

THE ROLE OF SOCIAL AND BUSINESS NETWORKS IN THE INTERNATIONALIZATION OF BORN GLOBAL FIRMS: EVIDENCE FROM SERBIA

ULOGA DRUŠTVENIH I POSLOVNIH MREŽA U INTERNACIONALIZACIJI PODUZEĆA KOJA SE RANO GLOBALIZIRAJU (ENGL. BORN GLOBAL): DOKAZI IZ SRBIJE

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Abstract

Purpose – This paper examines the specifics of born global firms from a post-transitional European country with regard to the role of social and business networks in the internationalization process.

Design/Methodology/Approach – Given that born global firms are an emerging phenomenon in South-Eastern Europe, the research method was a case study. Four cases were judgmentally chosen for the analysis. Literal and theoretical replication was applied.

Findings and implications – Regarding the role which social and business networks play in starting and stimulating the internationalization in post-transitional countries, the results indicate similar patterns of this contemporary phenomenon to those in developed countries. The main implications for entrepreneurs and policy makers may be found in the area of fostering cooperation between small firms and enhancing their personal and business interactions through the development of industrial/technology parks, industrial clusters, and business incubators.

Sažetak

Svrha – Tema rada su specifičnosti poduzeća koja se rano globaliziraju (*engl. born global*) iz posttranzicijske europske zemlje, u pogledu uloge društvenih i poslovnih mreža u procesu internacionalizacije.

Metodološki pristup – S obzirom da su poduzeća koja se rano globaliziraju (*engl. born global*) pojava u nastajanju u jugoistočnoj Europi, odabrana je metoda studije slučaja. Za analizu su odabrana četiri slučaja, i to oni za koje se predviđaju slični rezultati (*engl. Literal replication*) kao i slučajevi za koje se pretpostavlja da će pružiti kontradiktorne rezultate (*engl. Theoretical replication*).

Rezultati i implikacije – Što se tiče uloge društvenih i poslovnih mreža u pokretanju i poticanju internacionalizacije u posttranzicijskim zemljama, rezultati pokazuju obrasce ovog suvremenog fenomena slične onima u razvijenim zemljama. Glavne implikacije za poduzetnike i kreatore politika u području su poticanje suradnje između malih poduzeća i jačanju njihovih osobnih i poslovnih interakcija kroz razvoj industrijskih/tehnoloških parkova, industrijskih klastera i poslovnih inkubatora.

Limitations – The results have to be taken with some reservations due to a small number of firms examined and the fact that a half of them are from the information technology industry.

Originality – The study contributes to the research of the born global phenomenon by addressing the issue in the South-Eastern European region, where it has not been widely investigated, especially in the context of a country with a socialist heritage.

Keywords – born global firms, social networks, business networks, post-transitional country

Ograničenja – Rezultati se moraju razmatrati uz određena ograničenja zbog malog broja ispitanih poduzeća i činjenice da ih je polovica iz IT industrije.

Doprinos – Rad doprinosi istraživanju fenomena poduzeća koja se rano globaliziraju (*engl. born global*) zahvaljujući činjenici da temu razmatra u jugoistočnoj Europi gdje ne postoji puno istraživanja, posebno u kontekstu zemlje sa socijalističkim naslijeđem.

Ključne riječi – poduzeća koja se rano globaliziraju (*engl. born global*), društvene mreže, poslovne mreže, posttranzicijska zemlja

1. INTRODUCTION

Born global firms have become an emerging topic in academic research over the last two decades. Early internationalization of firms has become evident all over the world and has challenged the traditional theories of internationalization. For example, 13% of U.S. firms embark on export activities in the first years of their business (Moen & Servais, 2002) and, in Europe, 18% of newly established firms are born global while in some countries, such as Belgium and Denmark, around a half of them fall into that group (Eurofound, 2012). Recent data shows that born global firms account for 2.5% of all small and medium firms in the EU and 12% of young enterprises (Eurofound, 2016; Eurofound, 2018). Examining the EU start-ups, early internationalization becomes even more evident, as only 11% of start-up firms say they did not plan to expand internationally during the first year of their business (European Startup Monitor, 2019). Internationalization is a goal for the majority of start-ups in the EU. In the last decade, born global firms have been a research topic in developing countries as well. Various external factors stimulate early internationalization of firms worldwide. The most important are the technological advances, such as the development of information, communication and process technology, which reduce costs in international business operations, and globalization, as a homogenization of customers' preferences, allows international firms to recognize and target international and global market segments efficiently (Oviatt & McDougall, 1994; Knight & Cavusgil, 1996; Knight & Cavusgil, 2004; Rialp, Rialp, Urbano & Vaillant, 2005). Those trends do not pass by firms from developing countries, which use global marketing opportunities and develop their international business strategy from the inception. Although South-Eastern European (SEE) countries are closely related to highly developed EU countries, the topic of born global firms has not received significant attention. One of the main constraining factors is associated with a socialist heritage that has been shaping

their economic environment long after the process of transition ended. Post-socialist economies did not have a strong entrepreneurship culture, which is one of the reasons why born global firms have appeared recently and why there is no significant research of the topic in SEE countries. The aim of this study is to shed light on the born global firms from a post-socialist country and their main characteristics that contributed to early internationalization. The results are discussed in regard to the main findings of the studies conducted in developed countries. Following the introduction, literature review on born global firms is presented in order to identify their main characteristics, which were primarily recognized in developed countries. The second part addresses the issues of network capabilities of born global firms. Several research questions are proposed. After the research methodology part, four cases and cross-case analyses are presented and discussed, after which several conclusions, implications, and limitations of the research are outlined.

2. WHO ARE BORN GLOBAL FIRMS?

The first study mentioning "born global firms", published in 1993, deals with the early internationalization of Australian firms (Rennie, 1993). Since then, different terms have been used to address early-internationalized firms (Luostarinen & Gabrielsson, 2006): new technology-based firms, high technology start-ups, global start-ups, instant internationals, knowledge-intensive firms. The most cited authors use two different terms: Oviatt and McDougall (1994) used the term international new venture, with the term born global firms emerging in the work of Knight and Cavusgil (1996). International new venture was defined as a business organization which uses resources and sells products and services in multiple countries from the start in order to obtain a competitive advantage (Oviatt & McDougall, 1994). On the other hand, born global firms were first perceived as small technology-based firms operating in interna-

tional markets from their founding (Knight & Cavusgil, 1996). In both definitions, the focus is on the business activities in foreign countries from the inception. In 2004, Knight and Cavusgil proposed a new definition which focuses on the young, newly-established firms' usage of knowledge-based resources with the aim to achieve superior business performance in multiple countries, soon after being founded, revealing intangible resources as the main competitive strength of born global firms.

The phenomenon of born global (BG) firms is relatively new, so it is not surprising that there is no clear theoretical framework or a generally accepted definition. The main concerns in different approaches to defining and analyzing BG firms were various indicators of the speed and scope of internationalization, such as the timing of their first export operations and the share of foreign sales in total sales (or average annual sales from foreign operations in the first several years). Regarding export timing, some authors stated that born global firms are recognized if they start selling abroad within two (Rennie, 1993; Knight & Cavusgil, 1996; Chetty & Campbell-Hunt, 2004; Rialp et al., 2005), three (Knight & Cavusgil, 2004; Servais, Madsen & Rasmussen, 2007; Zou, Wu & Luo, 2007; Ferguson, Henrekson & Johannesson, 2019) or five and more years (Eurofound, 2012; De Clercq, Sapienza & Zhou, 2014) after their establishment. Oviatt and McDougall (1994) propose international commitment as a major criterion for recognizing this type of firms, since a product or service had to be developed in the beginning. It is more important that managers demonstrate commitment to sell the output in multiple countries from the inception than the timing of the first export operation.

Other quantitative criteria mentioned in the literature are: the number of foreign markets that a firm operates in, the location of foreign markets and, as one of the most significant, the share of foreign sales in total sales (export intensity). Export intensity can be 25% in case of a large domestic market such as the U.S. market (Gerschewski, Rose & Lindsay, 2015; Braunerhjelm &

Halldin, 2019; Ferguson et al., 2019); or a quarter of production exported (Knight & Cavusgil, 1996) or more in European countries (e.g., 50%, Rialp et al., 2005; Luostarinen & Gabrielsson, 2006). In case of China, Zhou and Wu (2014) proposed 10% of foreign sales in total sales to be a criterion for the BG firm definition. In general, those quantitative determinants should not be set strictly (Gabrielsson, Kirpalani, Dimitratos, Solberg & Zucchella, 2008) because there is a range of external factors affecting the internationalization of firms, such as the characteristics of industry and the domestic market size. The main distinction concerning the time and scope of internationalization can be made between traditional industries and knowledge-based ones, in favor of the latter. For example, an analysis of small and medium-sized exporters from Canada revealed that the number of served foreign markets is higher in case of firms with knowledge-intensive products and services from internationalized industries and small domestic markets (McNaughton, 2003). Although BG firms are often recognized in the high-technology sector, they also appear in traditional or low-tech sectors, such as food production, furniture, clothing and shoes manufacturing, etc. (Gabrielsson et al., 2008).

When speaking about BG firms as small, early-internationalized firms with limited resources, the following main question arises: how do they develop cutting-edge products and innovative solutions, outperform competitors by satisfying needs of a specific segment effectively, and achieve rapid international expansion? From a resource-based view, the main limitation they face is in the area of tangible resources, since they outperform in the development of intangible resources, distinctive and unique, especially knowledge-based competences (Knight & Cavusgil, 2004). Gerschewski et al. (2015) systemized key intangible resources of BG firms: marketing orientation, quality focus, international entrepreneurial orientation, learning orientation, personal business network of the manager/owner. Apart from the resource-based view, a dynamic capabilities perspective is frequently also used as a theoretical background for the analysis of BG

firms. Network capabilities (Mort & Weerawardena, 2006; Weerawardena, Mort, Liesch & Knight, 2007) and two organizational capabilities, namely the international marketing orientation and the international entrepreneurial orientation (Knight & Cavusgil, 2004; Kocak & Abimbola, 2009), were recognized as having the most influence on the internationalization of born global firms.

As the majority of studies regarding the characteristics of born global firms were conducted mainly in developed markets (Romanello & Chiarvesio, 2019), their results should be reconsidered in case of less developed and developing countries. Most of the studies about early internationalization were conducted in developed countries, such as the United States, Australia, New Zealand, and Nordic countries (Sharma & Blomstermo, 2003; Knight, Madsen & Servais, 2004; Knight & Cavusgil, 2004; Luostarinen & Gabrielsson, 2006; Mort & Weerawardena, 2006; Gerschewski et al., 2015; Romanello & Chiarvesio, 2019). Over the last decade, this phenomenon has also become interesting for the researchers from developing countries, such as China, India, Brazil, Chile, and Turkey (Zhou et al., 2007; Kim, Basu, Naidu & Cavusgil, 2011; Dib, da Rocha & da Silva, 2010; Felzensztein, Ciravegna, Robson & Amorós, 2015; Uner, Kocak, Cavusgil & Cavusgil, 2013; Cannone & Ughetto, 2014). Recently, it has become an emerging topic in Central and Eastern Europe (CEE), especially in the Czech Republic and Poland, as post-transitional countries. The researchers identified the trend of BG firms development in post-transitional CEE countries, emphasizing the role of international networks and a stimulating business environment as the key drivers of their internationalization (Simberova & Reková, 2016; Reková, 2017; Danik, Kowalik & Král, 2016; Cieslik & Kaciak, 2009; Lamotte & Colovic, 2015; Musteen, Datta & Butts, 2014; Danik, Dulinić & Kowalik, 2016). However, studies focusing on SEE are quite rare. Lamotte and Colovic (2015) conducted an analysis of early internationalized firms in transition economies, including SEE countries, with a focus on environmental and institutional factors as stimuli of internationalization. Some of SEE coun-

tries – Romania, Serbia, Montenegro, Greece and Slovenia, as well as several CEE countries, such as the Czech Republic, Hungary, Poland, as well as Estonia, Lithuania, and Ukraine were analyzed in the study by Cannone and Ughetto (2014). They found that small domestic markets have a positive influence on the internationalization of high-tech start-ups. Human capital of the entrepreneur and network relations were found to have a positive significant influence on the scope of international expansion. In order to investigate the phenomenon of BG firms and better understand their characteristics in developing and post-transitional countries, this study deals with BG firms from Serbia. The main characteristics of born global identified in the literature, regarding network capabilities in particular, has been considered.

3. THEORETICAL FRAMEWORK: THE ROLE OF NETWORKS IN THE INTERNATIONALIZATION OF BORN GLOBAL FIRMS

The network perspective of firms' internationalization was among the topics often examined in BG literature (Coviello, 2006; Sharma & Blomstermo, 2003; Mort & Weerawardena, 2006; Freeman & Cavusgil, 2007; Freeman, Hutchings, Lazaris & Zyngier, 2010; Gerschewski et al., 2015; Andersson & Wictor, 2003; Vasilchenko & Morish, 2011). Business and social networks are perceived as a strategic resource of BG firms that stimulates their early internationalization, given the fact that they allow firms to overcome internal resource limitations. From the perspective of firms' internationalization, networks have a positive influence on the identification of international market opportunities, access to new markets, and the pace of international expansion (Johanson & Vahlne, 2003, 2011). International networks provide participants with the access to valuable knowledge base, so they can skip time-consuming phases of knowledge accumulation, common in the Uppsala internationaliza-

tion model (Chetty & Campbell-Hunt, 2004). The access to the network provides an opportunity for small and medium firms to overcome the problem of knowledge deficiency, which is one of the most important constraints in the process of internationalization. In addition, by allowing fast learning, networks increase the speed of internationalization and flexibility in addressing the needs of foreign markets. Zhou and others (2007) discussed several benefits of an entrepreneur's social networks since they provide network members with the access to information. One benefit concerns the knowledge of foreign market opportunities, advice, and experiential learning, which lowers risks and uncertainties in foreign markets, given that the transfer of experiential information is more effective. The access to information also reduces transaction costs, thanks to referral trust and solidarity, by increasing legitimacy and credibility in establishing new contacts with third parties. That way, flexibility and efficiency of the response to external stimuli are enhanced, as is the pace of learning. As "channels for sharing knowledge" (Sharma & Blomstermo, 2003), networks facilitate the development of knowledge-intensive products (by providing information on marketing trends and technological knowledge), identifying international market opportunities, and improving international market performance of BG firms (Mort & Weerawardena, 2006). During the internationalization process, BG firms can rely on different types of networks: already established networks and/or newly formed ones (Freeman et al., 2010), personal connections of an entrepreneur and/or inter-firm partnerships (Kocak & Abimbola, 2009), and, finally, vertical and/or horizontal networks. Two specific types of network connections are examined in further analysis: inter-firm network and inter-personal network. An inter-personal network, called social or personal network, refers to individual relations of entrepreneurs as focal persons (Brüderl & Preisendörfer, 1998) and people with whom an entrepreneur has direct relations, relying on their services, advice, and moral support (Eberhard & Craig, 2013). An inter-firm network,

also called organizational or business network, concentrates on collective relations that firms are embedded in (Brüderl & Preisendörfer, 1998), on network of interrelated firms that cooperate in different value chain layers or that cooperate in the same industry segment or in the same value chain layer (Eberhard & Craig, 2013).

The access to the network is closely related to entrepreneurial characteristics. The special field of research of BG firms refers to the characteristics of entrepreneurs and their influence on the internationalization path or international performance. Several entrepreneurial characteristics were recognized as important for global firms' expansion: managerial innovativeness, global vision, risk taking (Freeman & Cavusgil, 2007), aggressive learning style, proactive behavior with tolerance to initial failures, dedication to problem solving (Cavusgil & Knight, 2015). The most examined feature is the international experience of an entrepreneur. In general, the international experience of an entrepreneur is perceived as an important stimulus of early internationalization of firms (Oviatt & McDougall, 1994; Madsen & Servais, 1997; Cannone & Ughetto, 2014), as it is closely related to the ability to access an international network. Managers with significant international experience have already developed personal contacts and relations with international partners. Those personal contacts foster internationalization by allowing an entrepreneur to participate in an existing network or to develop a new network. Specific social capital can be created as the outcome of network participation, which not only fosters internationalization but also allows different entrance strategies to be implemented (Gerschewski et al., 2015). The role of networks, mainly social networks, in facilitating the internationalization of small and medium firms has been investigated in different transitional countries, such as the Czech Republic (Simberova & Reková, 2016; Musteen et al., 2014; Fink & Kraus, 2007), Poland (Danik et al., 2016), and Slovenia (Fink & Kraus, 2007). A positive influence of networks on the probability that firms will internationalize from inception was identified in the extensive survey

of the internationalization of firms from European and Central Asian transition economies (Lamotte & Colovic, 2015). However, in that study, domestic networks of firms were limited to the participation in business associations and chambers of commerce, while international networks were defined in terms of foreign ownership, which is not in line with the general view of networks in the literature. As there has been little focus on the role of networks in the early internationalization of small and medium firms from SEE countries, the focus of this study is on their role in identifying international market opportunities and inducing the international market expansion. In addition, the role of previous experience of the entrepreneur is also considered. Those issues are further examined through the following research questions:

RQ1: What was the role of social networks in identifying international market opportunities and instigating the international market expansion of born global firms from a post-transitional SEE country? Did personal contacts of the entrepreneur induce the first international business operations and increase the pace of the international market expansion of born global firms from a developing, post-transitional country?

RQ2: What was the role of business networks in identifying international market opportunities and instigating the international market expansion of born global firms from a post-transitional SEE country? Did inter-firm partnerships induce the first international business operations and increase the pace of the international market expansion of born global firms from a developing, post-transitional country?

RQ3. What is the role of previous experience of entrepreneurs in the internationalization process of their businesses?

4. METHODOLOGY

A case study method was applied for investigating network capabilities of BG firms from Serbia. The case study method is used in a

number of studies on BG firms (Rennie, 1993; Rialp et al., 2005; Mort & Weerawardena, 2006; Andersson & Wictor, 2003; Nordman & Melen, 2008; Kocak & Abimbola, 2009; Vasilchenko & Morrish, 2011). In case of Serbia, this research design was found to be appropriate since there is no previous research on BG firms, and they have emerged in the last several years. In general, qualitative research is appropriate for the holistic understanding of new phenomena. It provides flexibility that is necessary in case of the lack of information and can be suitable for analyzing intangible and complex business aspects (Sinkovics, Penz & Ghauri, 2005). In the present study, a multiple case study design was selected to address the defined research questions. The design of the case study was based on theoretical propositions, defined in literature review, which shaped data collection plan and analytical priorities (Yin, 2018). Selection criteria were set in order to recognize relevant companies, rather than representative ones (as in Mort & Weerawardena, 2006). As the research design implied a focus of the study on the early internationalized firms, the first criterion applied to selecting the cases was that the first export or other international venture happened within the first five years since the establishment of the firm. The second consideration concerned the firm's export intensity, where no high requirements were set. The criterion was that export sales account for more than 25% of total sales, which was found appropriate in case of Serbia because BG firms are still not very common owing to their recent emergence. Additionally, the analysis focused on the firms established in the last 20 years. Four cases from different sectors were selected: software and hardware sectors, biotechnologies and wholesale. The characteristics of the sample are shown in Table 1. Literal and theoretical replications were applied.

The case study protocol was defined. The data were obtained through semi-structured interviews with the founders or senior managers of born global firms. Interviews, each of the interviews lasted around two hours, were conducted from August 2018 to January 2019. The data col-

TABLE 1: Characteristics of the sample

Case	Year of founding	Year of first export	Area of specialization	First export market	Main export markets	Export intensity
A	2010	2010	Online and mobile games	Turkey	UK, Germany, India, Thailand	100%
B	2001	2001	Hardware and complement software tools for microcontroller architectures	France	USA, Germany, Turkey, Austria	98%
C	2002	2005	Microbiological preparations and organic fertilizer with applications in agricultural production	Croatia	Russia, Belarus, Iran	40%
D	2015	2015	Food product wholesale; fruit-based products	USA	US, UK	90%

lected from the interviews were supplemented by secondary data, obtained from the Serbian Business Register Agency, the companies' websites, annual reports, and press reports. The usage of multiple methods for data collection can provide a more synergistic and holistic view of the research topic, improve construct validity, and increase the accuracy of case study findings (Perry, 2001; Yin, 2018). We triangulated our insights by comparing the data gathered from the interviews with multiple secondary data sources to ensure reliability.

Based on the literature review, we developed an interview consisting of several parts: the history of the firm, the previous experience of entrepreneurs, the export/international strategy (when and how the first export/international ventures happened, export intensity, main export markets, etc.), and the role of personal and business networks in the internationalization process. During the interview, the respondents were asked to tell the story of their experience (Perry, 2001), the experience of starting the business, their first foreign business contact, the first export activity, the international expansion strategy, with no strictly set questions.

The data analysis started with a single case description, aiming to recognize individual patterns regarding the role of each entrepreneur's

previous experience and their personal and business networks in early internationalization. The next step was the cross-case analysis, the systematization of the data categorized in four sections: the entrepreneur's previous experience, how the first export occurred, the roles of social and business networks in instigating the first internationalization, and its further expansion. Pattern-matching and cross-case synthesis were selected as appropriate analytic techniques. Putting information into different arrays reflecting the listed themes, as a case-ordered descriptive matrix, was used as a tool for data systematization and understanding the main differences between the cases (Miles & Huberman, 1994). Finally, the results from the case studies were compared with the patterns developed in the literature (e.g., in Rialp et al., 2005 and Mort & Weerawardena, 2006), which increased internal validity and generalizability of research findings.

5. RESULTS AND DISCUSSION

This section is structured in two parts. In the first part, each case is described in the following sections: basic information, export strategy, previous entrepreneurial experience, the social network of the entrepreneur, and participation

in business networks. In the second part, cross-case analysis and the proposed research question are discussed.

5.1. Company A: Software company (gaming industry)

Company A develops online games. It was established in 2010. Before its registration, entrepreneurs had been developing the product for one year and published their first game on the international market two months after the inception, which was time at which the internationalization started. Today, the company is of medium size, with around 170 employees and a total revenue of approximately EUR 17 million. Their main product has users worldwide.

Export. The first international market the game was introduced to was Turkey. The company launched the game on a social network, as an online platform, which represented an innovative distribution channel at the time. Today, major markets in terms of the number of users are India and Thailand, and Great Britain and Germany in terms of income. Entrepreneurs decided to enter developing countries with a large population and later to introduce the product to developed countries. Currently, the company has the export intensity (export sales and total sale ratio) of 100%. Five years after the establishment, its product had 100 million users worldwide.

Entrepreneurs' previous experience. The entrepreneurs who established the company had been working together for a major international IT company abroad for several years. That experience helped them advance their technical skills and acquire new knowledge in the area of management.

Social networks. The inter-personal relations established between the founders during their previous employment were vital in the development of the firm and its main product. To this day, the central role of those personal connections of the entrepreneurs remains in the area of product development. Although the company was established and has been operating in a de-

veloping country, the entrepreneurs succeed in attracting and employing highly qualified IT and marketing experts for gaming industry from 22 countries around the world. In the first several years, the recruiting of high-quality employees was done mainly thanks to inter-personal networks of founders.

Business networks. The entrepreneurs did not use inter-firm partnerships at the beginning of the internationalization. Later on, the company became active in local associations in order to promote entrepreneurship in the IT sector and its internationalization. As internationalization expanded, the company established cooperation with international marketing and PR agencies to create global promotional campaigns. Other inter-firm networks were not recognized. This could primarily be the consequence of the industry type. A software business has specific characteristics in the area of products/services distribution. As the online channel is dominant, the role of vertical business networks in the internationalization process is marginal.

5.2. Company B: Hardware and software company

Company B develops hardware and complementary software tools for microcontroller architectures. While its main product is the development board, it has started developing compilers and the supporting software. The company was established in 2001. The entrepreneur embarked on export activities from the inception, as product development had been conducted before the company was founded. Since then, the company has had the annual profit growth of around 30%. Today, it is a medium-sized company with 88 employees and a total revenue of some EUR 4 million.

Export. The main international markets in the first three years were the United States, Germany, Turkey, and Austria. Currently, the company exports to more than 100 countries and has the export intensity (export sales and total sale ratio) of 98%. The U.S. is still the main export market with a 60% share in total exports. The first

export venture was to France, as a result of an inquiry from a local distributor, although there had been several small orders from abroad through the website before that.

The entrepreneur's previous experience. The entrepreneur had had a business venture in the domestic market before the company was established. That venture was indirectly connected to the later business. The entrepreneur started developing products after graduating from university, but production could not commence due to the lack of financial resources. In the meantime, the entrepreneur started publishing a specialized journal about industry trends and wrote industry-specialized books as that activity did not demand large investments. However, it helped the founder advance technical knowledge and the knowledge of industry trends, increasing both own expertise and identifying main applications of the company's product idea.

Social networks. The personal contacts of the entrepreneur were important for starting the first venture. The entrepreneur used the contacts established in the first business venture for creating a team for product development before founding the microcontroller business; the creation of the management team followed the company establishment. The interviewers did not highlight any inter-personal contacts of the entrepreneur or managers as relevant for the internationalization process. Contacts with foreign distributors and key accounts were established primarily through the website and online communication.

Business networks. As the first exports followed an inquiry from a foreign distributor in France, a vertical inter-firm connection was found to have been an important stimulus for the initial internationalization. The main breakthrough in the international expansion was achieved through cooperation with their first global retailer, after which cooperation with four global retailers was established. Apart from global retailers, the company focused on developing a network of local distributors in more than 30 countries. The cooperation in the vertical business network

stimulated the rapid international expansion. An additional inter-firm network was established with a global PR agency to support the global introduction of a new generation product. The company has subsequently become active in the local cluster in order to promote the internationalization of IT companies and to foster cooperation with local firms. This horizontal business networks were not found to be important for its internationalization process; however, they stimulated other firms from the cluster to embark on international business activities.

5.3. Company C: Bio-technology company

Case C is a bio-technological company which produces an organic fertilizer and microbiological preparations with applications in agricultural production. It was founded in 2002 and is also registered for scientific research in the field of biotechnology, with the aim to provide access to domestic and EU funds, as additional resources for financing research and development activities. The first export ventures occurred three years after establishment. The company is small, with 18 employees and a total revenue of around EUR 2.5 million.

Export. The main international markets of the company are Russia, Belarus, and Iran, with the export intensity (export sales and total sale ratio) of 40%. In the first stages of its internationalization, export activities were oriented towards neighboring markets such as Croatia and Bosnia and Herzegovina. Five years after it was founded, the company started exporting to distant markets, as a result of the contacts with foreign distributors made by the managers at local fairs they participated in.

The entrepreneur's previous experience. The entrepreneur who established the company had worked as a university professor. The main topic of his academic research at the university had been in the area of biotechnology and its application in agriculture. Before establishing the biotechnological company, the entrepreneur had had a previous business venture in agricul-

tural products retailing. That experience helped the founder acquire valuable market knowledge, understand the main motivations and concerns of the buyers of agricultural products, the characteristics of competitive products, and identify unfilled market niches.

Social networks. As a result of the retail business venture, the entrepreneur had established numerous personal contacts, which provided valuable market information, especially about customers' needs; in turn, these were then used in the product development and sales activities during later stages. A valuable professional inter-personal network had been established internationally thanks to the university career of the entrepreneur, who was well-known in the academic community for his scientific research activities, academic, and conference publications. The professional network provided the company with legitimacy and credibility in establishing new selling contacts on international markets, and contributed to attracting highly qualified people, who are now working in the laboratories and on scientific projects initiated by the company.

Business networks. Apart from social networks, the company successfully established vertical business relationships with international distributors in every foreign market, giving rise to initial export activities and fostering its international expansion.

5.4. Company D: Food wholesale company

Company D, which specializes in food wholesale, was established in 2015. The entrepreneurs developed their food products and a premium brand based on specific food preferences on their main international market. The production is outsourced to local food-processing companies. As the product itself is not complex, the company internationalized its activity from the inception. The main activities of the management are in the area of developing marketing and sales strategies for international markets. Today, the company falls into the group of mi-

cro enterprises, with under 10 employees and a total revenue of less than EUR 700,000.

Export. The company's first and still the most important market is the U.S. market. Following the U.S. product launch, the company also started exporting to the UK. It has export intensity of more than 90%.

The entrepreneurs' previous experience. All the entrepreneurs had previous international experience, as they had been working for two international companies for several years. One of those was food products exporter. The entrepreneurs gained valuable international experience in exporting food products, which allowed them to acquire knowledge about the export process, foreign market information and to be acquainted with several food products buyers and distributors in the U.S. market.

Social networks. The first export venture was conducted as a result of a personal contact of one of the entrepreneurs with the international distributor's representatives, established during the previous employment. This inter-personal network provided the company with access to the U.S. market. Based on previous cooperation with the entrepreneur (during the earlier employment), the distributor decided to import new products from a micro firm from a small developing country in the United States. Both entrepreneurs had developed social networks, which they used in the process of brand and product development, and especially for penetrating new markets.

Business networks. Apart from personal networks, entrepreneurs developed several vertical business networks with producers in their home country and foreign distributors. Vertical business networks with producers were important for establishing the business, while the vertical network with foreign distributors was a key to the firm's international expansion.

5.5. Cross-case analysis

Based on the data presented, the cross-case and defined research questions could be discussed.

In Table 2, the cross-case analysis was systemized, aiming to reveal the similarities or differences in patterns among born global firms. The identified

patterns have been examined and discussed from the perspective of the networks' role in the internationalization process of BG firms.

TABLE 2: Cross-cases analysis

	Company A	Company B	Company C	Company D
Entrepreneur's previous experience	Several years in a major, international IT company	One venture before establishing the company	University position and one retail venture	Several years in international companies, in the same industry
First export	In the first year after the founding, to developing and distant markets	In the first year after the founding upon inquiry from a French buyer and via website orders; main breakthrough in export intensity was achieved thanks to the first contracts with a global retailer	Three years after the founding the company embarked on export activities, firstly to neighboring markets, and then to distant, developing countries, such as Russia, Belarus, and Iran	In the first year after the founding, to developed and distant countries
Networking: social network	Personal contacts in foreign markets used in the process of product development, but had no role at the outset of internationalization	No personal contacts in foreign markets at the time of the first export operations; personal contacts in domestic market used in the process of product development, but had role at the outset of internationalization	Personal contacts developed during a university career used for recognizing international market opportunities and developing business networks, as they provided the company with legitimacy and credibility in establishing new sales contacts	Personal contacts in foreign markets used for recognizing international market opportunities and developing business networks with the first foreign distributor
Networking: business network	No membership in formal business networks at the time the internationalization began.	No membership in formal business networks at the time the internationalization began, but later the development of numerous vertical business networks	Strong vertical business networks at the time the internationalization began and later	Strong vertical business networks at the time the internationalization began and later, with foreign distributors and local food-producing companies

The first research question deals with the role of personal contacts of entrepreneurs in the internationalization process. Personal connections influenced the founding of the firm and the development of products positively in all cases; in cases C and D, they had a positive influence on the access to foreign markets. Initial export activities resulted from personal connections established by the entrepreneurs on specific foreign markets, in case of the bio-tech company and the food wholesaler (cases C and D). The entrepreneurs of companies A and B did not rely on personal contacts in foreign markets at the beginning of their internationalization. They rely on the Internet for identifying international market opportunities. In case of the software company (case A), the company used an online channel to introduce the product, relying on its own market analysis in selecting foreign markets. In case of the hardware company, the management behaved passively when recognizing foreign market opportunities as it reacted to orders and inquiries from abroad. Direct positive influence of personal connections on international market expansion was not found in all the analyzed cases.

Business networks, as an inter-firm partnership, play a significant role in the international market expansion, as they increased the pace of internationalization, except in the first case. Information technology, especially the Internet, social media, and mobile platforms, played a more important role in the early internationalization of company A (online/mobile games publisher) and its international expansion than did personal and business networks. The company used those technologies as a communication and selling tool, and as a distribution channel too. Selling software and targeting a business to consumer (B2C) market is a specific case regarding the importance of networks for business internationalization. In all other cases, participating in vertical business networks with foreign distributors markedly enhanced the speed and the scope of internationalization.

The role of previous experience of the entrepreneurs in the internationalization process of their

businesses was the third issue examined in the study. All the founders had some previous experience. In cases A and D, the entrepreneurs had international experience either because they had worked for international companies or been in charge of an international marketing strategy in local firms. The previous experience provided the entrepreneurs with an opportunity not only to increase their knowledge and skills – market, technical and internationalization knowledge, and managerial skills, but also their networking capabilities. The entrepreneurs' previous experience stimulated their entrepreneurial endeavor and, indirectly, their internationalization strategy. In all cases, the results reveal that the previous experience of the entrepreneurs influenced product development and the establishment of their business. The influence of the that experience on internationalization was found to be indirect. The main effect was recognized in networking capabilities, especially in the capacity to establish personal networks, which were important for the identification of international market opportunities and, in the case of companies C and D, for their international market expansion.

The results regarding the role of networks and the entrepreneur's previous experience can be matched to the patterns already recognized in the literature. Although the research was conducted in the country which is among the least developed in Europe and is still dealing with its socialist legacy and post-transitional turbulences, no significant differences were found with regard to the roles of networks in the internationalization process of BG firms, compared to some developed countries, such as Australia, New Zealand, and Sweden (Coviello, 2006; Mort & Weerawardena, 2006; Freeman, Edvards & Schroder, 2006; Freeman & Cavusgil, 2007; Andersson & Victor, 2003; Vasilchenko & Morrish, 2011), or another developing, post-transitional country, such as Chile (Felzensztein et al., 2015). We found that networks contribute to the internationalization of born global firms by helping to identify foreign market opportunities and achieving rapid international expansion, but with several differences when it comes to the role of social and business

networks. The role of personal and business networks in the internationalization process is in line with the main conclusion of Coviello (2006) and Eberhard and Craig (2013). Personal connections were found to be more important in the early phases of a firm's development (in all four cases) and in the early phases of the internationalization process (except for the two IT companies: case A and case B). Founders rely on their network partners in the early phases of internationalization as they do not have available resources for conducting market research or opening sales branches in foreign markets (Mort & Weerawardena, 2006). The breakthrough point in the internationalization process was participation in the vertical business networks, which gave rise to a rapid international expansion (except for the software company – case A). As found by Coviello (2006), the more complex organizational needs become, the more significant the inter-firm relationships are likely to be.

The study of Gerschewski et al. (2015), which was conducted in Australia and New Zealand, revealed that the managers in the IT sector are more focused on knowing the specifics of the industry and experience within it than on the networks. Those results can indicate potential reasons for the undervalued role of the social networks of IT companies A and B, because they operate within the industry in which entrepreneurs rely more to a greater extent on the communication and selling potential of the Internet than on their personal connections in the first phase of internationalization. The results reveal a potential impact of the industry on the effects of networks in the internationalization of BG firms, which should be examined further. Additionally, it is necessary to analyze the strength of the connections and collaboration intensity in order to better understand the role of networks in the internationalization process.

6. CONCLUSION

Although born global firms and the early internationalization of firms have been an emerging

topic in academic research over the last two decades, they have not been fully investigated in Southeastern Europe. In case of Serbia, as well as in other post-socialist countries of former Yugoslavia and others in SEE, there are no significant research studies of these topics. Even though the transition process has ended (with a different degree of success in different countries), the structure of the economies has not changed significantly because large firms, developed from big state- or socially-owned firms with relatively vast concentration in different industries, have a dominant role. Entrepreneurship is still developing, with high investment in its promotion and growth. Those are the main reasons for low research interest in the topic of born global firms. On the other hand, there is an evident rise in the number of born global firms established in SEE. This qualitative research, conducted as a case study, sheds light on the characteristics of born global firms in a small, post-socialist European country. In view of significant research of BG firms from developed countries, the goal of this study was to analyze the key characteristics of BG firms from a developing country in relation to the main findings available in the literature. This study explored the role of networks in the internationalization process of BG firms. The investigation dealt with the influence of personal contacts and inter-firm partnerships on identifying international market opportunities and the scope of international expansion. The study results revealed that personal contacts were important for establishing the business, product development and, in two cases, for the identification of international market opportunities. The IT company did not rely on personal contacts to launch or enhance exports, which could be the result of the industry characteristics and the emergence of online sales. The role of personal networks in the internationalization of IT companies should be examined further. Business networks, on the other hand, had a vital role in recognizing international marketing opportunities and international market expansion in all cases except for the software company, which relied only on online distribution channels.

Those findings can provide valuable guidelines for small companies in post-transitional countries on their international path for they reveal the main success factors for early internationalization. This study could have important implications for public policy in the process of the development and implementation of a support program for entrepreneurs and export promotion policies. Due to the importance of business networks for early internationalization of small firms and for their international market expansion, an export support policy should focus on such programs that can help small firms locate potential foreign intermediaries or buyers. Given that personal connections can act as stimuli for establishing a business and its initial international operations, government policy should focus on the development of adequate infrastructure to foster cooperation between small firms and spur their personal and business interactions

through industrial/technology parks, industrial clusters, and business incubators.

The results of this qualitative study, as a first of its kind in Serbia, have to be taken into consideration with some reservations due to the fact that it encompasses a small number of firms, half of which are from the IT industry, where the barriers to internationalization are smaller compared to some other industries. In further research of the topic of born global firms in post-transitional SEE countries, it is necessary to map this type of firms, but this might pose an obstacle given that there are no available databases for this kind of research. On the other hand, it is evident that born global firms – as a contemporary phenomenon stimulated by various external factors, from the development of technology to market liberalization and globalization – are beginning to reshape the economies of developing countries, as well as developed ones.

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