

Chapter 5

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

Ana Inês

University of Aveiro, Portugal

Maria Hespanha

University of Aveiro, Portugal


Patrícia Pires

University of Aveiro, Portugal

Andreia Almeida

University of Aveiro, Portugal

António Carrizo Moreira

 <https://orcid.org/0000-0002-6613-8796>

University of Aveiro, Portugal

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.

DOI: 10.4018/978-1-7998-4303-0.ch005

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).

22 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/seeking-opportunities/274911

Related Content

Mobile Games: Emerging Content Business Area

Tommi Pelkonen (2005). *Managing Business in a Multi-Channel World: Success Factors for E-Business* (pp. 147-160).

www.irma-international.org/chapter/mobile-games-emerging-content-business/25688

The Economic Crisis Faced by One of the Biggest Ed-Tech Companies in the World: The Case Study on Byju's Layoff

Ranita Basuand Anindita Majumdar (2024). *Cases on Economic Crisis Impact on Multinational Corporations* (pp. 161-168).

www.irma-international.org/chapter/the-economic-crisis-faced-by-one-of-the-biggest-ed-tech-companies-in-the-world/339675

Pakistan: Pillar of China's Belt and Road Initiative

Zhiqi Huang (2026). *Cases on China's Partnerships and International Development in Asia* (pp. 219-244).

www.irma-international.org/chapter/pakistan/404606

Engagement, Immersion, and Learning Cultures: Project Planning and Decision Making for Virtual World Training Programs

Christopher Keeseey (2011). *Global Business: Concepts, Methodologies, Tools and Applications* (pp. 121-134).

www.irma-international.org/chapter/engagement-immersion-learning-cultures/54765

Guidelines for Preparing Organizations in Developing Countries for Standards-Based B2B

Lena Aggestam (2011). *Global Business: Concepts, Methodologies, Tools and Applications* (pp. 206-228).

www.irma-international.org/chapter/guidelines-preparing-organizations-developing-countries/54770