



SCHOOL OF  
ECONOMICS AND  
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# Strong and Weak Ties of the Born Global Firm

The case of four Öresund region firms during inception and early  
growth

by

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# Abstract

This paper investigates the characteristics of the relationships of the Born Global firm's network and with what intentions they are established during inception and the phase of early growth. An in-depth overview of existing literature is provided and additional insights are delivered through a multiple-case study of four Born Global firms from the Öresund region in their early stage of evolution.

The findings of the study indicate that the Born Global firms examined tend to utilize different ties depending on the occasion and what resources they wish to acquire, distinguishing between tangible and intangible resources. In addition, it shows that Born Global firms tend to use relationships from their networks that have been established with intentions of both social and economic character. Further, it is discovered that they network with underlying business incentives not solely for the purpose of finding specific resources, but rather to build a solid network base from which they can derive resources in the future. . The last key finding, presents an insight into the Born Global firm's use of what is referred to as triangular reciprocity, which aims to illustrate that just because two parties cannot directly benefit from each other, it does not mean that they cannot commit to an exchange of mutual benefit.

**Keywords:** network theory, Born Global firm, strong and weak ties, social embeddedness

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# 1 Introduction

This research paper aims to investigate networks and their role in the firm's inception and early growth. It is from the social and business network that a firm derives its key resources (Larson & Starr, 1993; Coleman, 1990; Hansen, 1995). During emergence and the phase of early growth, the firm is suffering from the liability of newness and smallness implying limited access to resources. Therefore, networking is claimed to be of specific significance during the earliest stages of the firm's life cycle (Johanson & Mattsson, 1987; Johanson & Vahlne 1990; Gabrielsson, Gabrielsson & Dimitratos, 2014). Furthermore, resources derived externally are described to be of significant importance (Birley, 1985; Johanson & Mattsson, 1987; Hite & Hesterly, 2001). This is claimed to be due to the fact that newly established companies are often scarce on internal resources, implying that they thus must obtain them from outside of the organization's boundaries (Dubini & Aldrich, 1991; Larson & Starr, 1993; Mort & Weerawardena, 2006). For this reason, the network has been particularly interesting for the emerging firm as it may help overcome resource poverty and thereby facilitate growth.

Moreover, researchers have stated networks to be a driving force in the firm's international expansion (McDougall, Shane & Oviatt, 1994; Thorelli, 1986). Contacts are argued to generate knowledge about foreign market opportunities such as guidance in market selection as well as a mode of entry (Coviello & Munro, 1997; Coviello, 2006). For these two reasons, the newness of the emerging firm and the international ambition, the concept of the Born Global firm has been of particular interest. The idea of the Born Global firm is drawn upon the frustration regarding the unsatisfactory explanations from the traditional internationalization theories on how a firm internationalizes, with emphasis on the Uppsala model (Bell, 1995; Madsen & Servais, 1997). Critics claim that this model is inadequate in explaining the internationalization patterns of the Born Global firm (e.g. Oviatt & McDougall, 1994; Knight & Cavusgil, 1996). In contrast to the previously more common view on how to achieve international expansion through an incremental step-by-step approach, these firms appear to proceed with a much more rapid internationalization process with an entrepreneurial and international orientation already from inception (Oviatt & McDougall, 1994; Knight & Cavusgil, 1996). This can further be demonstrated by the revisiting of two of the more well-known internationalization theories, the Uppsala model (Johanson & Vahlne, 1977) and the Eclectic Paradigm (OLI-model) (Dunning, 1988). The two have both been reappraised and restructured in order to account for the effects of networking (Johanson & Vahlne, 2009; Dunning, 1995).

An additional factor describing the rising interest in the role of networks for the internationalizing firm is the increasingly complex environment in which organizations are believed to operate, and the

rising levels of competition (Dunning, 1995; Mokhtarzadeh, Mahdiraji, Jafarpanah, Jafari-Sadeghi & Cardinali, 2020; Monferrer, Moliner, Irún & Estrada, 2021). This complexity calls for increased interfirm collaboration through networking in order for firms to improve their competitive position (Forkmann, Henneberg & Mitrega, 2018; Yaqub, Srećković, Cliquet, Hendrikse & Windsperger, 2020).

## 1.1 Background

In international business literature, a network is described to comprise two or more parties that are linked together through an interaction (Thorelli, 1986; Borgatti & Halgin, 2011; Larson & Starr, 1993). The network resembles a web of exchange relationships and connections which generate resources, both in form of more intangible characters such as favors and knowledge as well as of more tangible characters such as financing and service providers. This relationship could for example be a friendship, a professional contact, or a connection with a family member. Each party of an exchange relationship comprises a so-called *node* of the network (Thorelli, 1986). When these nodes exchange information they become connected to each other and a so-called *tie* is established between the parties (Uzzi, 1999). In other words, a tie is synonymous with a relationship. Two nodes that are connected to each other through a tie, a relationship, then constitute a network.

Over time relationships are created, developed, and ended meaning that the network is subject to change (Johanson & Mattsson, 1987). However, at each point in time, the nodes and the ties between them create a structure within the network (Borgatti & Halgin, 2011). Thus, when more nodes are added to the network, they indirectly become connected to one or more new, otherwise not necessarily related nodes as the ties in the network are interconnected (Borgatti & Halgin, 2011). The structure of the created network implies that there is a pattern (Borgatti & Halgin, 2011). A pattern signals that each node within the network has a specific position. This position is important because it reveals the situation of a node in relation to other nodes, which is argued to play a vital role in the opportunities available for a firm (Thorelli, 1986; Johanson & Mattsson, 1988). In other words, since it is from the network that a firm derives its resources, the availability of resources for the firm is dependent on to which other nodes a particular node is connected.

While the availability is determined by the nodes, the accessibility can be argued to be dependent on the ties and their respective strength. Within the literature field on social networks, one theory that is very well-known is the theory on The Strength of Weak Ties presented by Granovetter (1973). Despite its focus being other than business, the theory is centered around a vital concept in business literature, namely access to information. The theory builds on the strength of an interpersonal tie between two nodes (Granovetter, 1973). A tie of stronger character is believed by Granovetter (1973) to be with

someone with whom you have more frequent social interaction, for example, a friend or a family member. He further claims that the weaker the connection the more likely it is to give access to novel information.

### 1.1.1 The Born Global Firm

The concept of the Born Global firm has been increasingly present in International Business research over the past forty years. The definition of what constitutes a Born Global firm varies somewhat. However, many scholars agree that a Born Global firm is a firm that internationalizes rapidly from inception (Madsen & Servais, 1997; Knight & Cavusgil, 2004; Cesinger, Danko & Bouncken, 2012). Noteworthy is that various names have been employed to describe this phenomenon. Frequently used terms are stated by Cesinger, Danko, and Bouncken (2012) to be: international new ventures, born internationals, global start-ups, and high technology start-ups. Nonetheless, the most present in newer research is “Born Global firms” or “International New Ventures”. These two are commonly stated as synonymous, although they are sometimes separated. Øyna and Alon (2018) distinguish the two by specifying that Born Global firms do not have to source internationally as selling through export is considered “enough”, whereas International New Ventures need to practice both “inward and outward internationalization” (p.158). However, the authors point out that the Born Global concept is more exclusive, in that Born Global firms are “entrepreneurial start-ups”, implying that they have to be a certain type of firm, whereas International New Ventures can be any business organization.

Born Global firms do not only have in common the accelerated internationalization process but also possess many common characteristics facilitating this process. These characteristics include having technological competencies, a management with a global focus leading to an organizational culture with innovation in focus (Madsen & Servais, 1997; Knight & Cavusgil, 2004; Nguyen & Mort, 2020), an emphasis on the application of knowledge-based resources in international activities (Knight & Cavusgil, 2004; Nguyen & Mort, 2020), as well as efficiency in building global networks (Knight & Cavusgil, 2015). Knight and Cavusgil (2004) mean that using these characteristics helps maximize international performance and thus facilitates the existence of the Born Global firm. Nguyen and Mort (2020) propose that managers’/owners’/founders’ resources play a vital part in the success of Born Global firms, which is largely due to the founders often having knowledge and networks from previous industry experience. Furthermore, firms that hold the mentioned characteristics are no longer hindered by the fact that they are young and lack resources (Knight & Cavusgil, 2004; Nguyen & Mort, 2020).

A management with a global focus that leads an organization to put innovation at the center is a management with a so-called entrepreneurial orientation (Knight & Cavusgil, 2004). Knight &



Cavusgil (2004) states that firms adopting this strategy are more likely to pursue opportunities tactically. The authors mean that this will aid the firms in the process of international expansion, helping them reach superior performance. Other researchers have also found that the global focus and entrepreneurial capabilities give rise to an active search for opportunities (Aspelund, Madsen, & Moen 2005; Knight & Cavusgil, 2004). This is stated by Knight and Cavusgil (2004) to have a powerful impact on Born Global firms as it is partially what allows them to expand internationally at a rapid speed despite their resource scarcity. In addition, Morris, Schindehutte and Raymond (2002) state that in a turbulent environment, such as experienced when expanding to a foreign market, where the firm is required to respond quickly to change, entrepreneurial orientation is a vital quality of management.

The reason why the Born Global concept has become increasingly present over the past years is partially due to a shift and advancement in technological infrastructure enabling a borderless global economy, which facilitates international operations (Knight & Cavusgil, 2004). Another reason is the domestic business landscape where any firm can be a part of the international trade system. Knight and Cavusgil's (2004) later research found that firms' motivation for internationalizing varies early on. It can for instance be due to size limitations in the domestic market, changing market conditions, technological development, and/or the emergence of international business networks (Knight & Cavusgil, 2015).

### 1.1.2 Problematization

For the emerging firm, limited in terms of resource poverty, access to novel information would be considered highly valuable. Furthermore, for a new firm to not only pursue domestic but also international market opportunities, it is likely that even more information discoveries are necessary to achieve successful performance. In other words, based on the insights of Granovetter (1973), weak ties would be suggested as particularly important for the emerging international firm as these are the ties most likely to generate novel information. However, the new firm is claimed to be more prone to use connections that would be classified as strong ties, in line with the observations of Granovetter (1973). For instance, the emerging organization is said to take advantage of connections such as those established with friends, family, and previous business contacts (Birely, 1985). With that said, as an emerging organization with international ambition, the Born Global firm is likely to not only be limited in terms of resource scarcity but also relationships and connections giving access to information of the novel character.

Despite these constraints, the Born Global firm is recognized for its successful international performance. Therefore, much literature has been aimed at explaining this success. In later years,

researchers have given attention to the network and its contribution to internationalization (e.g., Mitic & Rakita, 2020; Coviello and Munro, 1995; Coviello & Munro, 1997; Madsen & Servais, 1997; Moen, Gavlen, Andersen, 2004). Furthermore, research has confirmed that the degree of social capital embedded in a network tie is essential in understanding the internationalization process and the benefits derived from it (Coviello & Munro, 1995; Sharma & Blomstermo, 2003). Zhou, Wu, and Luo (2007) added to this by presenting it as an area of interest for future research, and continuing by stating that “the connection between informal social network ties and formal business relationships in the course of internationalization should be further investigated.” (p. 687).

The Öresund region is further known to be a region with a wealthy start-up culture (Deppert, n.d). The area has numerous incubators aimed to facilitate entrepreneurship and promote business operations. Some examples, among the many, are SmiLe Incubator, MINC, UCPH Innovation Hub, Ideon Innovation, and Venture Lab. In addition, there are organizations like the Swedish government agency—Tillväxtverket—located in Malmö, that have experienced great success in facilitating international growth for start-up companies (Tillväxtverket, 2022). Furthermore, the region has created projects which are aimed to offer collaborative opportunities between Swedish and Danish young startups and larger firms (Rise, n.d). This implies that there is potential for companies to exploit such favorable conditions, and that the area may be beneficial in terms of creating relationships and exploiting resources from external linkages. Despite being such an interesting region for network studies, there appears to be a gap in the literature in investigating the network for ventures in this area.

For the above listed reasons, this study will focus on the network of the Born Global firm in the Öresund region. Although there are various definitions present, the overall consensus in the literature, and thus the definition used for this paper, is that a Born Global firm internationalizes rapidly from its founding year (Madsen & Servais, 1997; Knight & Cavusgil, 2004; Cesinger, Danko & Bouncken, 2012). Despite choosing the Born Global firm, this study will not focus specifically on ties related to internationalization. Rather the network as a whole will be the object of study, looking closer at the quality and the characteristics of the entirety of the firm’s relationships and the intentions behind their establishment. This is motivated by the research of Monferrer, Moliner, Irún & Estrada (2021), claiming that one of the main critiques in research on networks is that it does not consider the wholeness of the network but rather tends to look at relationships as separate from each other. Furthermore, in alignment with the observations of Coviello (2006), stating that networks are dynamic and should thus be studied in relation to time, this report will focus on the phases of inception and early growth. This realization by Coviello was based on his critique of Knight and Cavusgil’s (2004) research paper on the Born Global firm. Coviello (2006) meant that their article lacked real evidence since data had been collected from firms 20 years of age.

## 1.2 Research Aim and Objectives

The aim of this study is to explore the quality of the relationships in the network for the Born Global firm and the intentions behind the establishment of the relationships. This is motivated by the fact that the structural and the managerial perspectives are the two common ones treated in the business literature on networks (Irún, Monferrer & Moliner, 2020). The structural viewpoint looks at the structure of the network, the qualitative aspect of the network relationships, and how these affect the firm's behavior and resources (Irún, Monferrer & Moliner, 2020). The managerial angle explores the actions of management and how these, in turn, impact the quality of the firm's network (Irún, Monferrer & Moliner, 2020). This will be examined through the lens of network theory. One such well-known theory is the theory on The Strength of Weak Ties by Granovetter (1973), which aims to declare the type of relationship that is most likely to generate novel information. Based on these ideas, this report will look at how and from where the network is being established, with what intentions it is created, and the characteristics of the relationships in question.

To fulfill this aim, the report will cover the following objectives: (1) presenting network theory and then further integrating it with the concept of the Born Global firm, (2) collecting relevant data from four Swedish Born Global firms from the Öresund region, and (3) matching the theory from the selected literature with the patterns found in the empirical data gathered during interviews to find similarities as well as contradictions. Thereby, this paper aims to contribute to the literature with a better understanding of the Born Global firm's use of its network.

## 1.3 Research Purpose

As discussed in the background, the network is an essential component for the success of Born Global firms, that is, managing to internationalize within a few years from inception. Furthermore, it was brought up in the background that a firm's node's position in a network plays a vital role in deciding the venture's prosperity. This position is further determined by the ties connected to the given node. Therefore, it is interesting to look at the characteristics of the ties in a network of a successful Born Global firm. This is because these ties would be suggested to be an essential determinant in the firm's growth and development.

Since the ties appear to be an important component in the Born Global firm's recipe for success, this study aims to contribute to the understanding of what characteristics the network of a Born Global firm possesses and with what intentions it is being created. The focus will be on the role of the network during a firm's inception period and early growth, as this phase is what distinguishes the

Born Global firm from other small ventures operating internationally. A successful attempt at this would be beneficial to academics and professionals alike. Firstly, if patterns are found between the firms, it could serve as a managerial guide for future Born Global firms to identify how they should establish and/or shape their network. Contrary, if no patterns are detected, it could indicate that this is a highly individual matter that should be differentiated from firm to firm. This could also contribute to expanding network theory by applying the result of the study to diverse types of firms with the specific time frame in question, contributing to a more nuanced view on the topic.

Thereby, to fulfill the aim, objectives, and purpose of this paper, this thesis will address the following research question:

*What are the characteristics of a Born Global firm's network, and with what intentions is it established during inception and early growth?*

## 1.4 Outline of the Thesis

This paper consists of five chapters. Chapter 2 will give a comprehensive review of existing literature on the topic in question in order to examine each case. Chapter 3 will introduce and motivate the methodology used in the study; the choice of research design and the data collection method. Further, it will address the thesis's validity and reliability, as well as its limitations. Chapter 4 presents the four case firms and elaborate portrayals of each firm and the relationships in their respective networks as well as their networking intentions and activities. These cases are the core of the study, and in Chapter 5 they will be analyzed and discussed firstly, in relation to each other and secondly in connection to the literature. Lastly, Chapter 6 will contemplate the degree to which the objectives of this report have been accomplished, outline its key findings and make suggestions for future research.

## 2 Literature Review

This chapter of the paper will begin by elaborating on network theory which is the primary subject for investigation of this report. A section will then follow, using the concept of the Born Global firm which was brought up in the introductory chapter, to discuss the interconnection between network theory and the Born Global firm.

## 2.1 The Network and Network Theory

When studying interpersonal networks, the nodes themselves do not appear to be of specific interest, but rather the links between them and the context in which they exist. There is plenty of literature supporting that a network is a source to access valuable resources (e.g. McDougall, Shane & Oviatt, 1994; Birley, 1985; Coviello & Munro, 1997; Mort & Weerawardena, 2006; Gabrielsson, Gabrielsson & Dimitratos, 2014). This implies that the exchange of information and resources provided from a tie lays the foundation for the firm's existence and promotes growth. This is widely recognized in the literature on social networks (e.g. Hite & Hesterly, 2011; Thorelli, 1986; Johanson & Mattsson, 1987; McDougall, Shane & Oviatt, 1994). Therefore, it is the ties—the relationships—connecting the nodes, that make the network become of particular interest. One well-known theory within interpersonal networks that emphasizes the characteristics of the ties is the theory of The Strength of Weak Ties by Granovetter (1973). The literature review will thus use Granovetter's (1973) insights as to the main theory and the starting point. It will then continue by presenting further views of his, namely the concept of social embeddedness. Thereafter, it will be elaborated on similar ideas to those of Granovetter, brought up by other researchers, and reframed in accordance with their beliefs and perspectives.

### 2.1.1 The Theory of The Strength of Weak Ties & Social Embeddedness

Granovetter (1973) presents, in his article on social networks, the theory of The Strength of Weak Ties. The theory is based on several premises and declares how interpersonal networks may function as a bridge for information flows containing new valuable micro-macro insights. Thereby, it aims to present what type of interpersonal relations most efficiently generate access to such novel information. Granovetter (1973) means that accessibility is dependent on the strength of the relational tie between the two parties involved in an exchange network. The determinants of the strength of a tie are stated by the researcher to be recognized by the time put into the relationship; the higher the degree of intimacy; the higher the emotional intensity; and the degree of mutual orientation to an exchange. Intimacy in this case is referred to as mutual confiding, in other words, the will to share private information with someone in the belief that the other party is trustworthy and will remain silent. Furthermore, Granovetter (1973) claims that a strong tie is to be considered more likely to give access to information already existing within one's network, in other words, not novel information. This, he argues, can be understood from the overlapping of networks. Granovetter means that the stronger the relational tie between two exchange parties, the more their networks are likely to overlap.

The overlapping of networks is further explained by Granovetter (1973) to be due to transitivity. Simply explained from the description provided by Granovetter, transitivity implies that if A has a connection with B, and B has a connection with C, then A and C are also connected. The stronger the

respective tie between A and B and between B and C, the stronger the connection between A and C. This is claimed to be because people are likely to have stronger connections with those that are similar to themselves. Thus, if A has a strong tie to B, A is similar to B. Likewise, if C has a strong tie to B, C is similar to B. Consequently, if both A and C are similar to B, then A and C must also be similar. Thus, the higher the degree of overlap between two parties' networks, the stronger their relational connection is suggested to be (Granovetter, 1973).

Furthermore, if A, B, and C are all rather similar they are also, according to Granovetter (1973), likely to be exposed to similar environmental conditions and social contexts. On the contrary, he states that if either A and B or C and B are less similar (weaker tie), then their social worlds are less likely to overlap, and thus, they may hold information that the other does not possess. In addition, this implies that the tie between A and C is of weak character, and thereby also more probable to be a source of novel information. For this reason, Granovetter (1973) concludes by claiming that weaker ties are more likely to generate new insights, as one may access information from a different network exposed to other social and environmental contexts than oneself.

In a later article on how economic actions are embedded in the structures of social relationships—social embeddedness—Granovetter (1985) identifies a problem in, at that time, a modern economic theory where researchers tend to neglect the social context in which an exchange or transaction occurs. He presents an existing belief in research literature where the individual acts rationally merely based on economic interest. Here, Granovetter argues that there are perhaps other interests than purely economic, such as power, status, and approval. Therefore, a relationship is stated by the author to be affected by how two exchange parties are positioned in regard to each other as well as others in the network. He continues by stating that relationships have history, they might have existed for a long period of time and may thus be embedded in larger (social) contexts. This in turn is argued by the author to create expectations and standards. Because of such existing expectations and norms, Granovetter suggests that the rational individual is more likely to rely on his knowledge and trust in these relationships. Information about an exchange or an exchange party is thus stated by the researcher to be specifically valuable if it is coming from one's own past dealings. This is explained by the author to be based on four reasons: firstly, it is cheap; secondly, the trust from one's own experience is always the highest; thirdly, there is motivation to be honest because of self-interest in continued trade; and lastly, the social context brings about expectations and refrain from opportunism. From this, it is implied by Granovetter that the position of a party and the history it has with others within the network will affect the economic choice of the party in question. This is what the researcher refers to as the historical and structural embeddedness of relations.

### 2.1.2 Additional Perspectives on the Nature of the Network Ties

Johanson and Mattsson (1987) elaborate on positioning, arguing that the position provides the base from which the firm can access external information and resources. In a similar way to that of Granovetter (1973), the authors mean that the position is determined by a firm's interactions with its network, in other words by its relationships. Hence, in further agreement with Granovetter (1985), the position is declared by Johanson and Mattsson (1987) to be a result of previous activities by the firm itself as well as by other firms in the network. Depending on the short- and long-term resource needs and ambitions of the venture at the particular stage in which the firm finds itself, the researchers mean that the firm will desire different relationships. When the firm creates new, develops current, and terminates existing relationships, it thus changes its position within the network (Johanson & Mattsson, 1987). Therefore, due to the dynamic nature of relationships, it is argued by Johanson and Mattsson (1987) that the firm will experience different positions at various stages of its evolution. It can further be understood that the position is a determinant for what resources will be available and accessible for the firm which in turn will shape the venture's subsequent step.

If past events constrain future outcomes, Mort and Weerawardena (2006) explain them to be path-dependent. As the position of a firm appears to be path-dependent in accordance with the research of Johanson and Mattsson (1987), the relationships should be considered highly important for the firm. Johanson and Mattsson (1987) emphasize this when elaborating on the benefits arising from lasting relationships. They are described by the researchers as potentially lower costs, benefit knowledge development, as well as generating control over the other. However, long-term relations take both time and effort to establish and the relations need to be characterized by mutual orientation according to the authors. This, the researchers declare, implies that there is a mutual understanding of each other's processes and goals, and also that they are equally willing to invest in and pay attention to the relationship. Here the authors further bring up Håkansson's (1982) two separate but interrelated types of interaction: exchange processes and adaptation processes. Johanson and Mattsson (1987) elaborate on these two, saying that a relationship arises from the exchange process because there are reasons to make an exchange between two parties. It is then argued by the researchers to become a lasting relationship because the parties respect and trust each other and that there is a continued need for the exchange. This continued need is then (partly) ensured by the adaptation process according to the researchers, as the parties adapt to one another and influence each other's development. They further claim that the adaptation process strengthens the relational tie. A stronger tie, they state, results in a conflict resolution where voice is a better option than exit. This concept is derived from Hirschman (1970), claiming that with increased loyalty there is a bigger will to voice, meaning to repair and improve a relationship through effort, rather than to exit, which implies ending the



relationship. Johanson and Mattsson (1987) further inform that the more intensive the exchange process, the stronger the will between the parties to adapt.

In Thorelli's (1986) study on the role of inter-organizational networks, networks are defined as the long-term relationship(s) established between two or more organizations. In line with the exchange process described by Johanson and Matsson (1987), Thorelli explains that there is a tie between these two or more parties, through which power, information, money, and resources flow. In his report, power and information are stated to be the two most critical. Power is believed by the author to be a key factor in relationships and thus a crucial variable in understanding networks. Power is defined to be the influence two parties have on each other's actions and decisions (Thorelli, 1986). The author continues to elaborate on power, stating that it is highly connected to a firm's position in the network. He describes the position as a location of power. Thus, a position determines the degree to which a firm has the ability to influence and make use of its relationships.

Thorelli (1986) further highlights insight from network theory suggesting that it is of interest to look at the quality of a firm's position. Quality here is referring to the strength and intensity of a network tie. This is where the author aims to emphasize the importance of long-term relationships. He further means that for a long-term relationship to sustain, there needs to be confidence in a continued mutual exchange. For this reason, trust is believed by Thorelli to be another key factor in relationships. As one of five main sources of power, trust is further stated by the researcher to be based on reputation and past experiences and emerges from frequent interaction from personal friendship and social connections. This implies that the better the opinion another holds of you and the stronger the relationship, the more trust will be generated, and consequently, the organization will also have more power and greater potential to influence.

Dubini and Aldrich (1991) also find trust to be a crucial element when discussing the term "networking". In examining the role of social networks on the entrepreneurial process, the researchers elaborate on Granovetter's (1973) concept of strong and weak ties, stating that networking is what we think of when imagining the entrepreneurial action that establishes a network of strong ties which a firm can rely on. In contrast, they mean, weak ties are those relations in which we have a less emotional investment, typically associated with more superficial business behavior. It is believed by the authors that a balance between strong and weak ties is to be preferred. Moreover, Dubini and Aldrich suggest that a network is dynamic as it changes over time. In the early stage of the organization, the emerging firm's network is claimed by the authors to be centered around the network of the entrepreneur(s). This type of network the researchers call a personal network and it is built from the networking of the entrepreneur.



Dubini and Aldrich (1991) explain that the personal network is concerned with a strong tie to a friend that was not established to support the business in question but may generate information or resources of firm value. If it does, this is described by the researchers to save the firm both time and money. The authors elaborate on three additional advantages gained from the long-term investment put into personal networks: trust, predictability, and voice rather than exit. Trust is said to arise mainly because there is self-interest in a continued mutual exchange and predictability is described to increase because accountability increases (Dubini & Aldrich, 1991). The concept of voice or exit is once again derived from Hirschman (1970) as explained above, and Dubini and Aldrich (1991) argue that the likelihood of voice is higher as a consequence of increased commitment. Ultimately they state that the stronger the tie within the personal network, the higher the degree of predictability, trust, and likelihood to remain (voice). Contrary to Granovetter (1973), arguing that only weak ties would generate novel information, Dubini and Aldrich (1991) mean that enough diversification among a firm's strong ties may be sufficient. This is argued by the authors to be because strong ties may be linked to people who in turn have ties to other social networks of significant difference from that one's own.

Larson and Starr (1993) describe the relationships within a network as “opportunistic ties”. Similar to Dubini and Aldrich (1991), Larson and Starr (1993) see the need to distinguish between social networking and ordinary, superficial business behavior. This distinction is done based on the underlying intention—social or economic—of a tie when it is established. The researchers lay out the foundation of a network model consisting of three successive steps. In the first step, they argue, a relationship is established with an intention that is either social or economic. In the second step, a testing process takes place in which the two parties are encouraged to risk-taking and trial processes which increases fairness, trust, and reciprocity, and thereby also commitment and reward. As these elements are added to the relationship, the nature of the relationship changes according to the authors. This is because an economic tie is claimed by the researchers to develop a social aspect when the two parties frequently interact and establish a mutual understanding. Furthermore, a social tie is stated by Larson and Starr to become of economic purpose as the resource provided from the exchange is of value to the firm. The third step of the model involves integrating the exchange relationships into the organization. Depending on the nature of a relationship the researchers argue that different opportunities become available which in turn influence the firm's development and strategic decisions.

Since the development of the firm is suggested to be highly influenced by its network, Larson and Starr (1993) further argue that it is particularly important during inception and early growth. Furthermore, they state that for new firms the initial ties are most often of informal character drawing upon prior social relations and affective ties. In other words, they are socially motivated and explained

to be based upon the individuals' underlying history and on norms, and expectations (Larson & Starr, 1993). For this reason, Larson and Starr (1993) highlight the significance of factors existing prior to the establishment of the new firm by recognizing the individual in the relationship. Here they refer to the entrepreneur's personal history and private as well as economic interests. This is supported by Burt (1992), a well-known theorist in social networks literature, stating that entrepreneurs bring to their firm at inception three types of capital: their personal financial resources, their personal skills, and their social resources. Moreover, Larson and Starr (1993) conclude that during the formation of the firm its economic interest becomes embedded in the social exchange relationships and consequently transforms into multidimensional socioeconomic relations which in turn embody the organization.

Uzzi (1999) further examines the concept of social embeddedness by looking at how relationships affect the firm's ability to access resources, in his article financial resources, and the cost it has to pay for it. He uses the concept of social embeddedness as it is defined by Granovetter (1985), concerning how a transaction of commercial character is affected by the noncommercial aspects inherent in social relationships and consequently in networks. Uzzi (1999) distinguishes between embedded relationships and arm's-length relationships. He argues that the first-mentioned builds upon social connections and allows for more unique value creation as parties may be willing to share private information while simultaneously encouraging mutually beneficial exchange for both parties. In contrast, the author claims that the latter is without social affiliation and proposes more lean and infrequent transactions, lacking long-term commitment and reciprocity. While trust is argued in the article to be enhanced in embedded relations, it is believed to be negatively affected in the arm's-length relationship due to the risk of expecting the other party to behave in an avaricious manner. For this reason, it is found that the higher the degree of social embeddedness in a firm's relationships, the more they are governed by trust and expectations (Uzzi, 1999).

Uzzi (1999) connects the two types of relationships to Granovetter's (1973) theory of strong and weak ties and proves that an integration of both is critical for an optimal outcome. He explains that embedded ties mirror strong ties, and arm's-length ties illustrate weak ties. Based on the results from the interviews of Uzzi, it is further suggested that there are benefits to both types of relationships. On the one hand, socially embedded ties facilitate and benefit financing, enable access to private information, and may increase the will of the resource provider to assist. Arm's-length ties on the other hand, allow the firm to view the different options available, and thereby identify more beneficial solutions than those existing within its network. They are also argued by the author to be more beneficial in order to access public information. The researcher further declares that while the arm's-length ties thus allow one to scan the market, the embedded ties facilitate partnering, collaboration, and the establishment of trust. To conclude, Uzzi (1999) therefore suggests that a

network should take a complementarity structure, as the two together enable a firm to realize synergies between them and thereby help overcome their respective limitations.

The notion of social embeddedness is also taken on by Hite and Hesterly (2001) in their literature review aiming to investigate whether a cohesive and socially embedded network or a more scattered and less dense network is preferred. The first mentioned they label identity-based networks and the second mentioned they call calculative networks. The authors further clarify the firm's need for a network in order to obtain resources, and how it needs to align and adapt its network in order to meet its three resource challenges of availability, access, and uncertainty at each particular stage during the firm's life. Identity-based networks are argued by the researchers to be socially based and of stronger and more embedded character. Similar to the research of Granovetter (1992) and Uzzi (1996) which identifies this social tie to be an influencing factor on a firm's economic action, Hite and Hesterly (2001) explain that identity-based networks put emphasis on the social aspect of the tie itself, rather than how it contributes economically. Contrary to identity-based networks, calculative networks consist of arm's-length ties that are motivated by market intentions (Hite & Hesterly, 2001). Hite and Hesterly (2001) further argue that the calculative network consists mainly of weak ties and are thus more likely to offer a broader set of resources as the ties are more likely to bridge into another network.

Emerging firms are claimed by Hite and Hesterly (2001) to be more likely to take advantage of the identity-based network as it means they can use their current relationships in order to access (key) resources. Taking use of the identity-based network which is denser and involves stronger ties is further argued by the authors to provide a more stable and less uncertain environment. Thereby, the researchers set forth that the two networks of distinct nature, identity-based and calculative, have different comparative advantages in enabling a firm to meet its resource challenges and each is thus better well suited in particular stages of firm evolution. The emerging firm is then concluded in the literature review to have a majority of embedded ties, it is believed to prefer cohesion and density to diversity and scatteredness, and is stated to have a more path dependent network rather than intentionally managed.

## 2.2 The Role of Networking for Born Global Firms

Madsen and Servais (1997) argue that network theory provides a valuable point of view that helps the understanding of why Born Global firms do not follow the traditional incremental patterns to expansion. The authors also state that the firm views national borders as less of an obstacle to growth, and rather selects markets based on growth potential. For this reason, Born Global firms are likely to face different challenges in terms of uncertainty and knowledge related to markets and exchange

patterns. In addition, Madsen and Servais also claim that the Born Global firm possesses somewhat established decision-making processes, routines, and capabilities, acting as the genes of the firm, but still, due to the liability of newness and smallness, does suffer from scarce resources. To solve this, the authors mean that, in contrast to other exporting companies, the Born Global firm will more often use hybrid structures and seek partnerships that involve frequent and close collaboration. Madsen and Servais (1997) state that Born Globals tend to use capabilities and competencies from other firms through networks and partnerships. Greater efficiency in finding complementary resources from other ventures to aid one's own competencies, capabilities, and current assets is concluded to be one of the characteristics separating the Born Global firm from other ventures, promoting rapid international growth.

Another solution found by Madsen and Servais (1997) for the Born Global firm to overcome the resource limitations from which it suffers, is through fostering pre-founding and post-founding relationships as they are stated to be crucial resource providers. A founder's background is further stated by Madsen and Servais (1997) to heavily impact the internationalization opportunities as it is the founder(s) that provides the firm with its initial resources. To clarify, an emerging Born Global firm is likely to possess the same characteristics as those found among its founder(s). Thus, the entrepreneurs' previous experience, knowledge, and relationships are stated to be inherent in the business (Madsen & Servais, 1997). This is further supported by more recent research by Nguyen & Mort (2020), declaring that the success of a Born Global is largely influenced by founders' networks and experience obtained from previous career endeavors. Further, due to scarce resources, founders and managers are described by Madsen and Servais (1997) to be relying on their close personal relationships for success and are therefore argued to practice personal networking. The authors explain that managers will look for the partnerships that allows them to complement their own resources as well as allows for exchanges of contacts and experiences from previous career ventures.

In line with the statements of Madsen and Servais (1997), Mort and Weerawardena (2006) further support that the resource limitations of Born Global firms is one of the main reasons for why these ventures are particularly in need of networks and relationships to provide them with resources of value. They further confirm that organizations aim to establish relationships with partners who complement their tangible as well as intangible assets. Another similarity found by Mort and Weerawardena (2006) to that of Madsen and Servais (1997) is that of the influence of the founder. Mort and Weerawardena (2006) claim that the company will, when being established, inherit the network of its founder(s). The authors continue describing the difference between the fundamental network and the secondary network. The fundamental network is said by the researchers to be what was just described, namely the network inherited by the firm from its founder(s) at inception. It is from this network that the founder(s) finds and exploits the first opportunities according to Madsen and Servais.

The secondary network is claimed by the authors to be that which grows and develops along with the business. This type of network is further stated in the article to be a path-dependent process. The path dependence implies that constraints are put on the company's development, as previous events limit future happenings, and thus impact the firm's resource availability.

The path dependence further leads into that Mort and Weerawardena (2006) find to be positive and negative sides of networks. On the one hand, they state that a network of good character may facilitate foreign market entry and allow for free market choice. On the other hand, there is what the authors call network rigidity. Network rigidity is referred to as a situation in which options are limited to be pursued within the boundaries of the firm's network, which may have a negative impact on the market expansion. Thus, network rigidity may constrain the opportunities and strategic options that become available and accessible. This signals that the quality and strength of the network ties impacts its usefulness. Similar findings on both positive and negative influences from the network are detected by Coviello and Munro (1997). Although not specifically using the term Born Global firm, they do state that they investigate the rapid internationalization process of small firms within three years from inception. The authors explain that the firm network is likely to have an impact on foreign market investment behavior, both regarding market-entry and market selection. A partnering company may exert power over a small new venture because it has the ability to do so due to its relative size (Coviello & Munro, 1997). Such influence can be of both positive and negative character according to the authors as such an edge allows the larger organization to financially exploit its position which in turn limits the small company in its possibilities and choices.

The network's impact on foreign market entry is also investigated in a case study by Sharma and Blomstermo (2003). They investigate the role of knowledge and networks in the internationalization process of Born Global firms, looking at where useful and novel information is obtained. The authors state that the Born Global firm tends to establish a favorable number of weak ties in foreign markets in order to gain valuable insights about the market to which they desire to expand. Networks are explained in the article to generate information about the ongoing situation in the market in question, which is argued to be necessary for a successful foreign market entry. Furthermore, in line with the definition of Granovetter (1973) on weak ties, Sharma and Blomstermo (2003) clarify why weak ties are preferable for the Born Global for three reasons. To begin with, the cost to maintain the relationship is explained to be lower as less time and resources are devoted due to lower interaction. Secondly, it is said that weak ties implies that the exchanging parties are more likely to be dissimilar to one another, and thus, more probable to generate novel information. In addition, they mean that a strong tie suggests that the parties engage in an adaptation process, implying that, over time, the parties will become more similar. Lastly, a weak tie is more unlikely to put constraints on the firm's development and operations. This is explained by the fact that previous knowledge exchange and

prior decision experiences may impact future economic decisions, such as entry mode and market selection. It is further added that a venture is believed to take greater advantage of searching for options and solutions outside of its network if it is surrounded by a relatively larger number of weak ties.

While listing the several reasons for why the weak ties of the network are preferable for the Born Global firm in its internationalization process, it is further highlighted by Sharma and Blomstermo (2003) that firms with a more central position in the network are believed to access both a greater amount and superior quality of knowledge in relation to its competitors. Furthermore, it is observed by the researchers that there is a tendency for weak ties to transform into strong ties. Moreover, through the case study it is found that the internationalization process of Born Global firms is of reactive character, implying that the history of a network tie will impact the future outcome. From that, the authors set forth that a strong tie, with more embedded history than that of a weak tie, will influence the possibilities available and presented to the venture.

## 3 Methodology

The methodology chapter presents an in-depth explanation and motivation of the different steps taken to gather and analyze the data required to answer the thesis question. Firstly, the decision to implement an abductive research approach and a qualitative multiple-case study design is motivated. Second, the data collection method, the purposeful sampling, and the semi-structured interviews are presented. Lastly, the research quality and the methodological limitations are discussed.

### 3.1 Research Approach

The research approach demonstrates the connection between the theoretical constructs and the empirical data in the study and further explains how the research was conducted in relation to that connection (Bryman & Bell, 2015). There are two predominant research approaches within the field of business; deductive and inductive. However, these have both been criticized; the former for the necessity of certainty in selecting a theory to examine and the latter for the fact that even detailed empirical data might not be adequate to build a solid theory (Saunders, Lewis & Thornhill, 2012). Hence, a third approach, the abductive approach, was created to overcome the limitations of the previous two mentioned approaches (Kennedy, 2018). The abductive research approach is initiated by a surprising fact, or puzzle, followed by the researchers aiming to find the most suitable explanation for the occurrence (Bryman & Bell, 2015).

An abductive approach was chosen for this study, motivated by the importance of established theory, but equally significant role of the emerging patterns in the collected data. What was observed was that Born Global firms with greater efficiency use their network to overcome their resource related limitations in the early growth and inception phase. Therefore, the characteristics of and with what intentions the Born Global firm establishes its relationships within its network is investigated. Furthermore, the existing theory within the field of networks, adhering to the theory of The Strength of Weak Ties, assisted the researchers in creating the interview outline and data analysis, particularly the pattern matching. However, the patterns and concepts observed in the collected data play a central role in the process. Thus, in conclusion, an abductive research approach was thought to be the most suitable approach since the research question requires an application of both prior theoretical standpoints in combination with new perspectives for exploring the observed phenomenon.

## 3.2 Research Design

The research design is the overall strategy chosen to integrate the different aspects of the thesis in a coherent way. This is necessary to ensure that the research question is approached in the most effective way. Hence, it constitutes the structure of the study and it aims at explaining how the answers to the research question were gathered (Bryman & Bell, 2015). This section motivates the decision to use a qualitative research and multiple case study approach.

### 3.2.1 Qualitative Research

In research one can either adopt qualitative or quantitative data (Kumar, 2014). According to Bryman and Bell (2015), the differences between the two are quite ambiguous. However, the authors describe the divergence as a matter of numbers and words. Quantitative research is centered around collecting and quantifying numerical data. Hence, it is the preferred method when searching for quantifiable statistical answers. Qualitative research, on the contrary, is a method that instead revolves around non-numerical data emphasizing individuals' experiences. Thus, qualitative research is better suited when aiming to gain a broader and more deepened perspective on the research topic (Dwyer & Buckle, 2009).

A qualitative research strategy was chosen for this study due to the nature of the research question, being specifically based on individuals' experiences and perceptions of the networking characteristics and intentions in Born Global firms in the inception and early growth phase. Hence, a quantitative research strategy would not have been able to capture the depth of the research question.



### 3.2.1 Case Study

The most commonly used research designs include experimental, longitudinal, cross-sectional, comparative, and case study design (Denscombe, 2010). When conducting qualitative research, case study is the predominant design. It is characterized by a case(s) serving as the basis for exploring the research topic (Bryman & Bell, 2015). Yin (2014) states that case studies are preferable when the research question aims at answering *why* and *how*, meaning that the researchers search for an understanding of why certain decisions were made, the reasoning behind them, and the outcome of the decisions. Furthermore, the author means that case studies are suitable whenever the formal and statistical methods are weak due to the capacity of case studies to facilitate the identification and comparison of patterns in the data in relation to theory (Yin, 2014). Lastly, scholars argue that case study research design is instrumental in studies intending to understand an observed phenomenon (Yin, 2014; Creswell, 2014).

The central argument for following a case study research design in this study was that it would result in relevant findings for the research question of how Born Global firms use their network during inception or the early growth phase. Furthermore, the research question required extensive empirical data, making a case study the most appropriate research design. In contrast, using a survey or experiment research design would not have facilitated the exploratory character of the study. Also, using the abductive research approach further supported the choice of using a case study design, following that the thesis aims at identifying similarities and differences between the theories presented and what was observed in the empirical findings.

### 3.2.2 Multiple-Case Study

Case studies can be separated into single-case and multiple-case studies (Yin, 2014). The former focuses on collecting and analyzing data from a single case. On the contrary, multiple case studies center around collecting and analyzing data from more than one case. George and Bennett (2005) criticize single-case studies for their non-variance independent variables, which causes the research to rely upon one single aspect of the findings, potentially compromising the opportunity for other perspectives on the research question. On the other hand, multiple-case studies can permit more comprehensive findings since the researchers can compare and contrast the responses rather than rely on one case perspective (Yin, 2014).

Considering the aforementioned, a multiple case study was deemed the most appropriate form of design for this thesis for several reasons. To begin with, the aim was to achieve an objective thesis examining several different perspectives of the research question. Hence, it was required to be



attentive to the four different firms' unique experiences and viewpoints, indicating that a multiple-case study research design would assure objectivity in analyzing the empirical data and theory. Additionally, multiple case companies increase the reliability and consistency of the research, providing a variation in the findings that allow for cross-case analysis and the identification of similarities and differences across the cases when analyzing the empirical data (Eisenhardt & Graebner, 2007).

### 3.3 Data Collection Method

The data collection method deals with the collection of empirical data and the implementation of a strategic method for sampling, data collection, and data source selection (Bryman & Bell, 2015). This section discusses and motivates the decision to implement purposeful sampling and the process of selecting the case companies and interviewees.

#### 3.3.1 Purposeful Sampling

Prior to the data collection, it is crucial to select an appropriate strategy for sampling in connection to the chosen research design, which serves as guidance on which data to collect and analyze (Easterby-Smith, Thorpe & Jackson, 2015). Marshall (1996) states that there are generally three sampling approaches for qualitative studies; convenience, judgment/purposeful, and theoretical sampling. Convenience sampling, being the least resource-intensive approach, samples solely based on what is most accessible to the researcher. On the other hand, judgment sampling or purposeful sampling is the most common sampling technique. It is characterized by the researcher purposefully selecting the most effective sampling for the research question on a non-random basis. Finally, the last-mentioned approach, theoretical sampling, consists of existing theories driving samples (Marshall, 1996).

A purposeful sampling method was chosen for this thesis for two reasons. Firstly, due to the lack of time characterizing the thesis, a purposeful sampling strategy would allow the researchers to sort out suitable firms quickly. Secondly, as the study is qualitative and multi-case-based, a purposeful sampling method was deemed the most appropriate approach in finding respondents to examine the research topic. Moreover, criteria were developed for identifying suitable case companies; 1) Born Global firms in the inception or early growth state and 2) firms founded and based in the Öresund region. The former criterion was selected in order to guarantee that the firm would adhere to the research question aiming to study specifically Born Global firms in the early phase; hence firms with only domestic operations were excluded. The second criterion was selected because Öresund is a region known to be rich in start-up companies, naturally creating a network facilitating environment

(Deppert, n.d). Hence, the Öresund region is a highly relevant area to research considering the research question.

Moreover, criteria were formulated to select the most appropriate respondents for each company. The main criterion formulated was that the interviewee had previously or was currently holding a senior position within the company in which they had clear insight into the networking activities within the company. In addition, Eisenhardt and Graebner (2007) argue that in order to avoid bias in a case and interview-based research design, it is advantageous to interview employees with different roles within the company. Following this notion, the aim was to locate two participants at each company with varying roles to get a wholesome and more diverse view of the networking characteristics of the company.

### 3.3.2 Case Company and Interviewee Selection

In order to identify the most suitable companies and respondents for this thesis, the researchers explored different sources to find Born Global firms in the start-up phase in the Öresund area. The most significant source appeared to be Lund University's innovation initiatives, where several companies were identified suiting the criteria; other sources were incubator facilities in Lund, Malmö, and Copenhagen. Nine potential companies were identified to fulfill the criteria and were thus contacted. However, with the intent that not all of the companies would accept the request, as that would exceed the scope of the thesis due to the limited time frame.

In order to find the right respondents at each identified company, the researchers contacted the founder or/and CEO of the firm. When contact details were not available, a general company email was used in asking to be directed to the right person. The initial contact was followed by *snowball sampling*, referring to a method where the initial contacts are used to establish contact with other interviewees within the company relevant to the study (Bryman & Bell, 2015).

Five out of the nine companies that were contacted accepted the request to participate in the study. However, one out of the five firms was excluded from the thesis as the resulting interview was insufficient for use in the study. The exclusion was mainly due to the interviewee not meeting the criteria as it was realized that they had very limited insight into the firm's networking activities. Nonetheless, the interviewee criteria were met for the rest of the four companies. The snowball sampling approach succeeded in only one of the cases, where two of the co-founders accepted the request to participate. The restricted success of the snowball sampling was believed to be due to the resource limitations characterizing small start-up companies in the early phase, in particular in terms of time.

Table 1 - Interviewee Selection

<b>Company</b>	<b>Interviewee 1's position within the company</b>	<b>Interviewee 2's position within the company</b>
Company 1	Co-founder	Co-founder
Company 2	CEO/CFO	--
Company 3	CEO	--
Company 4	CFO	--

### 3.3.3 Interview Design

Interviews are a standard data collection method in qualitative studies and are particularly well suited when using a case study research design (Yin, 2014). Moreover, interviews are preferable when collecting data on subjects that would otherwise be challenging to examine. This is also the case when intending to examine a respondent's point of view on the research topic. (Easterby-Smith, Thrope, & Jackson, 2015).

Bryman and Bell (2015) state that there are several different interview formats. The most common one being structured interviews, also known as standardized interviews, which entails the researcher following the same questioning form for all interviews. In contrast, unstructured interviews are characterized by informality and where a list of covered subjects guides the researcher. However, the exact questions vary from interview to interview. A middle point between these two forms is semi-structured interviews. This concerns following a set list of questions for all interviews, but a certain degree of flexibility in the questioning is allowed by asking further questions adapted to the specific interviewee's reply (Bryman & Bell, 2015).

In light of the above, this study follows a semi-structured interview format. This is because it is the preferable method when conducting research with a distinct focus, when there is more than one interviewer present and when the research includes multiple case studies (Bryman & Bell, 2015). This research fulfills all of these three traits; it focuses on researching the specific networking activities and intentions in Born Globals in the early phase in the Öresund region through a multiple-case study with two interviewers present at each interview.

Bryman and Bell (2015) highlight that interview questions need to be constructed with a clear connection to the literature review of the thesis. This is to lead the researcher in the direction of what knowledge to gather. In addition, the authors mean that the questions should be linked to a theory in order to gather data on the research topic. Hence, the questions used in the interviews were based on the literature review in Chapter 2. Kumar (2014) further claims that interview questions can be open- or closed-ended. What distinguishes the two is their purpose, where closed questions aim at stating facts, and the respondents are allowed to choose one of several alternatives that best suit their impression. In contrast, open-ended questions are used to identify opinions and the respondents supply the answers to the questions asked themselves (Kumar, 2014). The decision was made to use open-ended questions in this thesis in order to understand the subject thoroughly. This can be further motivated by the fact that close-ended questions would prohibit the respondent from fully elaborating on the questions.

Prior to the interviews, the interviewees were made aware of the structure and length of the interview. However, not making the interviewees aware of the specific questions being asked prior, made the interviews slightly more unstructured than the initial aim. Moreover, the interview length ranged from thirty minutes up to an hour, depending on how much the respondent elaborated on their answers. The majority of the interviews were conducted in person, mainly because all interviewees were located in the Öresund region. The interviews that were not held in person were conducted through video calls in Zoom due to the interviewee being located somewhere else at the specific time of the meeting. All interviews were held in English except for one, where the interviewee requested for the interview to be held in Swedish.

The interviewees got the alternative to be anonymous, which they all requested. In order to facilitate this, the companies' names and specific information that could be directly connected to the companies or interviewees were removed. The interviews were recorded via the application voice memo on iPhone and transcribed in hindsight to get a complete account of the interviews. Further, the thesis and the recordings were shared with the interviewees for their approval and to ensure that any errors could be corrected.

### 3.4 Data Analysis

Data analysis in qualitative research can be a complex task, possibly resulting in researchers reaching different conclusions from the same data set (Sinkovics, 2019). Hence, several scholars have tried to outline a systematic way of conducting data analysis in qualitative research (Eisenhardt, 1989; Pearce, 2019; Sinkovics, 2018). Bryman and Bell (2015) state that the difficulty lies in understanding the complete, broad picture regarding the richness of the data.

Due to the described complexity, it is crucial to implement an advanced method for the analysis of data in order to reach valid conclusions, hence the method recommended by Rennstam and Wästerfors (2018) was followed. The process generally consists of 1) sorting the data in a logical order to get an overview, 2) categorizing the data, and 3) motivating the definition of each category. Additionally, for the analysis to be reliable, the researcher needs to become familiar with the data (Easterby-Smith, Thorpe, & Jackson, 2015). This requirement was met by manually transcribing all of the interviews conducted.

Furthermore, to prepare and analyze the data, the methods considered were content analysis, grounded theory, and flexible pattern matching. Content analysis allows the researchers to systematically study any theoretical concepts present in the data, while grounded theory is a more intuitive way of analyzing data (Easterbury-Smith, Thorpe & Jackson, 2015). In contrast, flexible pattern matching permits both openness and structure in the analysis process by comparing patterns emanated from theory with identified patterns observed in the data (Sinkovic, 2018). Moreover, it allows the researcher to investigate whether the patterns identified in the empirical data are consistent with or contradict the theoretical construct (Pearse, 2019). Additionally, it is argued by Pearse (2019) that flexible pattern matching is particularly recommended for case studies as the structure characterizing this process increases the credibility of the thesis.

The flexible pattern matching process in this study follows Sinkovic's (2018) approach, which integrates influences from both the theoretical and empirical realms. The literature review in Chapter 2 constitutes the preliminary theoretical realm. Followed by the data analysis, which was conducted stepwise by first performing a within-case analysis, analyzing patterns in each case, coding and systemizing the data as well as identifying important concepts and keywords in each separate interview (Pearse, 2019; Sinkovic, 2018). Eisenhardt (1989) argues that this is crucial to understand the particular patterns in each case and helps generalize patterns in the cross-case analysis as the researcher becomes familiar on a deeper level with each case. Secondly, a cross-case analysis was performed based on the within-case analysis, where patterns were examined across the cases collectively. This process involved developing themes that appeared in the data, defining and reasoning for the meaning of each theme (Eisenhardt, 1989; Sinkovic, 2018). Lastly, pattern matching was executed, including comparing the emerging patterns from the cross-case analysis with the theoretical constructs to explain whether or not the data findings verify or reject the patterns in the theory.

### 3.5 Validity and Reliability

It is essential for researchers to maintain high quality during the research process (Silvermann, 2011). Concepts used to evaluate quality are validity and reliability (Bryman & Bell, 2015). It is commonly known that the assessment of these two measures is more straightforward for quantitative studies than qualitative studies, leading to a debate on whether to refine or exchange these concepts for qualitative studies. For simplicity, it was decided to use validity and reliability in the assessment of the study, but with a caution that the concepts may be interpreted differently than they would have been in a quantitative study.

Validity refers to the integrity and application of the methodology utilized and can be further separated into external and internal validity (Bryman & Bell, 2015). External validity includes using variables, while internal validity regards how general the study is. In alignment with Denscombe (2010), to ensure validity, the responses from the interviews were analyzed objectively by allowing the interviewees to review their interviews once they are transcribed. Furthermore, three out of the four interviews were held in English to prevent translation faults. The single interview not held in English was due to the interview being more comfortable speaking in Swedish than English. Hence, it is recognized that the transferability of the thesis is limited as the results are restricted to the context of the case companies (Riege, 2003).

Reliability asserts whether the study's results are reliable and can be repeated in a similar manner (Kumar, 2014). The reliability in this study has limitations due to semi-structured interviews generally having a decreased reliability compared to structured interviews (Bryman & Bell, 2015). However, this particular interview design was chosen due to the very elements making it less reliable and valid, which is the flexibility—for instance, asking follow-up questions and varying the questions' order and wording.

### 3.6 Methodological Limitations

This study has numerous limitations in the applied methodology. Firstly, there is an issue with the chosen research approach, as it is unstructured, which might affect the findings. Nevertheless, qualitative research might not require the same strictness, as it is more commonly associated with quantitative research (Bryman & Bell, 2015). Furthermore, the chosen research approach allows for flexibility and exploring new topics, making it suitable for the research.

Secondly, it is important to recognize that interviews as a data collection method have some limitations. Alvesson (2003), critiques interviews in qualitative organizational research as a data

collection method, arguing that it runs a great risk of leading to unreliable findings due to the richness and complexity of the portrayals given in the interviews. To avoid this, the author proposes using a reflexive pragmatic approach which includes using alternative interpretations and terminology. Therefore, the interview transcripts were considerably examined by the researchers to discover the most accurate interpretation of each interviewee account.

Furthermore, people differ in expression of their perception and recollection of events (Creswell & Creswell, 2017). Hence, there is a certain level of bias of the interviewee which further might be increased due to the presence of the interviewer (Creswell & Creswell, 2017). Additionally, the legitimacy of the responses may be compromised as only one participant from each company, except for Company 1, was interviewed. Interviewing more than one participant from each company would potentially contribute to an expanded perspective rather than depending on a single person's perspective. However, as previously mentioned, as the unit of analysis was start-up companies in the early phase, it is recognized that these companies have minimal resources in terms of time, compromising their ability to participate in activities outside their firm. In addition, since all companies participating in the study are small with only a few employees, it seems reasonable for each interviewee to have good knowledge of the firm as a whole and thus its networking activities.

Another limitation to the interview design is that some of the interviewees had different roles within their respective companies, potentially affecting the analysis in terms of bias. This is due to the potential of employees having contrasting perspectives depending on their position within the company. Moreover, four out of five interviews were conducted in English despite the interviewers nor the interviewees being native English speakers. Thus, possibly affecting the credibility of the data collection due to misinterpretation by either of the parties. Nevertheless, all interviewees' English levels were considered advanced, decreasing the risk of misunderstandings.

Lastly, there are some limitations associated with using semi-structured interviews. For instance, an interview guide was implemented, but the exact questions asked varied from interview to interview. Again, this constrains the study regarding the comparability of the different cases. Nonetheless, the overall questions were still very similar.

# 4 Analysis and Discussion

## 4.1 Within-Case Analysis

This section looks into critical findings from the interviews with the case companies and presents the background of each venture. The within-case analysis shows the relevant content from the case companies on network theory. Each section is structured by firstly explaining the firm's background and thereafter presenting relevant quotes from the interviews. The information on each company is presented in accordance with the timeline of the interview.

### 4.1.1 Company 1

Company 1 is a startup within the household products industry and was initially founded in 2020 in Lund, Sweden, by three Master's students from Lund University. Today, two years later, the firm has six full-time employees. The product was developed through collaboration with the university's innovation initiatives and aimed at Business to Consumer (B2C) and Business to Business (B2B). The office is located in Malmö at an incubator facility, and sales are e-commerce based through the company website to all countries within the EU. The two people interviewed at the company were both co-founders. The first person hereafter, referred to as Interview 1, is responsible for the business development aspect of the company, including financing, accounting, bookkeeping, retail, and B2B sales. The second interviewee, Interviewee 2, is responsible for the production, design, and visual identity with a background in industrial design, specializing in sustainable product development. None of the interviewees had previous experience in the industry or started a business beyond that of their Master's level studies in innovation and entrepreneurship.

Introducing the background of the company and the relationships between the three founders before the establishment of the business, it was made clear by Interviewee 2 that the relationships among the founders have changed since the start of the company.

Interviewee 2: *“So we started as very good friends, but then you become very close business partners. The relation, friends, colleagues fade away. ... we are still very good friends, but it comes in second place ... it needs to be professional and it needs to be my business partner. We should not include too many personal thoughts and emotions.”*

External partners that were mentioned were connections with friends who could help the founders complement their skills in areas which they were lacking. Interviewee 2 brought up the assistance received from a university friend. Interviewee 1 stated that they gained help with the Swedish



language from a friend. For the latter, Interviewee 1 emphasized the importance of knowing the person from before because they needed already established trust with the person in question. This was explained to be due to the fact that since they do not know Swedish they were unable to revise the outcome. Supporting statements to this were further made by Interviewee 2.

Interviewee 2: *“Especially in the beginning, when we were seeking free support, it was a lot about networks. So, for example, I needed someone who's good at graphic design. So a friend, a study mate, he designed a logo.”*

Interviewee 1: *Language is like a big resource we have been lacking because we are all three non-Swedes. A Swedish person living in Germany, she was the closest of my friends that could help us and spoke fluent Swedish.”*

Interviewee 2: *The difficult part is like, how do you measure it at the end. If you can not speak the language yourself ... I would have no idea if that is a good way of communicating it right.”*

Furthermore, both interviewees emphasized their help from an incubator in Lund for entrepreneurial students that assist with programs, office spaces, network support, and idea coaching.

Interviewee 1: *“[Our first incubator] was a huge help. First of all, they facilitated all these grants in the beginning by presenting us with the opportunities available. And secondly, if you are at [first incubator] you get like a business advisor assigned to you that also brings forward these opportunities”.*

Interviewee 2: *“... that one [first incubator] was more contributing to the growth, rather than this incubator [in which they are now]. We were in such an early stage that we really needed the support, getting grants, getting the right people to talk to, having a business developer who explained a bunch of things we were not aware of.”*

Another area of knowledge which all three founders lacked was the chemical aspect of the production required for the product in question. To find a partner with whom the company could develop the idea, Interviewee 1 stated that they searched the market themselves with an open mindset and took advice from people they knew.

Interviewee 1: *“So the three of us were going out and looking for partners that could complement this knowledge we were lacking around chemistry. I think we were just looking very broad and talked around and asked a lot of people if they knew anyone.”*

When growing in size the founders saw the need to hire more people. The very first help was, as already mentioned, from close friends. Thereafter, onboarding was done through internships and through LinkedIn. The interviewees both agreed that they were looking for soft rather than hard skills.

Interviewee 1: *“So as long as you have the same drive, I would say, then you will do well here. If you do not have the same ambition and the same cultural fit, then probably you do not like the tasks either.”*

Furthermore, Interviewee 1 brought about the change in partners, going from the chemical agency to a new supplier that could do both development and production. The deal with the chemical agency was described to end because the project first agreed upon was completed. Due to financial limitations, a new supplier was chosen through careful exploration with mainly monetary incentives, but also because it was better well suited in terms of efficiency in communication and management. Nevertheless, the relationship with the first chemical partner is still alive and said to be helpful and valuable to the company thanks to the established trust.

Interviewee 1: *“It was very thorough research and a lot of calling. Often a big supplier requires minimum order quantities, so as a startup, you need to find one that is more startup-friendly. So the ones that were left, we just visited them and tested to make sure we could trust them. And the producer we found is substituting this first chemical agency because they also have developed in-house. And they do not charge us extra for it, because we are their customer.. But it was also because we could trust them. I mean, you can have agreements, but you still need to trust each other and have a good gut feeling. They can be as good as they could be, but it needs to be a mutual relationship because you're dependent on them. And then you, of course, get to know each other just by working together.”*

Interviewee 1: *“We still have contact with them [the first chemical partner] of course, and they follow our journey because it is part of their work in a sense. I think they use us as a reference as well. So if we have any questions in a similar area, that would be our preferred partner to go to because we have worked with them before, and we know how they work, and we can trust them.”*

To answer what Interviewee 1 thought was the motivational factor for the new supplier when wanting to partner with them, they responded that the company probably themselves had been in a similar situation and thus acted based on affinity. In addition, they said that they thought that the supplier saw an opportunity to grow with them.

Interviewee 1: *“We asked that ourselves ... I think that maybe they started similar to us, like just as a small family business. And probably they did whatever they could to get up and to run. So they understood which position we are in, and maybe they saw an opportunity to grow with us.”*

Furthermore, when elaborating on what the relationship with the supplier looks like, Interviewee 1 stated that it is based on mutual interest, and they adapt to each other.

Interviewee 1: *“Both parties are equally involved. And for production we schedule a meeting, we present some ideas of research, they do the tests, send it to us, we test it, and so it goes. It is an iterative process. And usually they say, ‘This is a lot so we need to charge you for some product development’. They know we are gonna place an order afterward. So they just do it because they will have a return for it as well.”*

Despite the stated good relationship, it is explained that Company 1 is looking for other complementary suppliers. Interviewee 1 expressed two problems to be the reason behind this: first, they sometimes ask for more than they get, and second, in times of technical problems or potential conflict, they are too dependent on a single supplier.

Interviewee 1: *“It has not been super bad, but sometimes we need more than what we get. And that is why we were now trying to diversify a little bit and find a second supplier to complement basically.”*

The company’s distributor, who is also the packager, was stated to be a slightly larger company based in Skåne. The relationship was said to be of good character, and the distributor has been very supportive towards Company 1 and is declared to have shared valuable information. Furthermore, Interviewee 1 explained that the distributor probably wanted to engage in business with them because they saw an opportunity to get a good reputation among other start-up firms.

Interviewee 1: *“Yeah. I mean, it is great because we have a good relationship with them. Whatever we need, they usually help us with that.”*

Interviewee 1: *“I mean, we are still a customer, and they still make money off of us. So I am guessing that they also want to trigger this word of mouth effect. There are other young startups in our field, which we may know or will look at us as an example. So maybe they just want to position themselves as a preferred partner for young companies.”*

Furthermore, Interviewee 2 explained that the cooperative environment of the second incubator has been very advantageous for the company's development. They express it as a sort of an unspoken agreement of a give and take culture.

Interviewee 2: *"It is a lot about giving and taking here, offering some advice, or at least sharing your experience and recommendations."*

Networking in a business environment, such as an incubator, was further elaborated on. Interviewee 2 explained networking at the incubator to be like a triangle and communicated the importance of creating relationships, although not seeing how they immediately may contribute to the company's success. However, Interviewee 2 recognizes the time constraints put on a Born Global firm in the stage of early growth.

Interviewee 2: *"If I go to a conference it is very different where it is about pitching your idea ... I am seeking the right contacts to get return on investment and to reach their network. But here [at the incubator] it is super open, and you are just chatting around. And often you still talk about business, because that is what you do all day."*

Interviewee 2: *"You help someone without any expectations of getting anything back. So it is like a triangle. Now I am helping you with this interview. And maybe one day it would be that our paths are crossing, you never know. But it can be that it can contribute one day."*

Another helpful source external to the company was stated by Interviewee 1 to be the investors. They explain that some of the investor relationships originate from the very founding of the company. They are outsiders with an interest in the firm and have therefore had a more frequent process engaging in the organization's activities. Others are there for more professional reasons.

Interviewee 1: *"So they are personal connections, people we met along the way through competitions, and also advisors. And then it is a process over a few months. And then they bring a couple of others, usually from their professional network. Then there are also professional investors that we also have onboard. They are meeting a lot of other professional investors because it is their network, right?"*

Interviewee 1: *"And we also call them whenever we need them. So we have a very close, informal relationship and texting and calling and stuff like that."*

Lastly, regarding market expansion and increased reach, the interviewees brought up that they aim to collaborate with companies bigger than themselves as it allows them to grow faster. This was

elaborated on and exemplified in the second interview with Interviewee 2, stating that one large partner is much more resource-efficient.

*Interviewee 2: "So an example, if we go to all the supermarkets ourselves, it takes a lot of time and effort managing all the different stores. But if we have one large distributor and you just deal with that link, it is much more efficient."*

#### 4.1.2 Company 2

The second company interviewed is in the food industry and was founded in Lund in 2016. The company was established by three individuals. Two of them had previous experience within the meat industry and knew each other from there. The third was a friend from before. Its largest markets are Sweden and the United Kingdom (UK), where sales take place via B2B with retailers and manufacturers in the grocery trade. The head office is located in Malmö and the company is listed on NASDAQ with about 2000 owners. The interviewee from Company 2 carries the title as both the CEO and CFO and was not part of the firm's founding but joined the company about a year ago and has a background in finance.

The interviewee started by presenting their way into the company through an online job ad and later discovered a connection within the firm.

*"So he came across it at LinkedIn, and I read about it and found connections within the board that I had been working with previously, an ex-client, and felt that this is a good way to take the next step."*

Moving on, the interviewee stated that the chosen way of distributing the product in Sweden was through food retailers. Therefore, the initial sales process was through classic sales work.

*"So we had two sales guys, and when they pitched our product to different stores, the store owners really supported it and said there was a place on their shelves for our product."*

However, they explained that the process relied more on the so-called follower effect after getting the initial customers. The interviewee gave an example of how this process was also somewhat facilitated by a connection at the central level of the food retail franchise. That connection was said to help them accelerate the process within that company.

*“Launching a new brand is always time-consuming and costly, but the [large food retail franchise] owners could support the cause, and they really believed in this. ... So it was connections that made it happen. And talking to the big stores to get their support and have them say that this is a product that they believed in made [large food retail franchise] centrally want to join.”*

*“Yes, so we had connections with the salesperson in central [large food retail franchise]. So the connection was very important. And now, when we are moving forward it is easier if we want a second product or change something... So she would tell us to talk to this person. So we would be skipping so many steps because she guides us directly to whom we want to talk. And also, the store owners know each other. So if you know one, they could do the talk for you.”*

Moving on to addressing the distribution in the UK, the interviewee explained that the distribution process looks similar. However, there was not as much of a network established in the UK as in Sweden, and therefore the process naturally took another form. Nonetheless, the process was heavily reliant on the follower effect through reputation also in this market.

*“So it was classic sales work. The networking was not like here in Sweden, so there, we had a bit more of a case since we were already selling through e-commerce. And we knew that [UK grocery retailer] was a trendsetter, so that is when we thought that if we got them on board, others would follow.”*

Further, it was stated that, for market knowledge reasons, they have an agent in the UK to help with realizing potential opportunities that would otherwise be easily missed.

*“We have an agent in the UK that has been helping us with the food manufacturing path. We did not think about that at all first, selling bulk products, it was not top of our minds that we could do that. But then we had a collaboration with this agent and they asked ‘is it okay for you if we pitch your product like this?’. So they help expand our horizon on how to sell our product.”*

When discussing how the firm is thinking in terms of expanding to additional markets, the interviewee explained that the connections between firms in different countries would aid the expansion and generate trust.

*“So someone knows someone. For example, in Australia everyone is looking at the UK. So most buyers in Australia are originally from the UK. So if we have connections with buyers in the UK they might know someone and that is where we have our connection. However, it is not always so that*

*those connections are the right ones, but they are very valuable. And it establishes trust from the start.”*

The interviewee went into explaining that the company has one main business partner who provides the packaging solution. It was explained that they wanted a Swedish company and therefore they reached out to this organization asking for a partnership. This targeted venture had a co-packer in England, and this way the opportunity was presented of having production and packaging in the UK market.

*“So we have been working with [main business partner]. ... So we reached out to them to see what facilities do you have around the world. And they had a co-packer in England. And we wanted Sweden or England. And we end up with England because it is a bigger market. ... Would we prefer to have production in both countries? Obviously, but since we are just starting, we had to start with one place.”*

This relationship and collaboration was explained to be beneficial to both parties.

*“It is a win-win situation. They produce, we pay them and they get their factory filled. ... And they do not want to stop producing because it is in their interest to produce. And we do not want to get rid of them.”*

### 4.1.3 Company 3

Company 3, founded in 2018 by five friends in Lund, is selling an internet of things product. The product is sold B2B and headquarters are located in Lund. The person interviewed at Company 3 is the CEO of the firm and has a background in engineering in previous work experience from B2B technology companies, specifically within the area of the internet of things, with an international orientation.

The interview began with the interviewee describing the background of the founders, stating that one of them has a history within the specific industry in which the company operates. The founders of the company were friends from earlier, not related to business. The interviewee explained that the idea came from one of the founders, but in order to realize the idea they needed complementary skills that none of them possessed, and they looked to the people they already knew.

*“They were 3-4 people who had a great idea, but none of them knew the technology. They asked themselves if someone knew someone. One of them had a friend from studying in Lund in the 90s who*

*should have the right skills, so they checked with him. It turned out that he owned technology that could be of great use. It is always like that: 'Who can help us?'. You just have to know who to call and when. Take all the help you can. Otherwise, everything will take a lot longer and you will make more mistakes."*

The CEO (the interviewee) was then onboarded through the more classic recruitment method, an online ad, and was attracted to the project by both the business idea and the network that exists where they have their headquarters.

*"They posted a job listing and I thought it sounded very interesting. ... When I got here I of course felt that the idea had something, but I was also convinced by the network that is in the building where we have our offices."*

The hiring process today, as explained by the interviewee, looks at certain points. First and foremost, seniority is an important criterion, as people with previous experience come with certain useful things to the table. Secondly, juniority is important for the drive and mindset.

*"We bring in most senior people to 'hit the ground running', as I do not have time to train people. We take someone who has done this before and wants to do it again. Find those people with a lot of experience and a huge network. ... And parallel with that you bring in more junior people who are very ambitious. The mindset is important there."*

Another somewhat different way the firm hired was through a mentee/mentor relationship.

*"I just onboarded a person I am mentoring for from the entrepreneurship program here [in Lund]. He now works at LifeFinder. We got to know each other two years ago, and this summer I told him 'you are working here. We had both gotten to know each other before that."*

They further explained why being located in an incubator, is an advantage to them, due to the number of connections it brings.

*"If I have a problem, I can always knock on someone's door. There is always someone who knows someone."*

On a bigger scale, the interviewee explained that being located in the Öresund region has been a tremendous help in operating their business as it allows for exchanging information and helps them



find potential partners. Further, the interviewee emphasized that sorting out the right partners for them is done on a gut feeling basis.

*“Now we try to use our network here. Within a 20 km radius, you can find anything you need. That is what is so cool about this region (the Öresund region). Everybody wants to give back. Everybody has a duty to give back. Everybody has received so much that you have to give back.”*

*“You feel it rather quickly if you do not have the same mindset. Not right or wrong, but you feel as if it is not a good fit. It is a gut feeling.”*

Then, the interviewee touched upon the business development process. The interviewee stated that the company has a close collaboration with the technology developer, and they emphasized that this led to a certain degree of adaptation to each other.

*“We co-develop, so most things we do together. We own our own IP [intellectual property], we own our own design, but we co-develop. 80 percent I would say we decide together. Then we make some trade-offs.”*

The interviewee explained how the company thinks when they recruit new team members and put great emphasis on mindset and competencies, to build a team that can offset some of the resource scarcity a company like this experiences.

*“And the team has to have the right mindset.”*

*“Because what you have very little of is time and money, resources, competencies. Focus and prioritize. [...] And take in a variety of competencies. Surround yourself with different people. Build the team with a variety of competencies.”*

In order to find these team members with the right competencies as well as the right business partners, the interviewee meant that it could be good to build relationships and a network. They explained the importance of continuously creating and maintaining potentially useful relationships.

*“This is when we create relationships. I believe relationships are very important ... The one thing I know is that a business relationship will one day end. The key is to maintain them as long as possible. But they also take time to build. And you do not want to switch out someone who is doing their job.”*

*“Today I went to a CEO network meeting where you share challenges and problems. We come from completely different backgrounds, but we are all at start-ups ...The smaller [of a company] you are, the more important your network is. The day you need a network you are not going to have time to create it. So you have to build it over time so that you can maintain it. Otherwise, you do not know who to call when you need to call someone.”*

Moving on, the interviewee explained that this includes going out and intentionally participating in-network and relationship-building activities.

*“We have joined different networks. As a startup that is fairly affordable. You can call someone and say; ‘hey, I am doing this and they will pair you up with someone that I never would have found myself.”*

To expand on the concept of creating and maintaining relationships, the interviewee explains his belief in so-called strategic partnerships. To explain the concept of strategic partnership in depth, the interviewee goes into the concept of pilot customers, that is the carefully chosen first customers that, according to their explanation, are chosen because they can facilitate growth for the firm.

*“I believe in a strategic partnership. We can be a part of someone else's business. [A reputable company within the industry], I have taken them in as our first customer. Pilot customer. And they think our product is really good. I met a CEO at a conference who sell to [a reputable company within the industry]. When I showed him that [a reputable company within the industry] uses our products he thought; they must be doing something right... Because the best salesperson you can get is the reference customer.””*

*“The fastest way to get to a thousand [customers] is 10\*10\*10. Ten good partners with ten good customers who have ten stations. The scalability. This is where you can start making money. And they can help you market your product as well.”*

*“This is where the strategic network comes in. I do not have to go look for these thousand [customers] myself. ... If I find ten strategic partners, it becomes a thousand [customers].”*

When starting a collaboration with another firm, the interviewee said that they believe that it is always best to start off with a project that makes the two parties familiar with each other, as it allows for trial and error.

*“So in the beginning I usually say that you should start with a project together. A concrete project. Because that forces you to get to know each other. To see how it is to work together; We have to do things together. We have to evaluate the project. It becomes very concrete and everyone has to commit to it.”*

The interviewee then went into how they found a service company for their device. They described this to be a complicated process as it had to be a firm operating and being available all over the world.

*“I had no idea they existed. I asked [Company 3’s reference customer], ‘who installed this for you’, and they gave me the name of a Gothenburg-based company. So I called him and he said they would take care of it. And then we had that connection to build on. I would have never found them otherwise.”*

#### 4.1.4 Company 4

The fourth company offers a B2B service and is within the information technology industry. It was founded in 2020 in Lund by two people. Today the company has two full-time employees and their office is located in Lund at an incubator facility. The service is internationally based but the company currently mainly has Swedish users, while some are located in Africa. The interview representative from Company 4 is – of the company and has no previous experience in entrepreneurship, but has a background in private equity. As the company is in a very early stage of development they do not yet have paying customers, instead, they have users. As the business is developed together with the insights from these users, and they thus contribute to the company’s growth, they are referred to as partners by the interviewee. It should be highlighted that this is slightly different from how the other companies use the term partner.

This interview was conducted with the CEO of the firm. The interviewee started the interview by explaining the relationship of the founders and the background of the founding of the firm. The two original founders were working in the same office and then became friends. One of them had the idea of an online platform company, as he wanted to start something that was easily scalable internationally. When the CEO looked in their network in Lund, a close friend who was involved in the very early stages (before it was a registered company) introduced them to the project.

*“I got introduced to the project through a very good friend of mine who was involved in the early days ... He introduced me to the project at the time and I got to know [co-founder] that way”*

The partnership started with the new CEO being asked to help out with fundraising, as their background is in private equity meaning they have experience with this.

*"I am doing this thing with my buddy [name]. Maybe you [name] can come in and help us raise some money because that is obviously something you've done before"*

The interviewee described how they soon discovered that the firm was not yet at the stage for this to be possible. However, due to their complementary skills, the collaboration was fruitful for all parties and the CEO decided to onboard for the full-time position of CEO.

*"My role grew into kinda business building whereas these guys were working on building the actual program, that is, coding/programming. I know nothing about that. I just engaged in other things ... I had a lot of experience in raising funds and investing in companies."*

The interviewee then said that this is when they started to bring in external help for technology development, both through people they knew that they hired as consultants, but also through consulting firms.

*"We had people in our network that we could use as a private consultant to us."*

*"We have experience of using external outsourcing partners previously. They can be quite expensive but quite good as well."*

Onboarding more people on a full-time basis is, as illustrated by the interviewee, currently in the discussion phase. However, they consider cultural and personality fit an important component, as this facilitates trust between the parties, which makes for example further hiring more efficient.

*"Which means that when we start hiring we would probably first and foremost look in the network that we have for people that we know that we sync with and that have skills that we need and we can trust...Then it would be much more relevant to think about, broadly speaking, which seats do we need to fill, and as you build your organization with people that you trust you can also then have more resources to onboard new people, etc."*

When asked about what part of their network the firms look at when hiring, it became clear through the interviewee's response that this is a hard question to answer with a short response.

*“When I think about the people that we are talking about as potential first hires on the tech side and on the marketing side and the distribution side, it would be people that we have had relations with. I think somewhere the line between personal contact and a professional contact get blurred over time so they may have started out as one thing [a business contact] but turned into a personal relationship over time.”*

When it comes to selling their tool to users, the interviewee stated that listening to the client is the most important thing in order to develop the tool in the correct direction. This has been done by using pilot customers/teams that the firm has communicated with regarding the functionality of the tool.

*“The companies that came in to try the tool were more pushed by us. [Pilot team] came in because we know the head of HR there. She is a fantastically competent individual. She and her team came in and used the tool for the bit and said; ‘hey we like this and we do not like that can I introduce 500 people to the tool?’”*

The interviewee elaborated by stating that in order to get the self-serve portion of the tool up to standards, the only way is to communicate with the user. They further pointed out that the only way to reach the goal in terms of the number of users is to achieve this.

*“If we could understand how to make someone's life easier by listening to them very intensively that is where we come in and can start building trust”*

*“We want to onboard millions of users. I can not onboard millions of users myself. That would take the rest of my life. So that is also why you really need to make sure that your self-serve, the remote onboarding of new users, is really up to snuff. Because if it is not your company do not grow.”*

*“We thought we were selling X, and it turns out that by selling X or solving X people came in and said actually you could also solve Y or Z for me.”*

Additionally, the interviewee indicated that the use of so-called enterprise customers could aid the company in the scaling process.

*“[A client with] 3000 people all over the world is an enterprise customer, or user group. It is very important for us in the future to reach enterprise customers.”*

## 4.2 Cross-Case Analysis

After presenting the applicable findings by the companies, a cross-case analysis was performed to identify and demonstrate common patterns and differences in the discussed relationships of the case companies. This will be presented through the use of relevant examples together with an explanation of their significance. For the case companies the found patterns were related to the following categories: the use of the previous network; the transformed nature of ties; the intentions behind and the possibilities of the business network; trust in business partnerships; and lastly, reciprocity and self-interest.

### 4.2.1 The Use of the Previous Network

As the Born Global firm experiences resource scarcity, it is crucial for the venture to fill the arising gaps of the missing resources when they are needed. A pattern was detected in how the complementary resources were acquired in the very early stages for the firms. This was done through onboarding people and bringing in external help for certain tasks in order to acquire specific resources.

To begin with, all firms appeared to onboard people from the founders' previous networks, although there were differences in the degree of formality of those contacts in question. The informal contacts were mainly friends, and the formal relations constituted previous business connections. However, both the informal and the formal relationships were established before the founding of the company, and consequently, they both lacked a connection to the business. Similarly, three of the firms made use of their previous networks to facilitate the founding, as the sole founder(s) did not have all the resources needed to realize the idea. To exemplify, Company 4 onboarded a CEO (the interviewee) who contributed with its prior experience in raising funds. Company 4 further utilized people from their previous network to help with the initial programming and development of the product. Another example is that of when the idea of Company 3 was born and they realized the potential of the technology existing in a friend's company, which further helped them realize their idea. Similarly, Company 1 hired a friend from previously to help out with the Swedish language and another friend was asked to help design the logo for the company.

Moreover, two of the interviewees also made hypothetical descriptions of how the company reasoned when onboarding new people. Company 4 emphasizes that they first and foremost would search among their previous contacts to find the right type of people to onboard to the company, as the cultural fit is of high importance to them. Similarly, Company 3 described the importance of maintaining the network you already have as it may contain useful relationships to pull from when in

need of additional resources. The aspect of cultural fit and having the right mindset was also brought up by Company 1 and Company 3.

These patterns signal that the previous network is of significant importance for the case companies. This is viewed in terms of hiring people with which the founder already appeared to have an established background, which, from their reasoning around recruitment, can be argued to partly be based on the similarities existing with these ties. Also, it is visible in terms of accessing external help.

#### 4.2.2 Transformed Nature of the Ties

It has been discussed that both social and business relationships can be utilized in the operations of the Born Global firm. However, there is a pattern emerging through the interviews that it is often hard to distinguish between what relationship is a social connection and what is a business connection. This is explicitly stated by two of the case firms. Company 4 described relationships that are used for business purposes as a blurred line, where the relationship might have started out for business purposes, but may later have developed into a social relationship. Company 1 gave two additional examples of when relationships had changed as the parties got engaged in business activities. Firstly, the interviewee described the relationships with investors to have begun with pure business intentions, but, with continued interactions, gradually evolved into one of a more social nature. Secondly, the founders are stated to have had informal friendships but the relationships have transformed into becoming business partners first, and friends second.

Beyond the examples where the interviewees have explicitly stated that a relationship can change character between social and economic, there are several examples throughout the interviews demonstrating the dynamic character of relationships. The most common change of character is found to be when a social contact becomes of business purpose. An example of this is when Company 1 onboarded a friend to help with the Swedish language. Additionally, Company 1's relationship with its initial chemical partner was based on business intentions. However, when the economic side of the relationship ended, the connection remained in a more social manner. Regarding Company 2, they obtained a business contact at the central level at a large retailer, and also this relation was stated to have evolved into including more social aspects. An additional example is illustrated with Company 4, as one of the co-founders was a friend to the, at that time, becoming CEO (the interviewee). However, as the interviewee was recruited to the company their relationship matured into a business-oriented one. Lastly, Company 3 provides two additional examples. Firstly, the relationship with the owner of the company behind the technology of the product came from a social connection but turned into business contact with a close partnership. Secondly, the CEO that was interviewed had a mentee with whom the relationship was established for more formal reasons and developed into a

more social connection over time. Eventually, the mentee was hired by the CEO making it a business relationship. This further illustrates how a relationship can evolve in several stages.

This demonstrates that business relationships can develop more social aspects, but also that social relationships can develop an economic side if they provide a resource that is of value to the firm. Thus, it appears that when two exchange parties frequently interact for business reasons, no matter the initial intention, the line between the social and the business dimension eventually seems to fade.

#### 4.2.3 The Intentions Behind and the Possibilities of the Business Network

For the Born Global firm, limited in resources, the importance in making use of and creating a network that can give access to the external resources needed has already been emphasized. Therefore, the firm should strive to use the resources that best generate this access. To obtain such resource providers the emerging venture has two options: either it finds those resources within its network in a similar way to that discussed above with the use of the previous network, or, alternatively, it searches for them outside of its network's boundaries. From the case companies, it is found that they tend to use both alternatives, but differently, depending on what type of resource it is that needs to be acquired.

It appears that in the majority of the cases where the organizations have desired resources of more intangible character, such as advice, information, guidance, or knowledge, they turn to already existing contacts. This was seen both from the firms' previous network before founding, and from the networks they have gained up until recently. For example, Company 1 and Company 3 both stated that they take advantage of the people present at their respective incubators. Similarly, Company 4 gained help from a friend in order to obtain a high number of users that could contribute with feedback to improve their service tool. Contrary, when the firms did not look within their network but rather targeted potential business partners from outside, they appeared to be looking for resources of more tangible character. For example, when in need of financial help, or when searching for a partner in their supply chain. Company 1 mentioned that they had done thorough research when looking for both their suppliers and distributors. Similarly, the business partner to Company 2 owning the packaging solution was also expressed to be targeted. Likewise, did Company 3 declare their mentality around strategic business partners and the importance of doing research beforehand.

In line with this targeting of business partners, another pattern was detected around certain characteristics among the targeted partners in question. By targeting the 'right' people the firms appeared to be able to experience something similar to what is referred to as the 'multiplier effect' in macroeconomics. This effect suggests that the outcome of an event will be larger than the initial input.



Company 1 and 3 both explained the concept in terms of finding a customer that already has multiple clients, in order to quickly multiply the number of customers. Company 1 explained this by stating that it is more efficient to use one distributor to themselves get their product to several retailers. Company 3 demonstrated this clearly by stating that if they chose the right ten B2B customers who in turn have another ten clients, and those clients each have an additional ten selling outlets, this would allow them to realize such a ‘multiplier effect’.

A similar mindset was found around targeting reference customers. Company 2 used this when targeting retailers. In the UK, the retailer was targeted because it is known as a trendsetter, and thus, the company expected that additional retailers would follow. In Sweden, the company utilized the individual retailers’ connections to each other with the hope, and the result, that they would advocate for the product to one another. In a similar manner, Company 4 stated that they try to collaborate with companies with a larger employee base. This was argued to be partly, due to that such collaborations would introduce more users quickly, and partly, because the users onboarded would have more trust when introduced through an already established contact. Company 2 demonstrated similar reasoning, explaining that reference customers were utilized not only for the potential to generate scalability but first and foremost for their way of signaling trustworthiness. Therefore, the company aims to target reputable retailers of larger sizes.

The last pattern worth mentioning regarding the intentions behind the business network was that two of the firms demonstrated behavior in which they established relationships based on underlying economic intentions, but were not aimed to target a specific resource. Rather, in a more casual environment, connections were created, where the topic of conversation included business aspects, as this was on the mind of the exchange parties in question. This is illustrated both for Company 1 and Company 3 at their respective incubators. Company 1 said that despite the ‘innocent’ mingling at the incubator, conversations tend to become business-oriented as that is, after all, what they do all day. From this, they state that they have received valuable information, knowledge, and recommendations. Statements by Company 3 support this and they further emphasized the importance of creating a wide network base because the day you need it you do not have time to establish it, and you cannot know what the future holds. Company 3 further said that if you do not have the network you do not know who to call when you need them.

To conclude, on the one hand, it seems that the case firms use their already established network when targeting resources of a more intangible nature. On the other hand, business partners appear to be more intentionally targeted when the firms search for tangible resources. Furthermore, the case companies show a similar mindset in targeting the right customer as well as reference customers to

reach scalability. Lastly, a pattern is found where the ventures establish relationships with underlying economic motives to save them for a rainy day.

#### 4.2.4 Trust in Business Partnerships

Trust is widely recognized as a crucial element in any lasting relationships and consequently also in the firm's business network. It was realized from the interviews that trust was a highly important element for all four companies when considering a new business relationship. In some cases, trust was the main criteria that the company was looking for and thus they took advantage of an already established relationship in which trust was existing. Alternatively, the main focus of the relationship was its potential economic contribution and the exchange to be taking place, but where trust was considered a crucial criterion in order to approve the partnership.

For the first mentioned, trust being the prerequisite, the partnership was created either from a close friend or from a prior business relationship with which one of the members of the company had accumulated experience and history. For example, Company 1 established a business relationship with a Swedish person from its pre-founding personal network. This decision was argued to be based on the fact that they, due to their lack of knowledge of the Swedish language, needed to hire someone who they could trust as they were unable to revise the content produced by the person in question. Another scenario is that of Company 4, which hired an India-based company with which they had previous experience. The knowledge of this company doing a good job was important as none of the current employees had the expertise required to control the output.

In the second scenario, when the central point was the actual exchange taking place but with trust being the deciding factor, there were two further scenarios on how trust was realized. One scenario was when trust in a third party was gained through the recommendations of a second party with whom the firm had an already existing relationship, either of social or business character. This was elaborated on by Company 2, stating that if their connection would recommend a third party, it is not necessarily a match, but if it is, it is of very valuable character as it establishes trust already from the beginning. Another example is that of the relationship with the service partner of Company 3. As the service firm was recommended by Company 3's customer with whom they had a good relationship, it is stated by the interviewee that they already had a base that they could build upon.

The other scenario in which trust could be derived was argued to be based on a perceived mutual interest in the exchange relationship and social connection. These two, mutuality and connection, were, in two of the interviews, expressed as 'gut feeling'. Company 1 stated that their relationship with their second supplier was mainly based on monetary incentives, but that they initiated the

partnership because they had a good ‘gut feeling’. In addition, Company 1 stated that because the relationship felt of mutual interest, they perceived already existing trust. In a similar manner, Company 3 articulated that when finding potential partners they rely on gut feeling from social interaction and similarities in the perceived mindset of the other.

Trust is not only found to be of value in the establishment of relationships but also appears to be crucial to making the relations last. It is further found to be increasing with time and continued interaction. This is illustrated from an example by Company 1, claiming that as trust between the company and their initial supplier has been built over time, their level of trust is higher in this partner than it is in their current supplier. Similarly, Company 4 stated to feel confident with the relationship with their technology developer as it was chosen based on previous business interactions.

Despite gaining trust from different sources and in various ways, it can still be observed from the interviews that trust plays a significant role in considering a new business relationship for the Born Global firm. Therefore, whether it is from another connection in one’s network; from previous experience of a prior or currently existing relationship; or from gut feeling arising from social interaction, trust can be considered highly important.

#### 4.2.5 Reciprocity & Self-interest

Mutual orientation in a business exchange relationship is crucial for its survival. It will not sustain if there is not a rather equal give and take occurring, as this would imply one party feeding on the other’s profit, which is self-evident to not last in the long run. Among three of the companies, it is observed that in long-lasting business relationships a win-win situation is present. Oftentimes it appears to be an exchange of services one way, and a monetary exchange the other way. Company 2 explicitly stated “win-win situation” when describing their relationship with their producer, explaining that they give the producer money and in return the producer gets their factory filled. Company 4 views its collaborations with their users (partners) as a mutually beneficial exchange as they allow users to explore their platform and in return, they receive feedback on how to improve in accordance with the desires of the customers. In other words, they develop in accordance with a demand-driven approach. An additional example is that of Company 1, explaining the willingness of their supplier to develop the product further despite extensive costs since they know that they will receive a return on their investment.

Another pattern that emerged from the interviews was what will be referred to as triangular reciprocity. For two of the firms, it was evident that a culture of reciprocity is present which does not mirror the win-win scenario. These two firms express that they position themselves in an environment

in which a give and take mentality is present, but the exchange may not necessarily take place between two parties. Rather, one party gives to another, who in turn gives to a third, and the third may perhaps give back to the first. Company 1 discussed this matter extensively and stated that at their second incubator people tend to share personal insights, experiences, and recommendations. Similarly, the interviewee from Company 3 declared that he onboarded the company because they were located at an incubator in which he saw great potential. They elaborated on this later in the interview explaining that it is important to put yourself in an environment where people want to give back.

The networking approach is further argued by Company 1 to be of different nature depending on the environment in which the firm is operating. Interviewee 2 explained that the intentions behind the networking is different at the incubator than those found during conferences because they are not seeking a specific resource nor are they after a financial gain. Rather, networking and the establishment of new relationships are done without the expectation of getting anything back. Company 3 discussed this in a similar manner. The interviewee started by emphasizing the importance of networking at conferences as they were elaborating on the importance of finding strategic partners and becoming part of someone else's business operations. It was further declared that there is a need to do a lot of research beforehand so that one knows who to target and why. Later in the interview, they continued highlighting that not only targeted relationships are favorable for the emerging firm. The smaller the company, the more important the network. This statement is further supported by the interviewee in the reasoning that was brought up previously when they claim that you never know when or what you will need and therefore should build and maintain a network over time. It is also mentioned that the interviewee of Company 3 regularly attends network meetings in which the intentions of going are not to receive help in terms of resources, nor for immediate financial gain. Rather, these are attended in order to be present in an environment of openness where advice and solutions are shared.

To conclude, reciprocity has been shown to be present between two parties, but also to exist as a culture where giving to one party may lead to receiving from another. This concept is what we refer to as triangular reciprocity. Further, reciprocity is strong when there is a win-win situation, as it is in both parties' self-interest for the relationship to move forward in a positive direction.

### 4.3 Pattern Matching Analysis

After having recognized, argued, and exemplified the cross-case patterns appearing from the observations of the interviews, the patterns were matched and compared to the patterns suggested by the theoretical background. Hence, the pattern matching analysis connects the data to the existing

theory exemplified in the literature review. In summary, numerous similarities are recognized between the theoretical patterns and observed patterns. Nevertheless, the findings also show discrepancies.

#### 4.3.1 The Use of the Previous Network

The first observed pattern is related to what the literature refers to as strong ties. Granovetter (1973) explains how a strong tie is formed when much time is put into the relationship, the intimacy is high, the emotional intensity is high, and the degree of mutual orientation in exchanges is high. In order for such strong ties to evolve, Johanson and Mattsson (1987) suggest that much time and effort needs to be put into a relationship. Thus, in order for it to find and make use of a strong tie, the founders need to search within their previous network. This is supported by several researchers, pointing to the importance of the network of the entrepreneur, especially in the early stages of the firm. Dubini and Aldrich (1991) expand on this by stating that strong ties, found in one's personal network, are important as they are more trustworthy. They continue elaborating on the personal network, stating that it is of high importance for the emerging firm as they declare that the firm's network is inherited by its founder, in other words, the network of the entrepreneur(s). Mort and Weerawardena (2006) call this inherited network the fundamental network and is said to be where the firm finds its first opportunities.

Relationships from the, as described above, fundamental network are described by Dubini and Aldrich (1991) to be established for social reasons but can provide information and resources useful for the business in question. Research by Larson and Starr (1993) further confirms this as they describe the pre-founding network as being of informal character and socially motivated. Madsen and Servais (1997) also mention the pre-founding network to be of high importance as it can help the firm overcome issues connected to resource scarcity that are present among Born Global firms. Strong ties are further believed by Hite and Hesterly (2001) to be preferable for the emerging firm as it creates a more stable and certain environment.

In accordance with the pattern detected from the cases in which the previous network was proven useful for resource purposes, it was recognized that contacts used from the founders' already established network varied in their degree of formality. The informal contacts that were described to be friends are, in accordance with Dubini and Aldrich (1991), of strong character and are thus examples of strong ties established with social intentions that have shown to be useful for business purposes. Contrary to what was found in the literature to be more favorable for the emerging firm regarding the use of strong ties, weak ties from formal contacts were also identified to contribute to the business. For example, Company 1 stated to have benefited from a previous business contact

which was argued to provide them with useful advice and further contacts facilitating the establishment of their company.

Further, Hite and Hesterly (2001) describe what they call identity-based networks to be based on social connections and stronger ties, whereas a calculative network is established for market intentions. It is included in the findings from the interviews that the existence of an identity-based network versus a calculative network will contribute to differences in how the business grows. This is illustrated through Company 2, as they describe that the differences in types of networks impacted their experience when entering retail stores in the two different markets in which they operate. It is described that the identity-based network in Sweden, shaped the expansion and made it different from the UK market, where more intentional networking was needed, in other words, the calculative network.

To summarize, the pattern of utilizing the previous network was also found in the literature. Varying degrees of formality were detected but as they were established beforehand, they all had in common not to be established with a connection to the business in question. Differences are further identified in how the use of identity-based and calculative networks affects the operations of the venture.

#### 4.3.2 Transformed Nature of the Ties

The second pattern that was detected from the case companies appears to be connected to the theme of social embeddedness which is brought up in several of the articles of this literature review. Granovetter (1985) claims that decisions in business relationships may be affected by other factors than purely economic interest, namely also social aspects. For example, he mentions in his article that aspects such as status, power, and approval may all play a significant role in the decision-making process. This, the author explains, is due to the fact that relationships are socially embedded, meaning they have a history that has resulted in norms and expectations based on past events between the two parties.

The research of Larson and Starr (1993) complements this well by identifying the intention, social or economic, behind the establishment of a relation. Through their network model, they further identified that no matter the intention of the connection that has been established, the parties will go through a testing process. Here they argue that both parties need to encounter risks and uncertainties which in turn will increase the level of trust among the parties, as well as fairness, reciprocity, commitment, and reward. Based on this Larson and Starr suggest that a relationship will develop into one of socioeconomic nature. This change is further found and confirmed by Sharma and Blomstermo (2003). In addition, as recognized from the literature of Granovetter (1973) among others, such

behavioral elements listed by Larson and Starr are found among one's strong ties. Uzzi (1999) further confirms this connection between strong ties and embedded ties, whereas a weak tie, he claims, is often mirrored in arm's-length relationships. In a similar matter, Larson and Starr (1993) emphasize that a social tie that becomes of economic purpose for the firm will also experience a change in character.

This pattern was detected in the literature where the line between the social and business aspects of a relationship was blurred. This phenomenon was found among all four companies. Further, the change in character was observed both ways. In other words, a relationship established with social purposes became business-oriented as the exchange between the parties came to contribute to the business. Likewise, a relationship of economic intention was often described to have become a relationship of good quality in which the firms subject to interviews experienced that they could expect support and trust from their partner. Worth mentioning is the case of Company 1, which had had two different suppliers since inception, both established with economic intentions. Despite having a good relationship with the second supplier, the interviewee still expressed that the company relies more on and is more likely to turn to the first supplier. This was explained to be due to frequent interaction over a long period of time and close collaboration. This observed behavior thus further strengthens the literature regarding the fact that embedded relations are of stronger character.

To conclude, for the Born Global firms in the study it appears that a relationship that emerges from economic intentions will, with time and frequent interaction, develop similar characteristics to one that is based on social motivation. In a similar matter, a social tie that becomes of economic purpose for the firm will also experience a change in nature. However, for clarification, this does not imply that a social tie of strong character becomes of weaker nature. The case findings thus align with the views of multidimensional socio-economic relationships.

### 4.3.3 The Intentions Behind and the Possibilities of the Business Network

The third pattern emerging from the interviews did not seem to correspond equally well with the literature, namely the intentions behind the utilized business relationships. There appears to be consensus in the literature around the fact that in the firm's early stages, the venture tends to derive its resources from ties inside of its network as these are believed to be more reliable. History is commonly brought up in this context. When there is history embedded in the relationship, it is argued by Granovetter (1985) that trust is more likely to be present since there are already established standards and expectations for both parties in the exchange. Furthermore, while it is stated by Uzzi (1999) that embedded relationships increase trust, arm's-length relations are believed to do the contrary as there is a bigger risk of the other party acting in an avaricious manner. In addition, Mort



and Weerawardena (2006) state that in a long-lasting relationship there is a mutual understanding of the other's goals and processes.

This is in line with Hite and Hesterly (2001) stating that the identity-based network is preferable to calculative networks when looking to overcome uncertainty, one of the three main resource challenges. Here they explain that the identity-based network, which is stated to be denser and contain stronger ties, will be preferred as it provides a more stable environment for the emerging firm already exposed to many uncertainties due to its youth. Similarly, in accordance with the statements of Dubini and Aldrich (1991) that deriving resources from one's personal network would save time and money, it would be preferable for the emerging firm to use this network. These relationships are stated by the researchers to be those with for example a friend and were thereby not established with an economic intention. This leads to Larson and Starr's (1993) research on the intentions behind a tie, whether it is economically or socially motivated. Since the resources are claimed to be derived from the emerging firm's identity-based network (or alternatively personal network), where ties are shaped for a social purpose, it can be assumed that the Born Global firm should not derive many resources from its calculative network (Hite and Hesterly, 2001).

Contrary to the literature, a pattern was detected regarding the firms' tendency to establish relationships outside of their network when being in need of more tangible resources. This implies that the case companies used its calculative network rather than its identity-based, and hence, also took advantage of weak ties instead of strong when accessing such resources. Contrary, in line with the literature, the ventures used their strong ties from the identity-based network when accessing intangible resources. In accordance with Sharma and Blomstermo (2003), this would imply an optimal level of efficiency in accessing resources. To clarify, on the one hand, Sharma and Blomstermo state that weak ties are preferable as they entail lower costs, higher likelihood of novel information, and lower need to adapt to the exchange partner. Thus, utilizing weak ties for tangible resources would be more beneficial than using strong ties. On the other hand, the researchers state that a central position in a network generates more and better access to knowledge and information. According to the theory of Granovetter (1973), a central position must inevitably be one surrounded by a majority of strong ties. Thus, taking advantage of strong ties for intangible resources is to be preferred. Greater access to better information from strong ties is further confirmed by Uzzi (1999), stating that strong ties are more willing to help as well as to share private knowledge and insights. Worth mentioning is the exception of Company 3 which obtained a tangible resource (their technology developer) from a strong tie from their identity-based network.

A position is further described to be a location of power according to Thorelli (1986) and is thus argued to determine to what degree a company can access resources. In other words, the position would be a determinant of the possibilities presented to the venture. If the firm decides to use weak



ties to access tangible resources, Thorelli (1986) means that the characteristics of the relationship would affect the firm's availability of those resources in question. Coviello and Munro (2006) continue in the same direction, stating that a larger firm has more power and thus has the possibility to decrease the range of options available for the smaller firm. Thereby, they continue, the network may influence the entry mode and the market selection of the smaller firm. Such a constraining scenario is what Mort and Weerawardena (2006) refer to as network rigidity. However, for example, based on the scenario of Company 2, they were first presented with the opportunity of establishing a part of their business in the UK from an already existing tie with their business partner. Nevertheless, it appeared from the interview that this choice was only made because the company, at that time, saw greater potential in the UK market. This is in line with the findings of Madsen and Servais (1997), stating that the Born Global firm tends to choose markets based on its believed growth potential.

Regarding the last pattern detected around the intentions of the business network, it appears that the case companies have found a way to use a mix between the identity-based and the calculative network. This is done by establishing relationships with an underlying economic motive in a social and more relaxed environment. Such relationships are further argued to be established in a preventative manner, implying that connections will be made before one is aware of their potential contribution to the company. This potential contribution is further implied by both Company 1 and 3 to be mainly intangible resources. The preventive aspect further implies that the relationship has to exist for some time before it may come of use for the company. In the literature, it is claimed that time will imply interaction, which in turn makes the tie more socially embedded. Thereby, the literature points out that trust will be generated and the willingness to share information and offer assistance between the two parties will increase (Uzzi, 1999). This implies that the tie would be of strong character, and thus, according to Johanson and Mattsson (1988), this would further lead to that conflicts would be solved rather than relationships ending. This belief is further supported by Dubini and Aldrich (1991).

In conclusion, contrary to the literature, the Born Global firms studied were more prone to use their calculative- rather than its identity-based network when being in need of resources and when doing so taking advantage of weak rather than strong ties. Furthermore, the Born Global firm tends to choose markets based on its believed growth potential rather than being based on the position and network of the firm. Finally, in mixing the use of their calculative and identity-based network the firms studied seem to establish relationships with underlying economic motives in a social and more relaxed environment, ultimately leading to strong ties.

#### 4.3.4 Trust in Business Partnerships

The fourth observed pattern found among the Born Global firms is related to the role of trust in the various business relationships within the network. Granovetter (1985) suggests that an individual is likely to value trust highly in a relationship and that trust from past experiences is always the highest. That implies that a relationship that has been present for a longer period has established trust, and is thus due to the time span of the relationship more likely to be a strong tie. This is found also in the opinions of Larson and Starr (1993) as they claim that trust is derived from the trial and error phase characterized by frequent interaction. Similarly, Johanson and Mattsson (1987) argue that a relationship remains as long as there is trust in place. Thorelli (1986) continues in the same direction arguing that trust arises from reputation and past experience and there needs to be confidence in a continuous mutual exchange. He further means that trust is a key factor in relationships as it is one of the main sources of power.

Uzzi (1999) means that socially embedded relationships build on social connections where parties are willing to share more private information, and trust is argued to enhance this type of relationship. A relationship where trust is present arises from certain foundational characteristics. As explained by Dubini and Aldrich (1991) trust in the relationship mainly arises from self-interest in mutual exchange and is a result of long-term investment in the relationship. Similarly, Johanson and Mattsson (1987) mean that a relationship is built on time, and an equal amount of effort to invest in the relationship. Further, the authors emphasize that it is necessary for the parties to establish an understanding of each other's goals and processes.

These observations from the literature align with the findings of trust from the interviews. Trust was identified to be a crucial deciding factor in economic decisions. It was derived both from past experience with the social as well as the economic network. Here it was found that not only did the trust positively impact the direct relation, but it also appeared to affect third party connections positively. For example, Company 3 stated to trust their tie to their third party service company which was obtained through another business partner where trust was already established. Moreover, also in line with the research presented, trust was realized from the case companies to arise from what was expressed as a perceived immediate social connection, in other words, a bond.

To conclude, in line with the literature, trust appeared to be an imperial factor in economic decision making for the Born Global firms studied, positively affecting both the direct relations and third party connections. Similarly, in line with the theory, trust seemed to emerge as a bond.

### 4.3.5 Reciprocity & Self-interest

Based on the literature it is evident that reciprocity is of significant matter for the ties of a network, which is further in line with the fifth pattern identified. Mutual orientation is stressed by both Thorelli (1986) and Mort and Weerawardena (2006) to be essential in order for a relationship to sustain. A long-term relationship is argued in the two research papers to require a common understanding for the other party as well as a continued need for the exchange to take place. Such mutual understanding can arise from norms and expectations that are derived from the historical past of a relationship according to Larson and Starr (1993). Influence from history is further argued by Granovetter (1985) to be of significant matter in economic decisions. If a mutual desire for a continued relationship exists, the parties are therefore suggested by Johanson and Mattsson (1987), referring back to the findings of Håkansson (1982), to adapt to one another in order to ensure that such an exchange will stand. The adaptation process is further claimed to strengthen the relationship, and consequently, the will to adapt increases. The occurrence of such an adaptation process is confirmed by Sharma and Blomstermo (2003). In addition, self-interest is mentioned by Granovetter (1985) and by Dubini and Aldrich (1991) as an important factor when discussing reciprocity and continued exchange. Caring for one's own survival is considered highly important as it, as stated by Granovetter (1985) increases both sides' willingness to be open and honest, which in turn, as meant by Dubini and Aldrich (1991) will increase the two parties' accountability in each other.

The findings on self-interest are confirmed by three of the case companies. A vague pattern can further be observed regarding an adaptation process. Such a process is somewhat found for Company 1, as it is stated by Interviewee 1 that the two parties are equally involved, and the development is a back and forth process. Similarly, Company 3 discussed that in their long-lasting relationship with their technology developer they co-develop, specifying that 80 percent of the development is done through collaborative actions. The interviewee further clarifies that the two parties make trade-offs in order for the partnership to function optimally. Going deeper into the relationship, it is built upon a friendship between two students in the 90s. In other words, there is assumed to be a larger amount of embedded history, and consequently, pre-existing norms and expectations as well as trust and mutual understanding for the other party's operations and goals. This is in line with Uzzi's (1999) reasoning that embedded ties are more willing to help and make an effort for the other party.

What was not found in the literature, however, was another sort of reciprocity, particularly evident for Company 1 and Company 3. Company 1 expresses the value they have received from their incubators as their respective environment exposes the companies to a culture of giving. In addition, it is brought up that Company 1 recognizes two distinct types of networking with different intentions: social, without expressed expectations, and business, with an economic purpose. This is consistent with

Larson and Starr's (1993) statement on the distinct type of networking: social networking versus superficial business networking distinguished based on whether their underlying motivation is of social or economic purpose. From Company 3 it can further be derived that the environment of the incubator was a crucial factor in the decision of the current CEO to join the company. The interviewee elaborated on this, saying that it is viewed as highly important for the company to be surrounded by people who want to help each other and facilitate one another. Company 3 further comments on the existing distinction between strategically intentional networking, and networking without intentions, solely in order to prepare for the future as you never know what will come.

To summarize, reciprocity appears to take the form of a two-way exchange relationship as consistent with the literature. However, it is also clear that reciprocity takes another form. For this latter type, the companies appear to position themselves in a culture and have a mindset present in which reciprocity can be illustrated as a triangular exchange, previously referred to as triangular reciprocity.

## 5 Conclusion

This final chapter starts by outlining the aims and objectives of this paper. Then it highlights the research question in order to ensure that the paper's objectives have been accomplished. Further, the key findings are presented, followed by limitations and suggestions for future research.

### 5.1 Research Aims and Objectives

The aim of this paper was to investigate the network behind the Born Global firm which is claimed to be particularly successful in achieving international rapid growth. In order to do so, the following research question was constructed:

*What are the characteristics of a Born Global firm's network, and with what intentions is it established during inception and early growth?*

To answer this question, a comprehensive literature review was first conducted to emphasize key research on the subject. Thereupon, four case studies were performed using primary data gathered through semi-structured interviews with representatives from each firm. The case studies contribute to the existing literature by providing extensive empirical examples of the network traits of Born Global firms. Therefore, the objectives of this report have been fulfilled.

## 5.2 Key Findings

The first concluding key finding answers the initial part of the research question and concerns the characteristics of the ties which contribute as resource providers to the firm. From the interviews of this study, it was realized that the Born Global firms under investigation tend to utilize both weak and strong ties, but on different occasions depending on the type of resources which they desire to acquire. Here they appear to separate between resources of more tangible character, such as financing or a complementary partner to their supply chain, and resources of more intangible nature, for example, advice, guidance, and knowledge. It was further realized that the Born Global firms were more likely to use weak ties to obtain the tangible resources, and strong ties to access the intangible resources. In line with the literature, this implies a most favorable level of efficiency in terms of gaining external resources. This is explained through the respective benefits of the two distinct ties. On the one hand, weak ties have the advantages of bringing forward a lower cost, a higher probability of containing novel information, and also a lower adaptation process. On the other hand, strong ties imply a central position in a network, which is further argued to provide a firm with better accessibility to both more qualitative and also a larger quantity of information. Therefore, weak ties are suggested to be better for obtaining tangible resources, whereas strong ties are more favorable to secure intangible resources from external parties. The way Born Global firms use different ties to access specific resources can thus be argued to take an optimal form of efficiency.

Regarding the second part of the research question, the intentions behind the establishment of the ties in the Born Global firm's network, another interesting pattern emerged from the case companies. To begin with, in accordance with the literature, it was found that the Born Global firms studied tend to use relationships from their networks that have been established with intentions of both social and economic character. In the literature, these different intentions when networking is believed to result in the firms having two distinct networks from which they can derive their resources, the identity-based network and the calculative network. In other words, the ventures seem to use both. However, the intentions behind networking of the companies were found to not always be of a clear distinction. Rather, the third type of network appeared to emerge, namely one where networking was done with underlying business incentives, but not in order to target specific resources. This type of networking was further claimed to be done in a more socially relaxed setting. In addition, it was reasoned to be important to have many connections, so that when the firms were in need of resources (mainly of intangible character), they could take advantage of their established network. As these relationships had existed for some time, the literature suggests that they have become more socially embedded. As a consequence of the stronger character of a socially embedded tie, a firm would be better likely to access the intangible resources that they ask for, while simultaneously being presented to further private information due to the parties increased will to share confidential knowledge. With

that said, in line with the previous paragraph, if a tie with such an underlying business intention becomes of use to the firm, it will already be of stronger nature and thus become more beneficial in the search for intangible resources than would that of pure economic incentives.

This leads to the third key finding of the network of the Born Global firm, namely the concept of triangular reciprocity. Through this observed mindset, networking appears to take a different approach which in turn facilitates the exchange between parties and opens up a broader range of opportunities. In contrast to the common view of an exchange between two parties, it is found that the giving and the taking does not necessarily need to originate and be received from a two-party exchange. Rather, to exemplify, the giving by A could be received by B, and B could further give to C, and as C received, it could, in turn, give (back) to A. This behavior and mindset allow the case firms to exploit resources from parties that cannot directly give something back to the asking firm, but rather give something in return by giving to someone else. The possibilities to which this opens up can almost be demonstrated by the shift from the historically used barter system to that of currency. Just because two parties cannot directly benefit from each other, it does not mean that they cannot commit to an exchange of mutual benefit.

### 5.3 Limitations and Future Research

The limitations of this paper lead to interesting possibilities for future research. Firstly, one could argue that the usage of retrospective interviews restricts the accurateness and the details of findings since, inevitably, the method depends on the recollection of the interviewees. Therefore, a longitudinal case study with interviews being held over numerous years may be a possible alternate direction for future research on the subject. However, this was not a viable strategy for this study due to the limited time frame. Nevertheless, it would undoubtedly provide a further understanding of the networking activities of Born Global firms.

To further examine the discoveries of this study, it would be highly valuable to execute similar case studies of Born Global firms with other characteristics, perhaps in later stages or of larger size. In addition, it could be helpful to perform case studies of similar nature investigating companies from other nations to discover any cultural differences in the networking of Born Global firms. Moreover, it may be interesting to further research triangular reciprocity in Born Global firms as this was shown to be one of the key findings in this study and the existing literature is more focused on the dyadic exchange.

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