

## Chapter 4

# Born–Again Globals: A Case Study of a Non–Linear Internationalization Behavior

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### ABSTRACT

*Based on the literature on the Uppsala model, born-again globals, non-linear internationalization model, and late market entry, this chapter aims to portray the history, changes, and adaptations of OMEGA's internationalization process. This transitioning firm manufactures furniture and wooden hockey sticks. This chapter identifies that OMEGA follows a non-linear internationalization process and late entry into international markets. The principal added value of the case study presented here is related to presenting OMEGA's non-linear internationalization process, which displays reactive internationalization behavior in response to a saturated domestic market, typical of the Uppsala model, and which subsequently ends in a rapid internationalization process, as a born-again global, as a result of a change in its top management. During its internationalization process, OMEGA changed its internationalization pace, modes of entry, and export actions by adapting to the external environment and then changing its strategic focus.*

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## INTRODUCTION

When Small and Medium-sized Enterprises (SMEs) seek to exploit their competitive advantages they explore several types of internationalization strategies to enter overseas markets (Ribau, Moreira, & Raposo, 2018; Stanisauskaite & Kock, 2016). The internationalization process is related to the way companies explore international markets, as well as their export intensity. There are reactive and proactive reasons that lead to companies' internationalization, with different results as export performance is better among active internationalizers than reactive internationalizers (Ribau et al., 2017). Ultimately, companies seek to survive and grow in today's competitive markets, as well as increasing their profitability, in order to be able to expand to foreign markets (Carvalho & Moreira, 2016).

Despite several competing theories explaining the different internationalization strategies used by SMEs (Ribau et al., 2015; 2018), one traditional theory is used extensively to explain the incremental perspective SMEs tend to use to become gradually involved in international markets through a series of evolutionary stages (Bell, McNaughton, & Young, 2001; Ribau et al., 2015). This is known as the Uppsala theory, which is useful to expand the behaviors of most small and medium-sized, family-owned companies. Although exporting is one of the least risky modes of entry to international markets, it can be very difficult for many companies as it is a dynamic and complex process involving buyers and sellers from different countries.

If it is easy to claim that companies need to be aware of international business contexts and keep abreast of international market trends, many non-exporting companies seek challenging objectives, such as export-led sales growth and increased profits from foreign markets. However, to internationalize those companies need to develop their capabilities and competitive advantages and assume a proactive behavior (Ribau et al., 2017; 2019).

Market globalization has been accompanied by the emergence of internationalized, more agile and flexible companies, known as born globals, based on early and rapid internationalization strategies that questioned the traditional internationalization models (Coviello, 2006; Coviello, 2015; Englis & Wakke, 2015; Ribau et al., 2015). Other firms, internationalizing rapidly, albeit at a later stage in their life, are commonly referred to as born-again globals (Bell, McNaughton, & Young, 2001; Pinto, Ribeiro, & Moreira, 2018; Vissak & Francioni, 2013; Welch & Welch, 2009).

According to Kontinen and Ojala (2010), there are three main determinants of internationalization: the level of commitment to internationalization; the financial resources available; and the ability to commit and use these financial resources. The concept of born-again globals has been challenging the traditional pattern of internationalization, differing from other models in terms of pace and degree of internationalization. Born-again globals are typically well-established companies in their home markets that suddenly embrace rapid internationalization (Bell et al., 2001; Pinto et al., 2018), responding to critical events forcing them to shift their local focus to overseas markets, resorting to new networks and resources, engaging in multiple markets at the same time and adapting their products to foreign demand (Graves & Thomas, 2008; Pinto et al., 2018).

With an increase in export-led activities to face economic downturns in the domestic market and embrace overseas markets as a means of economic expansion, some firms are not only seeking to diversify their business and embrace international new markets. As such, this chapter aims to investigate the internationalization of a Portuguese company – named OMEGA for confidentiality reasons, established in the market since 1966 but only starting its internationalization path in 1999 – that manufactures furniture and wooden sports goods (hockey sticks). As a Portuguese company, OMEGA belongs to the groups

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