

# MASTER THESIS

Course code: BE309E

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## The Reverse Side of Networks: Internationalization of Norwegian Born Global Firm.

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Date: 22.05.2017

Total number of pages: 63

## **Abstract**

From a research perspective, internationalization has been a thoroughly studied area. However, internationalization theories and strategies still challenge sufficient contradictions and the definite drivers of internationalization, such as networks, still remain a puzzle to be solved.

The purpose of this master thesis was to find the solution to the dilemma whether networks enable or burden the process of internationalization of born globals. In order to reach the purpose, author made a research upon how networks are utilized by born global firm prior and during the internationalization process. Since born global firms used to build network competencies to reduce risks and overcome key constraints on rapid internationalization, networks appeared to be crucial in the process challenging many points of concern. Three major networks were identified, namely, social, business and institutional, where each type influences internationalization process of the born global firm.

Qualitative approach employing single-case study design was chosen for the research and empirical study was carried out through semi-structured interviews. Interview guide was constructed in relation to the covered literature and theoretical constructs.

This master thesis contributes to the literature on internationalization of born globals from a network perspective. The theoretical and practical implications of the findings are also specified.

**Keywords:** Internationalization, born global, networks, social networks, business networks, institutional networks.

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## **1. Introduction**

### ***1.1. Research background***

The modern economic environment bounces complex incorporation of global economies. Rapidly changing international markets from the one hand create many uncertainties and challenges for the firms, though from another hand encourage firms for internationalization. International activities are increasing so the modes and effects of internationalization are becoming more and more diverse (Chin-Chun Hsu 2006). In the rapidly changing environment of internet, mobile networks and technological achievements, influenced by multiple factors like trade liberalization and labor regulation, global markets became an open easily accessed arena for internationalizing firms.

Firms used to start their internationalization process via slow coherent stages and then gradually increased international commitment. However, an increasing number of firms are choosing more rapid way just from the inception, giving a birth to the phenomenon of Born Globals. New market conditions together with technological developments and human capabilities play big role in born globals growth, facilitating the rise of these types of firms (Madsen and Servais 1997). According to one of the most well-known definitions we are going to follow in further research a born global firm is an “entity that from inception, seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries” (Oviatt and McDougall 1994, p. 49). These firms have intention to internationalize at or in the shortest possible time just after their founding in order to achieve significant competitive advantage by exploiting business opportunities in multiple foreign markets (Chetty and Campbell-Hunt 2003).

There are many reasons why it may be necessary to study the born globals extensively. Gabrielsson, and Kirpalani (2004) pointed out that the number and importance of Born Global firms in many parts of the world is increasing by the day. This phenomenon is also quite recognized in the Nordic countries. Waagø et al. (1993) reported that 44% of start-up companies in Norway participate in exporting within the first two years of their operation. And we may assume the number of firms from the inception pursuing a vision of becoming global and internationalize rapidly without long term domestic periods is predominating. Besides, there is apparent inability of the well-known traditional internationalization theories to explain the born globals occurrence and development (Moen, 2002). Many researchers have since accepted the

challenges faced by the traditional internationalization theories, McDougall et al. (1994), Knight and Cavusgil (1996) and Madsen and Servais (1997) have detailed challenges faced by the Uppsala internationalization model in explaining the emergence of firms engaged in international marketing activities, in various geographical and psychic markets, just after the inception. Still there is a discussion around the problem of how to identify whether the firm is born global or not. As there are no commonly accepted criteria to define, in the master thesis I would try to identify several major dimensions and categories that have been used in academic literature and summarize them.

### ***1.2.Problem statement and research question***

There is a strong need to deepen knowledge on early and rapidly internationalizing firms, which represent quite widespread trend and signal a more diverse global economy where organizations of different forms may succeed internationally (Knight and Liesch 2015).

The global reconfiguration process is accompanied by increasing lack of resources, forcing firms and governments to think about opportunities for cooperation in behalf of sustainable growth (Katila and Shane 2005). Johanson and Mattsson (1988) argue firms' dependence on resources controlled by other firms and possibility to get access to that resources while developing position in a network. Such networks appear to provide firms with mutual benefits, as firms develop and maintain relationships with each other under joint interest of common advantage (Johanson and Mattsson 1988). Freeman et al. (2006) claim that by building network competencies and developing chain of strategic alliances and partnerships firms overcome key constraints on rapid internationalization. Firms' managers focus on multiple tasks including careful selection of foreign customers using personal networks, investment in the relevant technologies, identification of best practices in the industry, development of strong relationship via strategic alliances with key local suppliers, so creating degree of loyalty and develop excellent relationships. The purpose is to overcome limited financial resources and market knowledge, thus, to achieve superior performance and to avoid risk by developing strong and structured relationships. At a general level, network ties seem to contribute internationalization (Coviello and Munro 1997). Drawing on the selective literature review, paper proceeds with the description of networks and how meaningful networks are in the internationalization process, namely in the process of internationalization of Born Global as they link actors, resources and activities together (Johnsen 2007).

Mort and Weerawardena (2006) find interest and importance for future research in the expansion of understanding the role of networking capabilities born global face on the international markets. They ascertain that literature has a lack in theoretical framework and offer to address networking “as a dynamic capability and reflecting the need to undertake empirical investigation grounded on born global firms” (Mort and Weerawardena 2006, p.550). McDougall and Oviatt consider network relationships as one of the crucial factors influencing internationalization process of born global (2000). Coviello points that networks are acknowledged being important and influential in the process of internationalization. Still relatively few studies focus on the born global networks analysis (2006). The need for network research specific to born global was admitted by Arenius (2002), Sharma and Blomstermo (2003), and Autio (2005). Authors discuss that network relationships generate social capital for born global which give possibilities of better access to international opportunities and resources which they are lacking (Gabrielsson, Kirpalani 2004). Thus, create tools to overcome liabilities of newness and foreignness (Arenius 2002). Putnam defines social capital as “features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit” (Putnam 1995, p. 67), and claims social capital has powerful effects on lots of things. Social capital refers to the resources available in and through personal and business networks (Baker 2000). Some authors discuss different influence of social and business networks on the internationalization process and social capital creation (Coviello 2006, Ellis and Pecotich 2001; Yli-Renko et al. 2002). Zhang and Chen find the question of different roles domestic and abroad networks play in born global internationalization process important for further analysis (2016).

Mort and Weerawardena (2006) define the opposite side of the networks’ role in the internationalization, describing phenomenon of “network rigidity”. Researchers identify it as limitations of strategic opportunities and options by network boundaries. So, in my research I have chosen to focus on the networks and their role in relation to born global firms’ internationalization. Thereby, achieve an objective to study and discuss the dilemma of networks’ enabling or burdening the process of internationalization.

To fulfil the research purpose, would like to focus on the following research question:

*How are networks utilized by Born Global prior and during the internationalization process? (In the context of Norwegian company)*

The contribution of this thesis is to increase the understanding of different networks' roles in the internationalization process of born globals. The expected results suppose to give a clearer perception on the current research gap in the literature regarding the business, social, and institutional networks' influence on the process of born global firms' internationalization. Consequently, to find the solution to the main dilemma whether networks enable or burden the process of internationalization of born globals.



## 2. Literature review

### *2.1. Internationalization: Definition and Theories*

The definition of internationalization has been the subject of much discourse among researchers of different schools and theories within last decades. Johanson and Wiedersheim Paul (1975) claim internationalization is an evolutionary process when the international experience changes the attitude of the company to internationalization. Later Johanson & Vahlne (1977) defined internationalization as a process in which firms gradually increase their international involvement. They believe internationalization to be the product of a series of incremental decisions so they identified elements of successful decision situations shared in public in order to develop a model of internationalization process. Welch & Luostarinen (1988) defined the internationalization as a dynamic concept: the process increasing involvement in international operations, when both inward and outward patterns of international expansion should be involved in a broader concept of internationalization. So it takes into consideration almost all imperative aspects of international activities such as export and import of products and knowledge, foreign production (Hanf & Pall, 2009). Beamish (1990) provides quite holistic definition of internationalization: “the process by which firms both increase their awareness of the direct and indirect influences of international transactions on their future, and establish and conduct transactions with other countries” (Hanf & Pall, 2009). Andersen (1997) includes in definition two dimensions of international market selection and entry mode strategy: “internationalization is the process of adapting exchange transaction modality to international markets”. From the resource based view of Tsang (1999) “internationalization is the transfer of a firm’s physical and organizational technologies from one country to another”. So there is the need of valuable assets and these assets can be externalized to some other countries. Hanf and Pall (2009) summarize some basic definitions of internationalization and state the idea that "internationalization is a process of increasing involvement in cross national operations, which requires the commitment of resources and the adaptation to international markets, changing the attitude of the firm and influencing the decisions on further internationalization".

These definitions mostly describe the concept of internationalization from a variety of dimensions. So the overall concept of internationalization includes:

- Internationalization is a gradual process that includes many incremental decisions and strategies;

- Internationalization causes interaction between companies' attitudes and actual behaviour;
- Internationalization includes export and import of products, services, resources, knowledge across national boundaries;
- Internationalization is influenced by list of various factors coming from the companies and environments.

Internationalization apparently gives to company substantial advantages in marketing, production and innovations. While internationalizing company can get competitive advantages like access to cheaper human resources as well as local financial and taxes incentives. Moreover, company enters new markets when it can exploit and develop its comparative advantage for a sustainable competitive advantage (Andersen 1997). When company is less dependent from particular single market, it can plan strategically further ahead and act more confident in terms of longer periods of time by balancing different markets against each other. So if there is a decline in one market, it becomes reasonable to take resources from another market in order to empower the development (Andersson et al. 1996). Internationalization process definitely contributes to a company's development giving further possibility to earn more profit and get bigger market share that sometimes works as the main inducement for internationalization (Hollensen 2001). Moreover, if there is the decision to go international, the entire organization but not only management of the company should be prepared and better have a clear view upon the process and internationalization strategy of the firm.

There are several theories and concepts in academic literature describing the firms' internationalization process. I would like to outline the most well-known internationalization models with the description of main ideas and developments.

### **2.1.1. The Uppsala Internationalization Model**

In 1977 Johanson and Vahlne presented a theoretical model based upon empirical study of Swedish manufacturing companies in the late 1970's. The result of research was significant internationalization model called The Uppsala Internationalization Model, named upon University of Uppsala where it was developed. The model explains characteristic of internationalization process of the company. It argues that one decision or event influences on the upcoming decisions and events (Johanson & Vahlne 1977). The main structure shows a distinction between the state and change aspects of internationalization variables (see Figure

1). The state aspects are considered to be the resource commitment to the foreign markets and knowledge about foreign markets and operations. Johanson and Vahlne (1977) argued that there is a direct relation between market knowledge and market commitment. The change aspects consist of current activities and decisions to commit resources to foreign operations (Johanson & Vahlne, 1977).

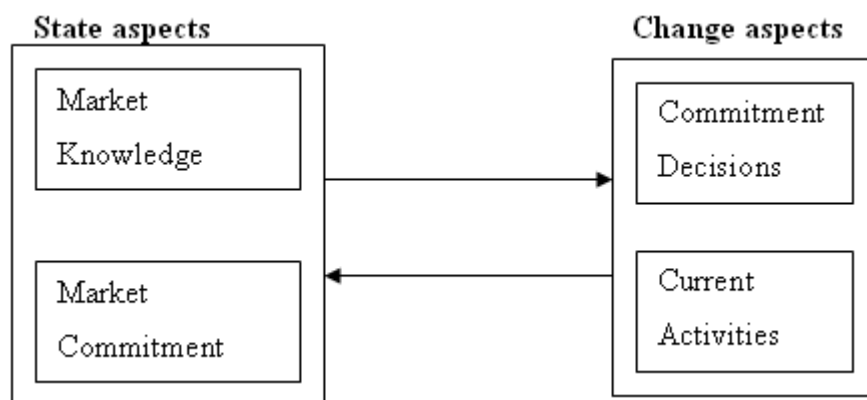


Figure 1. The basic mechanism of internationalization: state and change aspects (Johanson & Vahlne 1977).

On the figure 1 we see that market knowledge and market commitment interact with commitment decisions and current activities performance respectively, which in turn change knowledge and commitment – “the state of internationalization affects perceived opportunities and risks which in turn influence commitment decisions and current activities” (Johanson and Vahlne 1977, p. 27).

The theory describes company's internationalization process followed by stages, starting with export, sales by foreign subsidiary and lastly by foreign production. Besides, Johanson and Vahlne, (1977) state that the internationalization process is usually developed by companies first entering into countries with less psychic distance (culture, language and business practice differences). Respectively awareness about new markets is quite essential for company internationalization process because it enables it to reduce psychic distance. Thus, the model therefore perceives the concept of internationalization as an evolutionary and stepwise process. As a result, the experience and knowledge gained from the global market leads the internationalization.

However, this theory has been seriously criticized as traditional theories referring to the internationalization process of firms are not suitable to apply in order to explain new internationalization processes. Oviatt and McDougall (1994) found it inappropriate to explain

the internationalization of new ventures with the stage theories emphasizing organizational scale as an important competitive advantage in international business.

Madsen and Servais (1997) focused on the role of the networks and stated that the U-Model fails for not considering them in the internationalization process. Each firm should not be analyzed separately, thus state and change aspects must be understood in an interorganizational setting and these networks should be considered across borders, as there are differences between countries and products' international extension, coordination and integration of networks.

### **2.1.2 The Network Approach**

Johanson and Mattson (1988) claim the internationalization of a firm is influenced by actual network positions. In definite period of time firm has its position in the network. This position is a result of previous firm activities and ensures relationships with other companies in the network. Besides, the structure of the network depends on the interdependence of the firms' network positions. As in tightly structured networks firms have high interdependence, strong bonds and clear positions. Network activities help companies to gain access to the markets and resources through the relationships built inside. There is an assumption that a firm requires resources controlled by other firms which can be obtained through its network positions (Johanson and Mattson 1988). Moreover, the degree of internationalization of the firm depends on the extent, intensity and degree of integration in the network with foreign partners. These networks can operate across nation borders, however the path to internationalization starts from a domestic network. The network could take any shape depending on how the firms interact with each other. Moreover, the individuals involved in these relationships through social and cognitive interactions become part of the network creation process. The relationship of individual members of the firm in a network is initially important, however after a period of time processes and routines ultimately takeover as important factors (Havila et al. 2002).

Johansson and Mattsson (1988) introduced four cases of internationalization with regard to the degree of internationalization of the firm and the market. These are the early starter, the

late starter, the lonely international, and the international among others (see Figure2).

		Degree of internationalization of the market	
		LOW	HIGH
Degree of the Internationalization of the firm	LOW	The Early Starter	The Late Starter
	HIGH	The Lonely International	The International Among Others

Figure 2. Degree of internationalization of the firm and the market (Johansson and Mattsson,1988)

In their matrix production net includes the internationalization of both domestic and foreign markets, and firms with complementary activities (industrial branch), and firms with similar and competing activities (individual branch).

*The early starter* appears to be the firm which has competitors, suppliers and other firms in the domestic market that have few international relationships. So firms use agents to enter foreign markets, trying to minimise the need for knowledge development and to use network positions in the market occupied by already established firms. *The lonely international* is the firm which is highly internationalised in a market environment and has acquired knowledge and experience with foreign markets, however the other actors are still focused on the domestic market. *The late starter* has indirect relations with foreign business networks, through its suppliers, customers and competitors who are already internationalised, still it has less knowledge than its competitors and it is difficult to enter a tightly structured net. *The international-among-others* describes the situation where both the firm and its environment are highly internationalised. The positions that international among others occupies in international networks allows to get access to external resources.

Network model focuses on company's behaviour in the context of a network of interorganisational and interpersonal relationships (Axelsson, Easton 1992). Such relationships can involve customers, producers, suppliers, competitors, private and public sector, family,

friends and so on. Organisational boundaries therefore incorporate both business (formal) and social (informal) relationships.

### **2.1.3. The Born Global Theory**

#### **2.1.3.1. Definition and Identification of Born Globals**

There are few prevalent terms used in academic environment in order to define the group of rapidly internationalizing firms that do not seem to fit the traditional internationalization models. These terms include “international new ventures” (McDougall and et al. 1994), “global start-ups” (Oviatt and McDougall 1994), “new technology-based firms” (Autio 2000), “instant internationals” (McAuley 1999). The term “Born Global” however currently covers all of the above-mentioned terms and is the most widely used to describe these rapidly internationalizing firms sharing common characteristics (Knight and Cavusgil 1996).

In 1993 McKinsey & Company conducted a research project in Australia covering 310 firms exporting abroad. The early internationalizing firms whose management viewed the world as marketplace right exactly from the company birth, so exporting 75% of their total sales, starting after less than two years of operation were labelled as Born Globals. The Born Global concept from Rennie (1993) who developed further research project had mostly explanatory value by defining Born Globals as companies who started export within two years of firm inception.

Oviatt and McDougall (1994) focus on newly started firms which they call International New Venture and define as 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” (p. 49). International New Venture starts with the proactive international strategy in contrast to gradually development of traditional organizations. In the study Oviatt and McDougall (1994) found that none of the firms followed the incremental stages of internationalization, so concluded stages models to fail to explain why such firms operate not only on their domestic market but actively develop on international markets as well.

Knight and Cavusgil (1996) show examples from the studies of late 1970s of internationalization patterns similar to Born Globals all over the world. In 2004 Knight and Cavusgil used the term Born Global and defined it as “business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries” (p. 124). Finally, Knight

and Cavusgil (2015) agree that the term Born Global is less ascertain than international new venture. However, Born Globals is the most used and well known term.

On the whole, while defining Born Globals researchers seem to agree them being a young firm, created by an entrepreneur with a strong international background, aiming to achieve foreign markets just from inception by offering innovative and high-quality product that fits its customer needs and value expectations.

Nowadays in the rapidly changing environment of internet, mobile networks and technological achievements, global markets became an open easily accessed arena for internationalizing firms. These new market conditions together with technological developments and human capabilities play big role in Born Globals growth, facilitating the rise of these types of firms (Madsen and Servais 1997).

Still there is a discussion around the problem of how to identify if the firm is Born Global or not. As there are no commonly accepted criteria to define, we may identify several major dimensions and categories that have been used in academic literature. One of the first questions in discussion refers to the *firm starting time* which means the time frame between the time when firm was established and further appeared on the international markets. Usually the time period ranges from immediate up to eight years as different researchers using different values (Rennie 1993; McDougall et al. 1994; Madsen and Servais 1997).

The next dimension measures *the speed of internationalization* which describes the ability of the firm to adapt to problems or obstacles found in foreign markets (Vermeulen and Barkema 2002). Which appears to be quite obvious since Born Global firms are characterized by rapid internationalization with no doubt among researchers. Oviatt and McDougall's (1994) identified "vision and strategy to become global/international" as criteria for Born Global firms identification.

The *scale of internationalization* reflects the extent to which the activities of the firm are international. Usually it is measured by the percentage of sales obtained from the international markets' activity. The most common ratio used by researchers is 25 percent. (Knight and Cavusgil 1996; Madsen et al. 2000.) However, this ratio has been criticized for not reflecting the reality as in the case of Small and Open Economies and knowledge-intensive Born Global firms. McKinsey & Co. (1993) defined Born Globals exporting 75 percent of their total sales starting after less than two years of inception as appropriately depicting Born Global

internationalization scale. No matter which is the correct percentage or number for the scale, this dimension appears to be of a great importance as there is no doubt that foreign market sales play crucial role to Born Global firms.

The number of countries firm operates outside the home country supposes to measure firms' *market scope* (Oviatt and McDougall 1994). Born global firms' market selection strategy was particularly emphasized in early Born Global research as researchers aimed to highlight an inconsistency between stages models of internationalization and the internationalization of Born Global firms (Oviatt and McDougall, 2005). However, this is another point for discussion as there is no commonly agreed definition upon the number of countries or geographical locations where Born Global firms should operate. The crucial is the fact of actual operation at multiple (or at just more than one) foreign markets just after their inception.

As newer companies have a higher propensity to become global early (Madsen and Servais, 2005), *firm's age* appears to be another dimension of Born Globals. Madsen and Servais divided companies up according to their foundation year in three groups: a) companies founded prior to 1981 b) companies founded between 1982-1991 and finally c) companies founded after 1992. The tendency extracted from the Madsen & Servais (2005) study was that newer companies were forced to become international at an earlier stage than before. Madsen & Servais (2005) used a three-year cut-off of international sales and purchasing.

*Entry mode* is seen as a crucial factor in the internationalization process. Born Global firms' mode of entry has likely been neglected because exporting is assumed to be the initial mode of foreign market entry for the majority of firms that internationalize rapidly (Cavusgil and Knight, 2015). Rialp et al. (2005) argue that born global firms are more likely to export. Being limited in resources and knowledge intensity, Born Global choose less resource-intensive options such as exporting when entering international market. Besides, Born Global firms are known for forming partnerships in foreign markets using agents and distributors. Thus foreign direct investment (FDIs) should be excluded while less resource-intensive options such as joint ventures and contract manufacturing are preferred. These close relationships have been suggested to develop into hybrid structures in distribution channels (Madsen and Servais 1997). As the entry mode for Born Global firms is largely overlooked within the literature, it is important to emphasize the importance of strategic decision in Born Global firms' internationalization (Knight and Cavusgil 2004).



Oviatt and McDougall (2005, pp. 33-37) point out the necessity of new framework development to raise understanding of the Born Globals existence. In their research four necessary and sufficient elements are presented (see Figure 3).

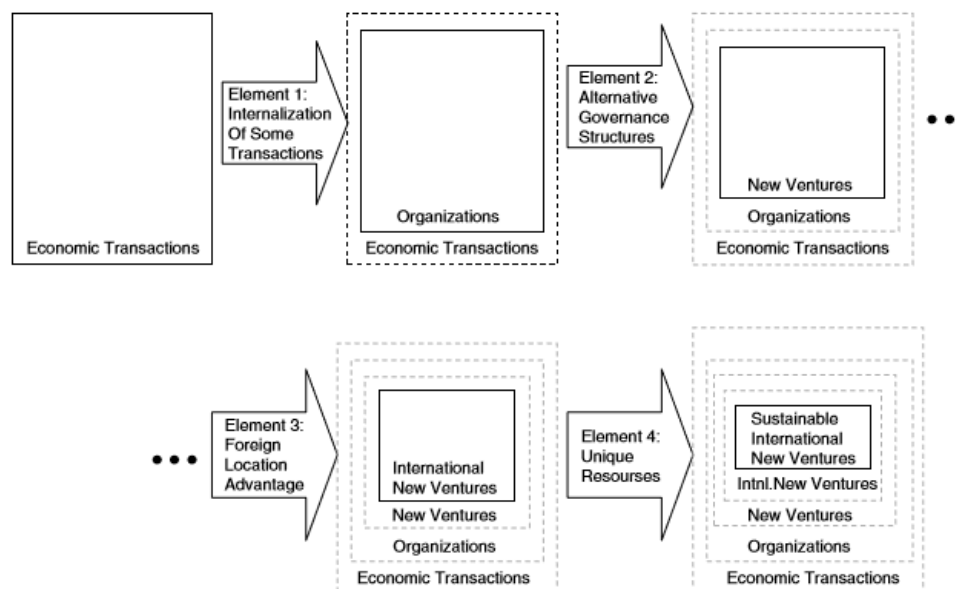


Figure 3. Necessary and Sufficient Elements for Sustainable International New Ventures (Oviatt and McDougall 2005, p. 34)

The effects of four elements include organizational formation through internalization of some transactions; active involvement of alternative governance structures in order to access resources and minimize risks of failure; establishment of foreign location advantages based upon knowledge; control and limitation of use firms' unique resources.

Based upon these four elements Oviatt and McDougall (2005) identify four different types Born Globals.

### 2.1.3.2. Types of Born Globals

According to the developed model (Oviatt and McDougall, 2005), firms may be defined due to the amount of value chain activities coordinated across countries and the number of countries that are involved in this process, namely: export/import start-ups, multinational traders, geographically focused start-ups, and global start-ups. The four types are shown in Figure 4.

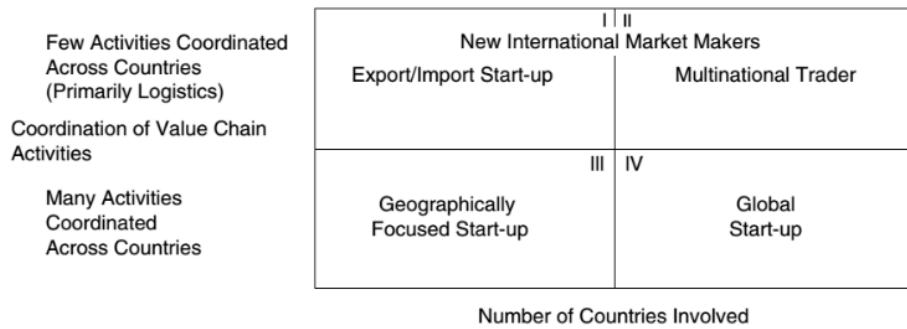


Figure 4. Types of International New Ventures (Oviatt and McDougall 2005, p. 37)

Oviatt and McDougall (2005, p. 37) suggest that different types of Born Globals may be put into four categories in a two dimensional model, where the dimensions are Number of Countries involved (horizontal dimension) and Coordination of Value Chain Activities (vertical dimension).

The companies with few activities coordinated across fewer countries are defined as Export/Import start-ups (quadrant I). Those with few activities coordinated across greater number of countries are Multinational Traders (quadrant II). The Born Globals with many activities coordinated across fewer countries are Geographically Focused start-ups (quadrant III). Global start-ups are the companies with many activities coordinated across greater number of countries (quadrant IV). These four categories of Born Globals are, of course, extremes and many mixed types of companies appear in practice.

Companies that fall into quadrants I and II are New International Market Makers (NIMM) – “an age old type of firm” (Oviatt and McDougall 2005, p. 37). Importers and exporters balance supply and demand that emerge in different regions of the planet due to the asymmetries in climate, mineral wealth, economic patterns and other features of the countries, benefitting from imbalances in the markets and creating the markets where they did not exist before. The key focus in the value chains of NIMM is on logistics while other links may be governed by alternative structures. Key difference between quadrant I and II thus lies in the geographical scope of the firms’ activities – either the entrepreneur operates on few familiar markets or scans constantly for trading opportunities throughout established networks, staying ready however to quickly set-up new ones.

Geographically focused start-ups (quadrant III) concentrate on a particular region, restricted to the location of the specialized demand and coordinate more links in the supply

chain than just logistics, i.e. technology, personnel and production. Strong geographical network of alliances protects the advantages of this type of Born Globals.

Global start-ups derive advantage “from extensive coordination among multiple organizational activities, the locations of which are geographically unlimited” (Oviatt and McDougall 2005, p. 38). The development of this type of Born Globals requires the entrepreneur to have demonstrate great skills on both dimensions of the model, i.e. geographical and activity coordination. Sometimes competition pushes firms into quadrant IV, if they find out that their rivals are global.

## ***2.2. Networks: Definition and Typology***

The term ‘network’ is a metaphor used to represent a set of connected actors. These actors may be either organizations or individuals. The relationships that tie them together may take many forms such as those between customers, suppliers, service providers or government agencies. In that regard, network ties may occur between firms, between individuals, or between firms and individuals (Coviello & Cox 2006, p. 116). “Networks typically emerge because no organization is self-sufficient, but rather dependent on extra-organizational resources for its sustained competitiveness” (Harryson 2006, p. 17).

Early network researchers Johanson and Mattsson (1987, p. 36) argue that “through its activities in the network, the firm develops the relationships that secure it access to important resources”. This suggests that a firm does not need to own a resource to gain access to it (Cooper 2002, p. 213). Johnsen (2007, p. 136). defined networks as a “set of connected exchange relationships between firms”. The networks theory emphasizes the crucial effect of relationships on the growth of firms through the internationalization process. Nikkanen (2003) defines “a network is actually a constellation of various, partly overlapping nets including tying actor bonds, which strengthen the relationships and which the roles/positions are based on.” Zimmerman et al argues that networks consist of actors - organizations or firms and people (2009). Moreover, every form of network “contain three essential components, and these are: the content of the relationship; the governance of the relationship; and the structure or pattern that emerges from the ties” (Zimmerman et al 2009, p. 146). Existing literature shows how meaningful networks are in the internationalization process as they link actors, resources and activities together (Johnsen 2007). The roles various actors play in a network depend on their linkage and are defined by their activities in the network and resources available to them.

Different authors define various types of networks and relationships describing the linkage between actors.

### **2.2.1. Social networks**

Granovetter (1985, p. 490) defines social networks as a web of personal connections and relationships for the purpose of securing favours in personal or organizational action. The resources that result from social networks, such as social capital, become a necessary way of operation. Zimmerman et al., (2009, p. 145) describe social networks as “interconnection of social relationships that offer opportunities for and constraints on behaviour”, pointing out that in social networks the actors in the relationship are the individuals. This form of network in different literature is referred to interpersonal networks and may consist of friends and acquaintances, family members or relatives (Zimmerman et al., 2009). Coviello and Munro (1995) found out that the social networks of a firm are the most important resource available to the firm, having a significant effect on entrepreneurs and their business. Johanson and Pao (2010) summarize previous researches with focus on social relationships by defining the fact of their importance for the firm while entering foreign markets. Besides, empirical findings of Ellis and Pecotich (2001) support social networks being vital to the identification of new opportunities and gaining access to foreign markets.

### **2.2.2. Business networks**

The second network for internationalization is the business network. In the literature, business networks are defined in various ways. Anderson et al. (1994, p. 2) define a business network as “a set of two or more connected business relationships”. Forsgren and Johanson (1992) define business network as a set of connected exchange relationships between firms.

Huang et al. (2011, p. 4) proposes to define business networks as “complex webs of interdependent exchange relationships among firms and organizations”. Author, focusing his study on the influence of business networks on start-up innovation and performance, divides the business network into three different interaction parts: supplier interaction, customer interaction, and competitor interaction. Zimmerman et al. (2009) explains network existence at the organizational level and considers organizations as actors in the relationship. Anyway, the network as business relationships tradition takes a long-term view of relationships arguing the network acts as a specific governance mechanism distinct from market transactions and hierarchy (Johanson and Pao, 2010, p.10).

Jansson et al. (2007, p. 956) has identified five characteristics of the operation of business networks, namely (1) the process aspects of the network, referring to the ever changing network, (2) the structural aspects of the network, referring to the network form and depending on many aspects like investment and strength of bonds, (3) the function of firms and relationships in the network, when business network can be seen as valuable, by cooperating firms, due to the potential benefits, (4) the meaning of strategy and planning, referring the critical importance of daily operations in firms, (5) social relationships in relation to inter-firm relationships as business exchange does not take place in isolation from social relationships. According to Baum et al. (2000, p. 268) business networks can have alliances in several ways, namely: horizontal alliances, vertical-downstream and vertical-upstream alliances. Horizontal alliances arise a collaboration between competitors by forming strategic alliances, vertical-downstream establish strategic distribution alliances with buyers and distributors and vertical-upstream can be strategic alliances with suppliers.

Parker (2008, p. 636) admits business networks will become most successful when they are created in environments where: “good ideas are generated; where meetings costs are low; and where markets are competitive”. According to Parker, the business network will hardly need intervention from outside and more likely to develop in a natural way.

### **2.2.3. Institutional networks**

Institutional networks appear to be the third network used within the process of internationalization. Institutional networks consider the mixture of government support programs and policies, research institutions, international development agencies, innovation centres and professional support institutions which provide support services which may enhance firm's knowledge transfer and internationalization propensity (Séror, 1998, p. 39-40). Other authors refer to institutional networks as the mix of network relationships a firm may have with various formal institutions such as the ministry of foreign trade, export promotion councils, independent export assistant organizations, research& development institutions and export credit unions both in home and foreign market which facilitates the identification of foreign market opportunities and successful internationalization process (Séror 1998; Whitley 2000; Spencer et al. 2005).

Spencer et al (2005), in their study about how government matters to new industry creation and future outlooks, develop the term institutional structures as a set of public policy institutions, decision makers, legal institutions, financial and market institutions etc, that have

key influence on the firms' ability to tap into market opportunities and innovations (Spencer et al. 2005, p. 321-333). Whitley (2000) shows formal institutional environment appropriate to entrepreneurial business development as incorporating institutional networks and/or government collaborations in terms of business support, advisory services and policies which might or might not induce conducive atmosphere for business growth and innovations.

Andersson and Wictor (2003) developed a conceptual framework in order to arrange the factors which have an effect on emergence of Born Globals. They divided these factors into four main groups, namely Networks, Entrepreneur, Industry and Globalization. The framework is displayed in figure 5 below.

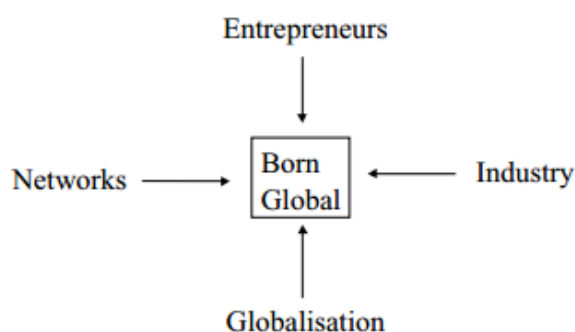


Figure 5. Andersson and Wictor's Conceptual Framework (2003)

Following the framework, it becomes clear that networks play a significant role for emerging and international development of a firm. A dependency of suppliers, financiers and customers are just a few examples of some crucial variables a new start-up firm needs to develop relationships with (Andersson and Wictor 2003). The network relations can already exist and be active prior to the birth of the company. An example could be the use of contacts from previous employment influencing on the success of a new start up. Anyway, industry characteristics, globalization, entrepreneurs' personal characteristics and experience are still important in order to appreciate the firm's international development (Andersson and Wictor 2003). Next chapter would try to define to what extend networks influence the process of internationalization of Born Globals.

### ***2.3. Role of Networks in the Born Global Theory***

Networks have a big influence on the process of internationalization, providing Born Globals with market access, distribution channels, financing, referrals and pool of contacts for

both internal and external development (Oviatt and McDougall, 1994). Enabling firms to work cooperative and to combine activities and resources, they appear to be of a great importance for firms regardless their size, success and speed of internationalization (Chetty and Campbell-Hunt 2004; Andersson and Wictor 2003) Any position in the network can be valuable for the firm even if it is in a “lonely international” position, though firm’s development is to a large extent dependent on its position in a network and firm can further use it while developing (Johanson and Mattsson, 1988).

In 2003, Sharma and Blomstermo contributed to Born Global research by pointing out the relevance of networks based on strong and weak ties in early internationalizing firms. The research means to establish and document the significance of how global networks and relationship management co-evolve with the rapid internationalization of Born Globals firms. The firms’ network ties provide critical knowledge that drive and deeply influence the internationalization process.

However, companies following rapid internationalization often lack resources such as financing or managerial resources which are necessary to expand successfully (Gabrielsson and Kirpalani, 2004). Moreover, they are highly vulnerable and mostly depend on a limited range of products in order to diversify commercial risks. Therefore, those companies are highly dependent on business relationships to reduce risk, as well as on the networks which play quite an important role by helping them to expand and complement particular limited competencies and resources (Madsen and Servais, 1997). Networks may be of even greater importance for Born Globals than for any other type of company as they are more sensitive to such risks and have even less resources to follow exponential growth paths (Coviello and Murno, 1995).

Networks may also become a way to gain new relationships and/ or access to new markets which allow Born Globals, to compete with larger, more powerful competitors effectively at a domestic and international level (Gilmore et al., 2006).

Internationalizing rapidly, Born Globals face with the lack of time to build up reputation and credibility as profitable companies fast enough and therefore it is even more difficult for them to gain, for example, tangible resources from conventional sources, such as banks or credit institutes. As the risks appear often to be too high for investors to finance newness, especially when they are expanding so rapidly without guaranteed success (Gabrielsson and Kirpalani, 2004). However, they still manage to expand at a much faster speed than firms following the traditional way of internationalization by building up different business relationships, for

example participating in a joint venture or entering strategic alliances (Crick and Spence, 2005). Besides, Coviello (2006) concludes Born Globals can involve network relationships for international market advantage.

The integration of Born Globals into business networks helps to overcome the lack of resources they used to suffer. Born Globals develop networks mainly through formal or informal contact with large firms which provide knowledge and market entry opportunities all over the world for the firm (Coviello and Munro, 1997). Gabrielsson and Kirpalani (2004) discovered different ways for Born Globals to get profitable business opportunities through cooperation with a multinational corporation despite the lack of resources which suppose multinational corporations acting as integrators and multinational corporations acting as distributors of products and services of the Born Global firm.

Freeman, Edwards and Schroder (2006) define particular strategies to overcome main constraints on rapid internationalization, which include access economies of scale; lack of financial and knowledge resources; aversion to risk taking. In their research pride of place goes to extensive personal network contacts, confirming the existence of important link between the networks of each manager and the pace of internationalization (Freeman et al., 2006, p.51). Besides, network development allows alignment of relationships with large foreign suppliers and customers in order to form collaborative partnership to minimize risks of big losses. Moreover, more network partners early and quickly obtained provide more rapid expansion into international market (Freeman et al., 2006).

Although networks seem to be the key to successful internationalization they still consider a high level of uncertainty and risk as creating contacts across borders involves higher information asymmetries than in purely domestic partnerships. The larger geographical distance increases the difficulty of finding trustworthy foreign partners (Freeman et al., 2006, p.37).

Strong relationships enhance the performance of the company. If a Born Global rapidly internationalize and has the advantage of a rapid growth then the network has to adopt to the environment of the firm in order to support the performance of the company (Gabrielsson et al., 2008). Thus this implies that the born global needs the appropriate ties at the right time in order to develop its growth and performance. (Jack et al., 2010). Sepulveda and Gabrielsson (2013) believes that the stronger the relationship to the network is, the stronger the benefits for the entrepreneur will be.



Zhou et al. (2007) study the role of social networks in the internationalization of Chinese firms. More specifically, they study how social networks lead to superior performance of small and medium enterprises and Born Global firms. The results of the study are that home-based social networks play a vital role in the speed at which internationalization takes place. Social networks also lead to better performance (Zhou et al. 2007, p. 685). Three information benefits are attributed to superior performance due to social networks which are: (1) knowledge of foreign market opportunities; (2) advice and experiential learning; and (3) referral trust and solidarity. They argue that internationalization itself does not bring about superior performance for a Born Global. In fact, it is as the result of the use of social networks which lead a firm to perform better in the international market. The information benefits that are derived from the use of social networks lead to improved performance outcomes.

One of the latest research over internationalization of Born Global summarizes the evolution of Born Globals' early internationalization analysis, examines theoretical issues, highlights the role of networks in the process and describes the main networks' roles other scholars investigated before (Knight and Liesch 2015). Authors emphasize that networks help to reduce risks of early internationalization; create competitive advantage; help to overcome constraints typical for young firms (access economies of scale; lack of financial and knowledge resources; aversion to risk taking); provide access to new markets and customers; create referrals and pool of contacts for both internal and external development; gain additional financing; create new distribution channels and learning opportunities. Still most authors do not specify which types of networks take on particular role in the process. Based upon the research of Knight and Liesch (2015) and referring to the mentioned scholars I created a table to summarize main findings describing networks' influence on the internationalization process. Offering this description author aims to contribute the current research gap in literature regarding the certain roles of business, social, and institutional networks in the process of born global firms' internationalization (see Table 1).

<b>Role</b>	<b>Type of network</b>	<b>Author</b>
Help to reduce risks of early internationalization	Not specified	Baum, Schwens, and Kabst (2013)
	Not specified	Madsen and Servais (1997)
	Not specified	Mort and Weerawardena (2006)

	Not specified	Oviatt and McDougall (1994)
Create competitive advantage	Not specified	Coviello (2006)
	Not specified	Gleason and Wiggernhorn (2007)
Help to overcome constraints typical for young firms (access economies of scale; lack of financial and knowledge resources; aversion to risk taking)	Business networks derived from personal networks	Freeman, Edwards, and Schroder (2006)
Provide access to new markets and customers	Not specified	Coviello (2006)
	Not specified	Coviello and Cox (2006)
Referrals and pool of contacts for both internal and external development	Not specified	Coviello (2006)
	Not specified	Coviello and Cox (2006)
Gain additional financing	Not specified	Coviello (2006)
New distribution channels	Not specified	Coviello (2006)
	Business networks	Chetty and Campbell-Hunt (2003)
	Not specified	Madsen and Servais (1997)
Learning opportunities	Not specified	Sharma and Blomstermo (2003)
	Social networks	Zhou et al. (2006)
	Not specified	Styles and Genua (2008)

Table 1. The roles of business, social, and institutional networks in the internationalization process of Born Globals (modified from Knight and Liesch 2015, p.97)

### **3. Methodology**

To fulfil the purposes of master thesis and acknowledge presented theoretical background, empirical data collection and analysis are required. This chapter provides applied methodology description and explanation, including the reasoning for data collection and analysis, together with probable limitations of the research.

#### **3.1 Research Design**

The choice of methodology is limited by two main approaches determined not by the researcher preferences but by the characteristics of the research question (Marshall 1996). According to Marshall (1996) quantitative approach has an aim to test theoretical deduced hypotheses and to find generalizable results using highly representative random examinations like conduction of large scale surveys. Thus, quantitative method is crucial for the analysis of research questions that mean to provide descriptive answers (“What happens/ has happened?”). Qualitative approach is applied with explanatory research questions (“Why” or “How” does/ did something happen?”) (Marshall 1996; Yin 2014). According to Yin (2014) case studies are the preferred strategy when ‘how’ or ‘why’ questions are being posed as the main research questions; when the investigator has little control over events; and when the study focus is on contemporary but not historical phenomenon. Thus, case study method appears to be common research strategy being used in various situations in order to contribute to the knowledge of group or individual; social or political and related phenomena. Besides, the case study method allows investigators to keep the holistic and meaningful characteristics of real-life events in its real-world context. (Yin 2014).

In my master thesis research question aims for explanatory answers:

*How are networks utilized by Born Global prior and during the internationalization process?*

Therefore, I found case study most appropriate for the research question development and analysis. Besides, for me as a researcher are very important closeness of the case study to the real-life situations and multiple wealth of details (Flyvbjerg 2006), which allow to achieve target goals.

### 3.2. Case Study Design

While taking the decision of the number of cases to choose for the study it is necessary to penetrate design situation and units of analysis as there is no upper or lower limit to the number of cases that should be included in a study (Yin 2014). In his research Yin suggests four types of designs based on a  $2 \times 2$  matrix (see Figure 6).

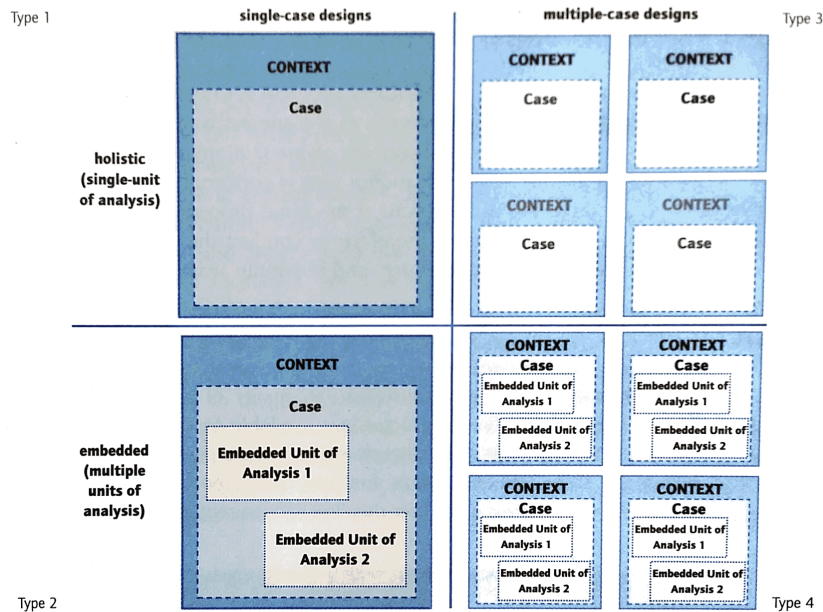


Figure 6. Basic Types of Designs for Case Studies (source: COSMOS Corporation; Yin 2014, p.50)

The matrix shows that there are four types of case design and every type demands contextual conditions analysis in relation to the “case”. The dotted lines between the context and the case define mild boundaries between them. In this research it requires to study not only the born-global firm but also special aspects of internationalization to the definite markets with the ascertain network relationships in between. Single-case studies and multiple-case studies reflect different design situations with unitary or multiple units of analysis in each variant. Thus, there appear to be four types of designs for case studies: single-case (holistic) designs (Type 1), single-case (embedded) designs (Type 2), multiple-case (holistic) designs (Type 3) and multiple-case (embedded) designs (Type 4) (Yin 2014).

In current research, primary distinction was made towards single-case design under the rationality of unusual case from non-typical industry for the research problem. Flyvbjerg states that properly used, atypical or extreme cases may reveal more information as they activate more actors and more basic mechanisms in the investigated situation (2006). While Yin notices that

single-case can contribute significantly to knowledge and theory building by challenging, confirming or extending theory, as help to refocus future investigations in the entire field (2014).

At the same time, single-case study includes units of analysis at various levels when attention is paid to subunits, developing embedded case study design. Embedded design is an important device to focus case study inquiry, giving opportunities for extensive analysis. However, it is crucial not to focus only on the subunit level but to return to larger units of analysis (Yin 2014).

Based on the main aspects related to case research and case study design presented above and the most suitable alternatives for the research problem development, the following choices were made. Limited by time and resources, the research will be built on embedded single-case approach, when the primary case appears to be the firm's decision to internationalize with the influence of networks on this process and the embedded units are the different networks, participating in the process with the specific roles effecting internationalization.

### ***3.3.Selection of case***

The process of the case selection is crucial for the research as well-chosen case can help not only to achieve the aim of the researcher in the set problem development but to achieve competence (Flyvbjerg 2006). The most important criterion for the firm was being born global, namely defined and identified as “business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries” (Knight and Cavusgil 2004, p. 124). Due to the time frame and difficulties to find born global companies in the sphere different from early internationalizing software firms, three companies were preselected (see Table 2). After the analysis based upon official available information, only one matched the main criteria of born global firm: *firm starting time* – the period ranges from immediate up to eight years as different researchers using different values (Rennie 1993; McDougall et al. 1994; Madsen and Servais 1997); *firm's age* – Madsen and Servais (2005) used a three-year cut-off of international sales and purchasing; *scale of internationalization* - the extent to which the activities of the firm are international, which is usually measured by the percentage of sales obtained from the international markets' activity with the most common ratio of 25 percent. (Knight and Cavusgil 1996; Madsen et al. 2000).

<i>Main Born Global identification criteria</i>		<i>Company</i>		
		<b>AKVAgrouP</b>	<b>Iris Salten</b>	<b>Nofir</b>
	Firm starting time	1974	2002	2008
	Going abroad	1985	Norway	2011
	Percentage of international sales	n/a	n/a	More than 25%

Table 2. Companies preselected for the case study

AKVAgrouP appeared to have long way to internationalize and did not match criterion of three years from inception. Besides, I needed to find company which was created recently in order to study internationalization process and role of networks which it is very difficult to identify after more than thirty years. Iris Salten covers nine municipalities but in Norway only that also does not make the case. Nofir AS was set up in 2008 with the purpose of establishing a nationwide system for discarded plastic equipment from the fishing and fish farming sectors. The company was a result of a joint venture between a fish net producer and a waste management company based upon a joint problem: there existed few environmentally friendly methods of disposal for discarded plastic equipment from the fishing and fish farming industry. For the moment company belongs to Iris Produksjon (40,45 %), Lofoten Avfallsselskap (19,00 %), Sørheim Holding (6,38 %) and Egersund Group (34,17 %) (Nofir 2017; Iris Salten IKS 2017). The selected firm Nofir was identified as born global since it was founded in 2008, started internationalization process within three years in 2011 and obtains more than 25 percent of sales from international markets.

Most researchers on network relationships and internationalization process of born global focused on the software industry (Bell 1995, Coviello and Munro 1997, Ojala 2009). Authors mention definite reasons for choosing the software industry for the research defining it being high technology, knowledge-based, and service-intensive (Coviello and Munro 1997). Still Coviello and Munro (1997) suggested that future research should be extended to other industrial contexts. Ojala (2009) claimed the need for research validations related to other industries and markets.

Following the Flyvbjerg (2006) strategy of information-oriented selection, chosen for the case study firm belongs to industry which is different compared to the software industry in

the view point of production of tangible products. Therefore, selected case appears to be quite deviant and unusual, which can be especially problematic in a sense of born global research. Besides, with the growth of international awareness on environmental problems and humans' push against global ecological constraints, firm's activity appears to be significant in terms of positive impact on the environment, helping to solve environmental problems the world is facing nowadays (Dunlap and Jorgenson 2012). However, several similarities and connections with studied industries can be observed. The recycling industry is growing rapidly, becoming more high technology and knowledge-based, driven by pressures from governments, customers, employees, and competitors. Proactive environmental projects appear to become very important all over the countries and this trend is expected to continue (Berry and Rondinelli 1998).

In this research, I decided to focus on Norwegian born global firms. Being student at the university of Nord and living in Bodø I found it crucial to use the opportunity of personal involvement in the communication process with my case firm. The case firm was chosen from Norwegian recycling industry, namely firm working with discarded equipment from fishing and fish farming. Being environmentally friendly and working over the problem of sea and landfill plastic waste reduce, company develops and supports global problem solution of oil consumption and CO2 emission decrease. As the marine aquaculture sector is growing rapidly there appear to rise more related challenges including the recycling of marine waste (Troell et al. 2009).

Based on the above discussion, I found recycling industry and chosen born global firm case not only interesting and inspiring but worth studying in the context of internationalization processes. Thus, obtained knowledge will contribute to the deeper understanding of fast growing recycling industry which occupies a prominent place on the international policy agenda (Dunlap and Jorgenson 2012).

### ***3.4.Data Sources***

Polkinghorne (2005) claims that the purpose of data gathering in qualitative research is the delivery of evidence for the experience it is investigating. So, findings are based on the data which serves as the basement for the research. The researcher takes extracts from the data in order to illustrate main findings and show the reader how the findings were received from the evidence (Polkinghorne 2005). Data collection can be accomplished via primary or secondary sources.

Hox and Boeijs (2005) define primary data as collected for specific research problem, applying the procedures that fit best for the announced problem. Secondary data is created by other researchers for purposes most often different from the researcher specific needs, being a part of social knowledge available for reuse by research community. Authors recommend to use the combination of both data sources to analyze each case, namely by applying primary research where needed to reject or to prove certain findings from the secondary data or to add value to already existing data (Onkvisit and Shaw 2004).

Yin (2014) suggests six main sources of evidence commonly used for the case studies: documents, archival records, interviews, direct observation, participant-observation, and physical artifacts. Nevertheless, there is a bigger list of multiple sources to use for the case study. Thus, every source has its advantages and disadvantages so no single source has a complete privilege upon all others. To make case study good it is reasonable to use as many suitable sources identified by the researcher and determined by defined problem as possible. To maximize advantages from these sources it is necessary to follow some prime principles of data collection, which include the use multiple sources of evidence (evidence from two or more sources allowing researcher to address a broader range of issues); creation of a case study data base (a formal assembly of all the data from a case study, including materials collected from the field); maintenance of a chain of evidence (increase of information reliability by precise links between the questions asked, the case study database collected, and the conclusions drawn in the report); and exercise of care when use data from electronic sources (setting of limits while using electronic sources together with cross-checking and skeptical view upon some websites). The integration of these principles into a case study research will increase its quality substantially.

The purpose of this master thesis is to investigate how are networks utilized by born global prior and during the internationalization process. To be able to fulfill the purpose two main sources will be used in the current study. First is detailed study of official documental sources – the firm's and firm partners' websites. Official documents are investigated in two stages. First stage goes before the interview with the purpose to get an early perception about the main activities. It is crucial to understand whether the firm is appropriate for the research problem, and after the interview to support the data collected in the interview. Second is most important, interviews will be done to the firm current employee on the position of public relations and marketing manager and key executive of the firm. Coviello and Munro (1997) and Ojala (2009) by their cases emphasize the importance to interview the ones who had the



major responsibility for the internationalization decision and network relationships support. The other actors to mention are experts in the field of study and related fields which are not involved in the interviews but were actively supporting discussions upon the problem.

As interviews appear to be one of the vitally important methods to collect data for a case study (Yin 2014), the CEO and public relations and marketing manager of the firm were interviewed. Øistein Aleksandersen, CEO at Nofir since inception 2008, has been a trainee at Iris Salten IKS before the Nofir creation, but had no significant international experience from previous education and work (Nofir 2017; Aleksandersen Ø., personal communication, 2017-04-05). Martyna Zajder, public relations and marketing manager, working at the international office of Nofir in Łódź, Poland since 2013 and responsible for the informational support (Nofir 2017).

The CEO had personal interview with further specification and updates via email. Public relations and marketing manager had email interview, which also made it possible to collect valuable and detailed information for the research problem development. Conducted interview with CEO was semi-structured, when the interviewer had a list of questions on the relevant topic to cover, allowing to come back to older question with new information and giving possibility to ask additional questions while talking about needed experience (Bryman and Bell 2007). This approach was chosen because of the explanatory nature of the research and the need to use open-ended questions for further particularization. Besides, due to the time limit for the interview session, like in this case with the time limit of one hour, a higher structure is preferred (Yin 2014).

Public relations and marketing manager of the firm was interviewed at the first stage of early perception about the main activities of the firm to understand whether this firm is appropriate for further research, namely belongs to born global. A list of structured questions was sent via email, so obtained answers made it possible to continue with this firm as a case.

CEO was interviewed after the conference he was participating at. He was provided with the printed questions to look through. Networks types and their roles in the process of internationalization were listed in accordance to Knight and Liesch (2015) in order to facilitate and simplify the process. The relationships with the partners and their roles in the internationalization process were then discussed and confirmed at the interview sent via email. The theoretical background appeared to be the frame for a greater part of the interview. The questions were designed to be straightforward and very easy to understand. The first questions

were closed and concerned the managers' experience in the firm and industry, namely extremely important was the fact of employment from the firm inception so participation in the internationalization process from the beginning.

Next step included open questions about the internationalization and if the relationships with the partners were important for the process. These questions were crucial to get a comprehensive view of the firm case in terms of the research problem.

Finally, after the overview of the main firm's networks it became possible to define which of them and how had influenced the internationalization process. Considering the limited time frame of the thesis, a complete mapping of the entire firm's network was not possible, neither was it the purpose of the research.

Even though most questions were influenced by the theoretical framework, they appeared to be unique in terms of putting into the specific context of the networks' role in the internationalization process of born global firm.

The thesis is based on multiple data collection methods and sources. The summary is presented in table 3 (see below). It includes personal and email interviews with two firms' employees (five total) and studies of various Nofir's and its partners' official documents and available information.

<b>Data collection method</b>	<b>Respondent/ source</b>	<b>Date/ Duration</b>
Personal interview	CEO (Coded to MNG 1)	2017-04-05, 60 minutes
Email interview	CEO (Coded to MNG 1)	2017-05-04
		2017-25-04
		2017-06-04
	Public relations and marketing manager (Coded to MNG 2)	2017-24-01
Documents studies	Web site of Nofir and partners (see references), articles, reports, marketing documents, press releases	2016-12-15 to 2017-15-05

Table 3. Data collection methods

### ***3.5.Data Analysis***

Preparation for the data analysis includes the development of general analytic strategy in order to link case study data to specific concepts of interest giving a sense of direction. Yin (2014) defines four main strategies: rely on theoretical propositions to shape data collection plan and mark analytic priorities; work with data by pouring it through the theoretical propositions; develop a case description according to some framework; and examine plausible rival explanations. Still, it is reasonable to use the combination of defined strategies using specific analytic technologies. Yin (2014) describes five relevant analytic techniques: pattern matching logic, comparing case study findings to the data collected before; explanations building, when the aim is to analyze the case study data by explaining the case; time-series analysis with the goal to examine some relevant “how” and “why” questions about the relationship of events over time; logic models, which determine and operationalize a complex chain of phenomenon or events over extensional period of time, matching empirically observed to theoretically predicted events; and cross-case synthesis applies only to the multiple-cases analysis when individual case studies have been conducted before as independent researches or as predesigned part of the same case study.

While designing the interview, the questions for respondents were placed in various categories for the further development in the analytical process. The arrangements for the data analysis included retrieving data, where the relevant for the analysis parts were transcribed. The interview transcriptions were interpreted attentively and the most crucial parts were summarized and included in the thesis, namely in the empirical findings section, combined with the secondary data and information about the case firm and its main partners. To make sure there were no misinterpreted details, the data summing up was sent to the respondents for approval.

For the description of networks and their roles in the process of internationalization were applied existing theoretical concepts. Since networks and relationships are dynamic and regularly change (Carson et al., 2004), it is crucial to specify that for the thesis purpose the characteristics and roles of the networks were assessed as of the time of the decision process concerning internationalizing to the foreign markets.

### ***3.6.Trustworthiness***

While working on the research, I tried to follow high ethical standards. Referencing to the intellectual works of scholars has been maintained to acknowledge and recognize cited in this thesis. Being aware about using proper language in writing I tried to maintain professionalism throughout the paper thesis by using proper terminology. As for the research I selected interview approach, it was very important that ethical issues towards the respondents are properly kept throughout the whole project.

Zikmund points, that validity deals with the matter of whether the investigator could measure what was intended to be measured (2000). In order to increase validity in this case to see how different types of networks influence internationalization process of born global firm, the author relied on theoretical concepts which make it possible to argue for high validity. Following the approach of triangulation described by Yin, data was collected from multiple sources of evidence but aimed at corroborating the same finding (2014). As data triangulation helps to strengthen validity, the research process was supported by documents, official information, open-ended interviews from different respondents in one firm. To avoid misinterpretation of the data, the interviews' releases were sent to the respondents for the final review.

General problem in case study refers to external validity or possible generalization of the research due to the limited number of cases included (Yin 2014). As this thesis is a single case study, the problem of generalizability should be mentioned. Though Flyvbjerg (2006) defends the concept of qualitative generalizing by systematically denying several common arguments against the ability to make generalizations following on from the qualitative data patterns. Nevertheless, there is no objective to generalize outside the case but to draw conclusions from the new aspects of the specific research area with possible references to previous research.

Reliability aims to minimize study biases and errors, meaning that conduction the same study over again should bring later investigator to the same findings and conclusions (Yin 2014). In order to avoid biases case study database was created and actively used throughout the process of research. Besides, the empirical findings were sent to interviewers for verification to avoid biases in answers' interpretation. Still, it is important to realize the analysis was subjective to some extent, though analytical procedure is described extensively. Clear

connections between the chapters of the thesis supported by logical argumentation are assumed to keep reliability high.

### ***3.7.Limitations***

The study is limited to the particular firm because of the time frame and difficulties to find born global companies internationalized recently with managers working from the inception and following the process, so able to discuss networks and their influence during that period.

Within the case author relied on the appropriate theoretical background and formed interview guide according to the previous theoretical findings, therefore limiting respondents to the specified framework. Framework is limited to the three selected types of networks, namely business, social, and institutional. Throughout the literature review, author discussed the internationalization process describing several internationalization models and theories. Three forms of networks were identified and discussed, relying on the definitions, characteristics and main aspects. Finally, the roles of the network types in the process of internationalization of born global were investigated. Hence, networks appear to play a crucial role in the internationalization process of born globals.

Moreover, the case study has its own limitation in nature, as the choice of cases is always more or less subjective, so this case is determined by the author's personal interest in the recycling industry and possible further bigger research in this sphere.

## **4. Empirical Findings**

In this chapter the empirical findings from the case will be presented. I will start with the introduction of general information about the firm and top management responsible for the decision-making process. Then I will describe how firm was developing and internationalizing to the foreign markets. Further follows an overview of the main domestic and international partners, creating network of the case firm. Finally, the roles of networks that influenced the process of internationalization are described. It is important to mention that this chapter has no analysis but presents the empirical data collected.

### ***4.1.Nofir's Description, Development and Internationalization***

Nofir AS is a Norwegian company, which collects and recycles discarded equipment from fishing and fish farming around Europe and Turkey (Nofir 2017).

In the process of company development and value chain building Nofir went through the long way of efforts and mistakes (MNG1). At the moment, Nofir locates companies, fishermen, fish farmers who need to dispose fishing equipment. Then transports fishing equipment to the factory in Lithuania or Turkey, where equipment is dismantled and prepared for recycling. Raw material is transported to the recycling companies for further production of new products such as clothes (socks, bikini, shorts), carpets, furniture (hammocks, garden furniture), baskets for supermarkets, carpets etc (Nofir 2017).

Nofir started internationalization process in 2011 following the solution to dismantle and recycle fishing equipment abroad so opening office and factory in Lithuania. In 2012 Nofir was the first Norwegian company granted support from the European Union through the Eco Innovation Project, which allowed Nofir to spread activity all over Europe, meaning made it possible to collect and recycle discarded equipment from fishing and fish farming industry. In 2013 Nofir opened office in Poland and in 2015 factory in Turkey. From 2011 to 2015 Nofir collected equipment from 4 continents: Europe, Turkey, Asia, America. Company for the moment has offices in four countries: NOFIR AS headquarters In Norway; UAB NOFIR office and factory in Lithuania; Nofir Geridönüşüm San.Tic.Ltd.Şti. (Nofir recycle co.) in Turkey; NOFIR AS office in Poland (Nofir 2017). Short list of company international activity is presented in Table 4 below.

<b>Year</b>	<b>Operate</b>	<b>Activity</b>
Since 2008	Norway	NOFIR AS headquarters: collection of discarded equipment for further recycling
2011	Lithuania	UAB NOFIR office and factory for dismantling
Since 2012	European Union	Firm's financial support, collection of discarded equipment for Nofir
2013	Poland	NOFIR AS office responsible for PR and marketing
2015	Turkey	Nofir Geridönüşüm San.Tic.Ltd.Şti. (Nofir recycle co.) office and factory for dismantling

Table 4. Chronological overview of the Nofir's internationalization.

The company faced situation when domestic market could not satisfy needs in raw materials and provide effective system of recycling it. So, there was made the decision to develop internationally. As it is very expensive to dismantle equipment in Norway it made no chance to do it here and operate effectively, meaning create profit. Decision to go for Lithuanian market became a solution for further recycling. (MNG1). As it appeared to be easier with all documentation, transport, and employment in Lithuania, the choice was to locate factory there, namely in a place where unemployment is very high to give people work (MNG 2). Facing the need for resources company started collecting fishing equipment from all over Europe, therefore increasing international activity.

In order to proceed with the research problem, it was important to understand whether networks were important for the firm's internationalization. During the very first interview CEO confirmed that networks played crucial role for Nofir's internationalization process to begin. Consequently, he was offered to comment a short list of the domestic and international partners, partly provided by MNG 2 in the email interview and based upon accessible data on the website. CEO was asked to comment how were they utilized during the process. It is important to mention, there were partners which influenced internationalization process most and were defined only in the process of interview.

#### **4.2. Nofir's Domestic Networks**

The less evident but the most influential for internationalization process to start is one of the Nofir owner company **Egersund Group** (MNG1). Egersund Group is a total supplier of trawling equipment to fishing fleets and fish farming industry world-wide and equipment related to oilspillrecovery and iceberg nets, operating since 1952 (Egersund Group, 2017). It was one of the firms to search for the decision of effective fishing equipment recycling and finally founding member of Nofir with 34,17 % of share. Egersund Group has many locations all over Norway and three representations abroad – in Lithuania, Turkey, and Island. In the situation when there appeared a need to dismantle high volumes of fishing equipment, owner decided to use the capacity of existing plants, namely to start with Lithuania (MNG1; MNG 2).

**Norwegian Directorate of Fisheries** is a Norwegian government agency which promotes profitable economic activity through sustainable and user-oriented management of marine resources and the marine environment (Norwegian Directorate of Fisheries 2017). Nofir collects fishing equipment, which is trawled up from the sea by Norwegian Directorate of Fisheries and further transports it to the plant in Lithuania (Nofir 2017).

Norwegian Environment Agency drafts regulations for the waste sector and provides guidelines for how these regulations are to be practised (The Norwegian Environment Agency 2017). One of the initiatives of the agency is **Fishing For Litter** – one part of the fulfilment of the Oslo-Paris Convention for the Protection of the Marine Environment of the North East Atlantic. As the goal of Fishing For Litter activity is the removal of waste from the marine environment, raising awareness of marine litter issues in the industry, and reduction of the costs of marine litter to the fishing fleet, Fishing For Litter invited Norwegian fishermen to take part in a joint environmental voluntary work for a cleaner marine environment (Fishing For Litter 2017). Nofir became a part of Fishing for Litter in Norway in 2015. Since that time, company receives that part of the waste that consists of fishery-related marine debris (MNG 2).

**Fisheries, farming companies** and **service stations** all over Norway with discarded equipment from the fishing industry, like gill nets, purse seine nets, trawls, ropes, other fractions, fish farming nets and cages ready for recycling (Nofir 2017). Nofir use eleven **waste companies** located on the coast of Norway, ready to take discarded material in order to deliver to Nofir which transports it further to Lithuania for dismantling (Nofir 2017).



Domestic **social networks** are built while traveling and meeting people in Norway. Some provide access to new markets and customers, some create learning opportunities for further company development (MNG 1).

#### **4.3. Nofir's International Networks**

Since 2012 Nofir cooperates with the **Healthy Seas** – non-governmental organization created by three founders: ECNC Group(Netherlands), Aquafil Group(Italy), Star Sock(Netherlands). The goal of their actions is to remove waste, in particular fishing nets, from the seas for the purpose of recycling these into textile products. In this cooperation Nofir is responsible for transporting and preparing the material for recycling (Nofir 2017; Healthy Seas 2017). Healthy Seas has influenced internationalization to a very small degree *“as it is mostly project for image and branding. Like as you wish newspaper to write about you, you be better a partner of Healthy Seas or Circular Ocean”* (MNG 1).

**European Regional Development Fund** (ERDF) cooperates with Nofir via **Circular Ocean** – a project funded under the Northern Periphery and Arctic Programme (NPA), part of the European Territorial Cooperation Objective. The Northern Periphery and Arctic 2014-2020 Programme forms a cooperation between nine programme partner countries, as the result area covers the Euro-Arctic zone, parts of the Atlantic zone and parts of the Barents region, neighbouring on Canada in the West and Russia in the East. Circular Ocean aims to create an online, open-access network which allows anyone to share and access practical and innovative ideas of how to reuse plastic, especially discarded fishing nets and ropes (Circular Ocean 2017). As it was previously mentioned, this initiative is just a part of company brand development with no real effect on the process of internationalization (MNG 1; MNG 2).

In 2012 Nofir gained financial support from the European Union, namely **European Commission** through the **Eco Innovation Project**. The goal of the project was to help good, innovative ideas that protect the environment become fully-fledged commercial prospects, ready for use by business and industry (Eco Innovation Project 2017).

**Fisheries, farming companies and service stations** all over Europe, Africa, Asia and America with discarded equipment from the fishing industry, like gill nets, purse seine nets, trawls, ropes, other fractions, fish farming nets and cages ready for recycling (Nofir 2017). They provide Nofir with the raw materials important for effective operation (MNG 1; MNG 2).

**International social networks** are built while traveling and meeting people all over the world, mostly at the specific exhibitions or events, often networking while having dinners or time to talk. Some contacts provide access to new markets and customers, some create learning opportunities for further company development (MNG 1).

#### ***4.4. Roles of Nofir's networks for internationalization.***

Following my research question, it was crucial to understand how did Nofir utilize networks while decided to internationalize and which roles did they play in the process. CEO was offered to examine and comment a list of roles, business, social, and institutional networks could take in the process of Nofir's expanding internationally. Besides, he was asked to mention any other roles he could find important for the process.

The most influential role for internationalization process to start belongs to one of the Nofir owner company **Egersund Group** – business network for Nofir. As described by CEO in the interview, holding company helped to reduce risks of early internationalization, as it offered to use the capacities of the plant in Lithuania, thereby creating competitive advantage over potential competitors. This business network helped to overcome constraints typical for young firms (access economies of scale; lack of financial and knowledge resources; aversion to risk taking). Besides, it provided access to new markets and customers where it has representation. (MNG 1).

**Norwegian Directorate of Fisheries** as well as **Norwegian Environment Agency** classified as institutional networks supporting Nofir through various environmental initiatives partly help to gain additional financing. Though they had no direct influence on the firm's internationalization process (MNG 1).

**Fisheries, farming companies** and **service stations** all over Norway together with **waste companies** located on the coast of Norway create powerful business network of Nofir. All together this network influenced by creating surplus of discarded material for recycling so there appeared the need to find capacities for dismantling and recycling out of Norway (MNG1).

**Domestic social networks** were used to provide access to new markets and customers, some create learning opportunities for further company development (MNG 1).

**Healthy Seas** as well as **Circular Ocean** has influenced internationalization to a very small degree if any. We may assume they created referrals and pool of contacts (MNG 1).

Additional funding provided by European Union through **Eco Innovation Project** helped to internationalize forward by gathering nets all over Europe. Still, it put some limitations of strategic opportunities by network boundaries, meaning cooperation within the project (MNG 1).

**Fisheries, farming companies** and **service stations** all over Europe, Africa, Asia and America providing Nofir with the raw materials help to create referrals and pool of contacts for both internal and external development, therefore open access to the new distribution channels (MNG 1).

Some **international social networks** provided access to new markets and customers, some created learning opportunities for further company development (MNG 1).

While researching the case and the process of Nofir's going international there appeared a strong awareness of the networks' necessity for the firm. To conclude the interview with the CEO, author asked question about the company possible performance without the networks, if it could exist internationally. *"Probably just being in Norway"* (MNG 1).

Next table summarizes presented empirical findings by making an overview of the networks according to their types, that have been used by Nofir during the internationalization process (see Table 5 below).

Network type				
Nofir Partners	Domestic	Business	Social	Institutional
		Egersund Group	Domestic personal connections	Norwegian Directorate of Fisheries
		Fisheries, farming companies and service stations all over Norway		Norwegian Environment Agency
		Waste management companies		

<b>International</b>	Fisheries, farming companies and service stations all over Europe, Africa, Asia and America	International personal connections	European Regional Development Fund (Circular Ocean)
			Healthy Seas
			European Commission (Eco Innovation Project)

Table 5. Overview of the networks used by Nofir during internationalization process by their types.

Described statements and discussions should provide good understanding of the Nofir's internationalization process, main domestic and international networks with their roles in the internationalization process of born global firm. The next table presents the overview of these main roles the Nofir's networks played in the internationalization. This table created the points for further discussion in the next chapter (see Table 6).

	<b>Network types</b>			
		<b>Business</b>	<b>Social</b>	<b>Institutional</b>
<b>Roles</b>	Help to reduce risks of early internationalization	Relevant	Not relevant	Not relevant
	Create competitive advantage	Relevant	Not relevant	Not relevant
	Help to overcome constraints typical for young firms	Relevant	Not relevant	Not relevant
	Provide access to new markets and customers	Relevant	Relevant	Not relevant
	Create referrals and pool of contacts for both internal and external development	Relevant	Not relevant	Not relevant
	Gain additional financing	Relevant	Not relevant	Relevant
	Open new distribution channels	Relevant	Not relevant	Not relevant
	Create learning opportunities	Relevant	Relevant	Not relevant
	"Network rigidity"	Relevant	Relevant	Relevant

Table 6. Roles of networks in the process of internationalization of born global firm.

From the Table 6, which summarizes main findings, we may see that business networks are crucial for internationalization of born global as they help to reduce risks of early internationalization; create competitive advantage; help to overcome constraints typical for young firms; provide access to new markets and customers; create referrals and pool of contacts for both internal and external development; gain additional financing; create new distribution channels and learning opportunities. While social networks can provide access to new markets and customers and create learning opportunities. And institutional networks can only provide access to additional financing.

I believe the collected and presented data supplies enough background to answer the research problem and complete stated task of the master thesis.

## **5. Analysis and discussion of findings**

This chapter presents analysis and discussion of the empirical findings described in the previous chapter. The main focus is on the roles different types of networks (business, social, and institutional) play in the process of born global firms' internationalization.

According to the literature review most researchers emphasize importance of networks and their roles in the process of internationalization of born global (Sharma and Blomstermo 2003; Mort and Weerawardena 2006; Coviello 2006; Gleason and Wiggernhorn 2007). The main roles networks play during the internationalization process of born global firms were listed in the recent research of Knight and Liesch (2015). Authors refer to other scholars investigated born global before and emphasize networks 'capabilities as following: help to reduce risks of early internationalization; create competitive advantage; help to overcome constraints typical for young firms (access economies of scale; lack of financial and knowledge resources; aversion to risk taking); provide access to new markets and customers; create referrals and pool of contacts for both internal and external development; gain additional financing; create new distribution channels and learning opportunities. Detailed table upon the roles of business, social, and institutional networks in the internationalization process of born global described by different researchers was presented in Chapter 2.

My findings support the mainstream arguments that networks are important for the internationalization of born global firms. Moreover, they create essential environment for the company successful operation and further development. In case of Nofir, the risks of staying Norwegian could probably even threaten company survival. However, some types of networks turned out to be more important for the internationalization, which appeared to be quite unexpected.

### ***5.1. Business networks***

As previously discussed in literature review, I have concurred with Huang et al. (2012, p. 319) definition of business networks specified as "complex webs of interdependent exchange relationships among firms and organizations". In this research business networks are perceived as the more formal networks, where the relationships are established by official agreements or contracts.

Freeman et al. (2006) identifies three key constraints on rapid internationalization, namely, access economies of scale, lack of financial and knowledge resources, and aversion to risk taking that are typical for young firms. These constraints are overcome by the business networks. And this is the case when authors define exactly business networks and their role in the internationalization of born global firm. This thesis is confirmed by my findings within the case of Nofir, when joint decision of owner and CEO to use the network of the Egersund Group ready to provide facilities of the plant in Lithuania, helped to access economies of scale from the very beginning, covered the lack of financial and knowledge resources, and took risks that are typical for young firms while deciding to internationalize.

Theoretical inference of Baum et al. has been proved when business network of Egersund Group helped to reduce risks of early internationalization and overcome constraints typical for young firms. As Baum et al. stated the idea of networks' contribution to lowering the risks and uncertainty of international operations (2013). Besides, by the mentioned decision to use network on the stage prior to internationalization, it was created the situation when networks enable born global firm to minimize the risks associated with global market entry decisions (Mort and Weerawardena 2006). As network structure tends to control risks (Oviatt and McDougall, 1994), the owner decided to use most explicit variant for the successful entering foreign market.

Coviello (2006) indicates that born global can leverage network for international market advantage. And it is supported by the situation of Nofir's creation of competitive advantage by getting access to the international resources through the business network of Egersund Group.

Empirical data supports the idea of Chetty and Campbell-Hunt (2003) that companies use business network connections to develop relationships and create new distribution channels. Nofir found new distributors which influenced firm's internationalization, as well as further internal and external development through the developing relationships with fisheries, farming companies and service stations all over Norway, Europe, Africa, Asia and America. Assembling quite large-scale network, firm gets huge potential from every new relationship which can be used for the successful internationalization.

Sharma and Blomstermo (2003) admit born global are learning through the networks. My findings confirm, that company used learning opportunities created not only by business networks of Egersund Group, but also by international and domestic social networks. According

to Madsen and Servais (1997) born global reap advantages from learning and maintaining contacts with firms in network, Nofir used these advantages for internationalization and further company development. Still there is a question of the effective cooperation within the network and creation of possibilities to learn as this seems to be not the primary objective for the firm.

Therefore, Nofir actively used business networks not only to overcome limitations of early internationalization but create competitive advantage and learning opportunities, provide access to new markets and customers, find additional financing and new distribution channels with the aim of firm's further development abroad.

### ***5.2.Social networks***

While describing social networks in this thesis, I held with Zimmerman et al. (2009, p. 145) definition of social networks – “interconnection of social relationships that offer opportunities for and constraints on behaviour”, pointing out that in social networks the actors in the relationship are the individuals. This form of network in different literature is referred to interpersonal networks and may consist of friends and acquaintances, family members or relatives (Zimmerman et al., 2009).

According to Zhou et al. (2007) social networks influence firm performance as they allow to obtain the particular information benefits like knowledge of foreign market opportunities, personal advice and experiential learning, and referral trust and solidarity. These learning advantages, derived from the use of social networks, lead to the better performance outcomes for born globals and therefore help to achieve the performance consequences of early internationalization. Empirical data reveals that social networks of Nofir created particular learning opportunities which were crucial for the company internationalization. Still I cannot agree with Zhou et al. (2007) in one quite arguable point about experiential learning for the born global firm in the case of described recycling company, being unique on the market. As there is no possibility to share experience for the social network operating in different market conditions or industries.

The next point for discussion refers to Coviello (2006, p.723) statement that networks “open doors for born globals by providing market access, financing, distribution channels, referrals and pool of contacts for both internal and external development”. The case of Nofir proves that domestic and international social networks were used to provide access to new



markets and customers. Still social networks do not provide additional financing nor open new distribution channels. These facts degrade social networks' role in the process of internationalization of born globals and argues the significance of relationships' support within the network.

### ***5.3. Institutional networks***

As previously discussed in literature review, I have concurred with the definition of Séror (1998, p. 39-40) considering institutional networks as the mixture of government support programs and policies, research institutions, international development agencies, innovation centres and professional support institutions which provide support services which may enhance firm's knowledge transfer and internationalization propensity.

Network built with European Commission through the Eco Innovation Project helped company to gain financial support from the European Union, which was used for further expansion abroad in terms of search and recycling of raw materials in the form of fishing equipment required to be disposed. The other projects with institutions rather contribute company brand development with no tangible influence on the internationalization of Nofir. The findings show very limited role of institutional networks both domestic and international in the process, though they create more constraints and limitations. Author finds this situation quite unexpected as Norway appears to be the country worried and anxious over sustainable development, which includes rational recycling as well. So, industry should be encouraged by government support programs and policies, research institutions, international development agencies, innovation centres and professional support institutions not only financially but also help with the risks reduction, constraints' overcoming, creation of the learning opportunities of new international market's development. For example, institutions' promotion of the ideas of the sustainable industries support and development.

Moreover, the role mentioned above namely, gaining financial support, was identified in the literature review as the one typical for the networks as such but could not be found in the literature in relation to the institutional networks. The empirical data invites the assumption of the other possible roles of institutional networks, important for investigation.

#### ***5.4.Negative aspects of networks***

In this section I would like to mention negative aspect of the use of networks, which could occur if firm is over involved in one form of network.

One phenomenon that was not described in the research of Knight and Liesch (2015) but was identified by Nofir's CEO and stated by Mort and Weerawardena (2006) is "network rigidity", which is defined as limitations of strategic opportunities and options by network boundaries. Author finds it important to mention this negative aspect of networks as it brings limitation to all of them – business, social, and institutional, creating definite difficulties for the firm while internationalizing and aiming to use potential of all accessible networks. Since involvement in particular network may limit strategic opportunities and options by network boundaries. CEO provided an example of institutional network rigidity, when additional funding gained from the network obliged to operate and spend finances within geographical and conditional limits of the institution.

All the mentioned above roles networks play in the process of internationalization were described in the literature review. Still most authors do not specify which types of networks take on particular role in the process. Thus, the further point for discussion shifts around the problem of networks differentiation when it goes to the roles. Most researchers investigate the roles of networks altogether and only few apply separately to business (Freeman et al. 2006; Chetty and Campbell-Hunt 2003) or social networks (Zhou et al. 2006). By this research author fills in the gap in literature relatively to the differentiation of networks' roles according to the type, and also brings up the concern of more detailed and deep study of positive and negative aspects of their influence on the process of internationalization.

While internationalizing the case born global firm Nofir used all types of networks described and we may conclude that most of the challenges were handled with the use of these networks, confirming the statement of Gleason and Wiggenghorn stating that firms using more networks are expected to experience higher returns (2007). Still roles of business networks differed from social ones as well as institutional. Business networks have been found to become most crucial when born global firm is internationalizing. Nevertheless, we may assume there can be other cases when not business but social or institutional networks appear to become

crucial for internationalization, by taking on relevant roles based on the challenges firm is facing.

Moreover, it is important to recognize although each firm is incorporated in the networks, the gained benefits and the value of the network is unique to each firm. This uniqueness makes networks almost impossible to imitate or substitute as it would be difficult to replicate completely the set of relations of any firm, since networks are socially complex, develop over time, and may be causally uncertain with respect to their effect on competitive advantage (Coviello and Cox 2006).

The findings and further discussion unanimously indicate that as business, as social, and institutional networks have positive impact and play an important role in the internationalization process of born globals. Business networks appear to play significantly bigger role in the internationalization process of the case born global firm. But if we refer to the main dilemma whether networks enable or burden internationalization process, we admit that networks do really enable the process when they meet the target relevant for the born global firm. Otherwise they create limitations and constraints demanding additional recourses or even dangerous situation of company failure.

## **6. Conclusion**

The purpose of the research was to investigate the role of different types of networks, utilized by born global firm while internationalizing. In addition to the main purpose of the study, the investigation has analysed both the advantages and the negative aspects of the network roles, thus enabling author to find a solution to the main dilemma: whether networks enable or burden the process of internationalization of born globals.

In order to reach this purpose, author analyzed three main networks, namely business, social, and institutional, and roles they take on during the internationalization process of born global firms. This analysis highlights the extreme importance of the networks, as well as it discovers particular limitations.

The empirical findings show that the business networks helped to achieve the economies of scale from the very beginning, they also covered the lack of financial and knowledge resources, and took risks that are typical for young firms that decide to internationalize. Besides, the business networks created competitive advantages, which confirms that the born global firm can leverage network for international market advantage. Moreover, the business network connections can be used to develop relationships and create new distribution channels for the firm. In fact, the born global reap advantages from learning and maintaining contacts with firms in network, using these advantages for internationalization and further company development. The social networks appeared to provide access to new markets and customers. Besides, they created particular learning opportunities, which were crucial for the company's internationalization. The role of the institutional networks is limited to the financial support the firm may receive through them, though they create specific constraints and limitations.

The negative aspect of the network utilization is defined as limitations of strategic opportunities and options by the network boundaries. It makes network rigidity extremely crucial as it brings limitation to all three types of networks – business, social, and institutional. The latter creates certain difficulties for the firm while internationalizing and aiming to use the potential of all accessible networks. Consequently, the networks tend to be beneficial for the internationalization process in the situations when they turn out to be relevant and serve for the born global firm. Otherwise they can create limitations and constraints, demanding additional recourses or even leading to dangerous situations, threatening the company survival.

The findings stated in the research suggest some practical implications for the Norwegian born globals. While a firm decides to internationalize, it should consider the role and the importance of different networks' types. It is crucial to analyse more effective ones in every particular situation and gain all advantages for the successful internationalization to new markets. Otherwise the firm can face a situation of high internationalization risks imposed by the networks' burdens. Besides, it can be beneficial for the case firm Nofir - being a small firm with the limited time and human resources, the company is better to cooperate more actively with the business networks, which might create more benefits and will help to avoid other networks' rigidity.

The suggestion for further research could be a more detailed indication of the negative aspects of the network types since this is hardly addressed by the scholars. Besides, it is crucial to consider also (and these are some research limitations) the strength and weaknesses of ties, patterns of relationships, interactions and other alternations in the networks' structure.

Interesting insights can be expected if a similar study would be conducted in other industries. Above that, more qualitative research on the roles of certain networks, as well as better case studies could also allow to take time and space considerations into account. Moreover, quantitative research with more firms throughout Norway could lead to the provision of more generalized results.

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## 8. Appendix

### Interview guide

#### **1. Background information. Company profile / Personal profile**

- a) Name of respondent; Position in the firm
- b) International working experience

#### **2. Internationalization process**

- a) Description of the company internationalization process

*why did the firm choose to engage in international activities; how were the markets selected (European/ Turkish); who was taking the final decision for internationalization.*

- b) Major factors for foreign market choice

#### **3. The networks**

- a) How important were the networks in the process of the firm's internationalization?

- b) How did you select your partners?

c) Prior and during the internationalization process, what types of networks did your firm utilize – business, social, institutional?

*By **business networks** I mean complex webs of interdependent exchange relationships among firms. By **social networks** I mean personal connections and relationships, like friends and acquaintances, family members or relatives. By **institutional networks** I mean network relationships a firm may have with various formal institutions such as the ministry of foreign trade, export promotion councils, independent export assistant organizations, R&D institutions and export credit unions both in home and foreign market.*

d) What kind of constraints did you experience while dealing with Norwegian or international partners?

#### **4. The roles of networks in the internationalization process**

- a) Did utilized networks influence the internationalization process?

b) If you could point, which networks influenced on the process by taking any mentioned roles? Maybe you could mention any other roles?

*If you could point from the list whether business, social and institutional networks: help to reduce risks of early internationalization; create competitive advantage; help to overcome constraints typical for young firms; provide access to new markets and customers; create referrals and pool of contacts for both internal and external development; gain additional financing; create new distribution channels and learning opportunities.*

- c) Were there any negative aspects of the cooperation with particular networks?
- d) What type of network you find most beneficial for the internationalization?
- e) How will company look like without these networks? If it could exist internationally?

Any other issues you find important