical proactivity of BGs. However, this can be explained by the company’s resource limitations and network-based relationships, which are used as a way to find opportunities in international markets.

VERTICAL: A Born Global or The Typical Traditional Slowly and Gradually Internationalizing Company?

Taking all of the results in the round – the decision to internationalize, the timing of internationalization, the mode of international market entry, sales volume and percentage of sales abroad, type of products, main markets, marketing strategy, CEO’s previous experience, networking activities, role of local partners, and R&D activities – it is time to address the research question as to whether VERTICAL is a BG or whether it follows the traditional Uppsala theory that most micro-companies follow. As there have been few studies of micro-enterprises behaving as BGs, this company is an interesting case study that contributes to theoretical studies in this field. The data collected, gathered and analyzed is shown in Table 1.

Table 1. Summary of main topics covered in relation to VERTICAL

Main Topics	VERTICAL
Beginning of international activities	Three years after its inception as a start-up and one year after being considered a company.
Why the decision to internationalize?	Due to the product’s nature (lack of application in the Portuguese market) and the domestic market reduced dimension.
Mode of Entry	Export, through direct sales.
Pattern of internationalization	Early and rapid. The company was “born international”, so its international activity was developed simultaneously with the domestic market.
Company size	A micro-enterprise with three full time employees
% of total foreign sales	Larger than 30% of sales volume
Type of product	Innovative, technology-based product for a very specific market segment (PLTS). It is used mainly in the construction industry. It is normally adapted to each project in which is incorporated.
How does VERTICAL select international markets?	Market choice is typically passive. It depends on the presence of other Portuguese construction companies, with whom VERTICAL has informal agreements. Complementarily, there is a proactive market seeking behavior, namely the search for new partners and projects. Normally, the geographical and psychological distance is not taken into account.
How does geographical enlargement happen?	Initially, the company chose countries with similar language and culture (e.g. Angola). This was followed by a progressive expansion to unknown countries, entering markets in different locations.
How does VERTICAL detect new opportunities?	Mainly through social networks with Portuguese companies from the construction industry.
Internationalization strategy	Although the company’s strategy changed, VERTICAL always had an international mindset. In order to be involved in international activities, the company relies on networks.
Main markets	Northern Africa, Middle East, Europe (the latter corresponds to 50% of its operations).
Role of local partners	Very important. They provide technical and commercial support that is crucial to the company’s international activities.
Role of established agreements	Informal agreements with Portuguese companies in the construction sector are essential to the company’s internationalization.

continues on following page

Table 1. Continued

Main Topics	VERTICAL
Marketing strategy	The firm operates in the B2B market. The communication is supported through the creation of brand awareness in international trade fairs, catalogs and personal information. Strong customer orientation. Cooperation with clients supports product customization.
CEO's previous experience	Very relevant. It underpinned the relational-based strategy that supported the lack of resources of the firm in the internationalization process. Previous experience in international markets supported the CEO in crafting the internationalization strategy circumventing the lack of previous experience/knowledge.
Investment in R&D	Very significant: 30% of sale volume.

The key features of BGs identified in the literature are: (a) early beginning of international activity; (b) entry modes, internationalization purpose and patterns; (c) company size; (d) percentage of sales in foreign markets; (e) type of product; (f) market selection and international expansion; (g) detection of internationalization and marketing opportunities and strategies; (h) main markets; and (i) the importance of local partners and establishing agreements. These features are taken mainly from the definition of BG proposed by Rennie (1993) and Knight and Cavusgil (2004). VERTICAL's market selection and international expansion is unusual, because it follows its partners to their chosen foreign markets, and the company's market entry is passive, as it allows its network to lead it to foreign markets. However, there is a more proactive approach when the company is looking for business opportunities, and the distance between VERTICAL and its destination markets does not restrain its choices. In this proactive approach, and on most of the other indicators that typify BGs, this micro-company behaves as a typical BG.

With respect to market expansion, initially VERTICAL's priorities were countries with similar language and culture, followed by a progressive expansion to distant countries. However, the market expansion resulted from the initial network of contacts and not from the experience obtained in international markets. It is possible to conclude that distance (geographic and psychic) is not a constraint in choosing markets. In this, VERTICAL's behavior is closer to that of a BG than a BR.

CONCLUSION

This chapter addresses a research question – Can a resource-constrained micro-enterprise behave as a BG or is it just another micro-enterprise seeking the traditional internationalization path to survive in the international business arena? – and in so doing addresses a less researched topic involving early internationalization of micro-companies and six objectives defined in the introduction section. After the discussion presented in the previous section, this section summarizes the main outcomes of the study.

The case study analysis suggests that the globalization process forced the company to change its strategies to meet the needs of global markets. A similar change of mind may have led many entrepreneurs to steer their SMEs to behave as BGs. However, micro-enterprises are not covered in the literature on BGs, and a study in this area is of particular added value to managers who, through their proactivity and dynamism, seek to exploit the internal resources of their companies and complement them through the practice of international relationships. Such tactics have allowed some companies to attain a global perspective.

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It was possible to associate, to a great extent, the behavior and actions of VERTICAL with what is described in the literature as the typical behavior of BGs. As BGs start their internationalization process rapidly and early, and are constrained in both human and financial resources, it is important that they resort to networking activities. These networks allow access to new knowledge and resources, thus enabling BGs to enter new markets abroad more easily. The creation of personal and business networks with international partners through the use of cooperative strategies was an enabler for VERTICAL, a Portuguese micro-enterprise, when it internationalized using its follower behavior.

The role of entrepreneurs and CEOs is also very important in internationalization, as their previous experience and skills acquired in the internationalization process make it possible to develop an international mindset. Through their personal and professional networks and previous experience, entrepreneurs and CEOs have the ability to analyze opportunities in overseas markets, thus enabling companies to be successful abroad. The attitude of the founders and CEOs of BGs towards internationalization is also a factor influencing the success of international activities.

When entering international markets BGs need to adapt their product portfolio and marketing strategies to serve different markets with different needs. Since micro-enterprises have limited resources, it is important for them to be close to their clients in order to adapt to their clients' specific needs. Moreover, servicing niche markets is important to keep the micro-company focused.

VERTICAL entered the market with an innovative technology-based product, with little application in the Portuguese market. Although the company has already developed an international orientation, it was also necessary to look for international markets where the product could be marketed.

One can conclude that the main determinants of VERTICAL's early and rapid internationalization process were the CEO and the relationship networks he has been building over time. The CEO also played a leading role in choosing and formulating VERTICAL's internationalization strategy. The growth strategy was chosen to compensate for a lack of resources and the small domestic market for the product.

Two aspects deserve more elaboration. Taking into account the existing literature on BGs, and taking the definition provided by Knight, Madsen, and Servais (2004), one can claim that VERTICAL is a micro born global company. However, if one takes into account VERTICAL's passive behavior, and its strategy of following its clients into markets, and thereby developing a successful international strategy, VERTICAL could be a born regional company if its clients operated in countries closer to Portugal. Those who use the number of foreign markets serviced as a metric to distinguish between born regional and born global may have a relevant point. Future studies might examine this point further.

Another important aspect is how to evaluate the "follow the client" strategy that VERTICAL has been successfully implementing. As BGs are normally supposed to follow active internationalization strategies, based on international entrepreneurship theory, it might be argued that following the leader is not the prototypical, proactive strategy that one expects from a BG. However, if one takes into account the scarcity of available resources that micro-enterprises experience, which could only be overcome by leveraging networking activities and knowledge generated by the CEO in previous and current managerial positions, one can argue that this strategic behavior represents exactly the kind of imaginative, entrepreneurial and proactive solution to the resource restriction problem that one would think of as typical of BGs. It is the type of opportunity seeking behavior managers/CEOs need to have to succeed in international markets. Despite the apparently "passive" behavior, one can nevertheless argue that VERTICAL follows a risk-averse strategy relying on its networks to exploit opportunities overseas.

Finally, this chapter complements the literature on BGs involving micro-companies implementing creative ways to embrace international markets. More research is needed involving resource-constrained

micro-enterprises competing in the international arena. Such research would be of added value to complement previous knowledge of SMEs and large companies.

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KEY TERMS AND DEFINITIONS

Born Global: It is a type of company that, from its inception, seeks to compete in many countries. It normally pursues a vision of becoming global and globalizes rapidly without any preceding long term domestic or internationalization period or experience. Usually born globals are small, technology-oriented companies that operate in several international markets.

Case Study: It is a qualitative methodology, normally used in social sciences, that seeks to interpret a reality through a particular perspective. It is normally used to answer questions like “how” and “why.” It is commonly used to address constructivist research processes.

Globalization: It is a worldwide movement toward economic, financial, trade, and communications integration. It is normally envisaged as a lack of trade barriers between nations, which are removed through free trade agreements throughout the world and between nation states. It implies the opening of local and nationalistic perspectives to a broader outlook of an interconnected and interdependent world with free transfer of capital, goods, and services across national frontiers, in which investment opportunities soar.

International New Venture: it is 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.

Internationalization: It is the process of increasing involvement of enterprises in international markets. It involves a strategy carried out by firms that decide to compete in foreign markets. It involves cross-border transactions of goods, services, or resources between two or more firms or organizations that belong to two different countries.

Internationalization Process: It involves the emphasis of a trajectory of a company in its transition from a national market to a particular foreign market. It normally involves several entry modes (exports,

FDI, franchising, etc.) that exert a critical influence on the subsequent trajectory, as well as on cost related to the internationalization process. The two most important theories that explain the internationalization process are the Uppsala model and the network-based approach.

Uppsala Model: It has been one of the most discussed dynamic theories in Nordic School and International Business Studies. It explains the process of internationalization of companies. It explains how organizations learn and the impact of learning on the companies' international expansion. This theory defends that the companies' internationalization process is carried out in stages, from non-regular exports to the establishment of companies abroad.