# Origin and role of social networks : a Comparative study of Born Global Firms of France and Pakistan

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**ORIGIN AND ROLE OF SOCIAL NETWORKS**

A Comparative study of Born Global Firms
of France and Pakistan

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*Dedicated to my*
*Beloved Mother*

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# Résumé

L'augmentation du nombre des entreprises qui s'internationalisent très tôt après leur création au travers d’un processus accéléré a attiré l'attention des chercheurs au cours des deux dernières décennies. Plusieurs explications souvent partielles ont été avancées par les chercheurs sur les raisons de l'internationalisation précoce des entreprises « nées globales ». Différents auteurs suggèrent que l'approche réseau serait plus appropriée pour décrire ce phénomène précoce de ces petites entreprises. L'objectif de notre recherche est d'étudier l'origine, la structure et le rôle des réseaux sociaux dans l'internationalisation précoce des entreprises nées globales.

Nous étudierons la structure des réseaux, considérée comme un prérequis pour aborder les autres dimensions du réseau, bien que de nombreux chercheurs soient passés directement à l'étude du jeu de rôle des réseaux sans prêter attention à l’origine de ces liens. En outre, une grande partie de la littérature a relié les entreprises nées globales au secteur de la haute technologie, alors qu’il existe de nombreux exemples de sociétés mondiales issues de secteurs traditionnels. De la même façon, l’influence des divers contextes nationaux sur le processus d'internationalisation des entreprises est peu connue. Par conséquent, nous nous intéresserons également aux liens du réseau dans le cadre de plusieurs secteurs industriels d’une part, et aux différents niveaux de développement institutionnel du pays en comparant des firmes nées globales françaises et pakistanaises d’autre part.

Nos résultats révèlent que es petites entreprises nées globales utilisent leurs réseaux pour surmonter les obstacles liés à l'internationalisation rapide, ce que les précédents résultats empiriques avaient pris en compte. Ils soutiennent également que l'origine des réseaux se trouve dans deux paramètres relatifs aux relations affaires et sociales ou hors activités affaires. Des liens, à la fois faibles et forts, ont un impact positif sur l'internationalisation précoce, mais leur composition diffère dans les entreprises de faible technicité et dans celles de haute technologie. Nous soutenons également que la composition des liens est animée par le secteur industriel dans lequel l’entreprise opère plus que par le niveau de développement institutionnel du pays.



**Mots clés:** née mondiale, internationalisation précoce, liens sociaux, réseaux, entrepreneuriat international

## Summary

The increase in the number of the companies that internationalize very early after their foundation with an accelerated process has attracted the attention of scholars during last two decades. Different perspectives have been employed by researchers, however still we neither completely know about the capabilities which facilitate early internationalization of born global firms. Different authors suggest that network approach is more appropriate measure to describe the early internationalization of these small firms. The focus of our research is to investigate the origin, structure and role of social networks in the early internationalization of born global firms. We intend to investigate the structure of networks which is considered pre-requisite to study the other dimensions of network ties. Many researchers directly jump to study the role networks play without paying any attention from where these ties originate. Furthermore, much of the literature has connected the born global firms with high technology sector however, there are many examples of born global firms in traditional sectors. Similarly, very little is known about how various national context influence the internationalization process of firms. Therefore, we also intend to investigate network ties in the context of different industrial sectors and different level of country's institutional development by comparing born global firms from France and Pakistan.

Our results reveal that these small born global firms use their networks to overcome the constraints to rapid internationalization which has been supported by previous empirical findings. The results also reveal that origin of ties is in both business-social or non-business social settings. Both weak and strong ties are found to have positive impact on the early internationalization; however composition of ties is different in low-tech and high-tech firms. We also argue that instead of country‘s level of institutional development, composition of ties is moderated by the industrial sector in which firm is operating.



**Key words:** Born global, early internationalization, social ties, networks, international entrepreneurship.

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# Introduction

This chapter presents the brief discussion of whole research. The research is specifically referred to as an exploratory study with the primary aim of understanding the role of networks in the early internationalization of born global firms. The study was carried out in different industries of France and Pakistan which also puts the networking issues into the industry and country institutional context.

The significance of this topic has been highlighted in the recent literature because networks have been recognized as an explanation for early internationalization of these firms which has challenged the traditional models. In spite of many studies focusing on entrepreneur's social networks during last two decades, the topic is still of importance and needs further investigation (Eberhard and Craig, 2012; Cesinger et al., 2012; Slotte-Kock and Coviello, 2010; Cavusgil and Knight, 2009).

The discussion begins with the concept of born global firms and internationalization of small firms. Subsequently, the relationship between the networks and their influence upon the early internationalization of firms is elaborated upon. Discussion is concerned with how entrepreneurs establish networks of relationships with the social resources surrounding them during the creation and early internationalization of their firms. This discussion finally leads to the development of conceptual framework for the study.

The objectives of the study are formulated by referring to the research questions on origin and role of social networks to discover how these born global firms utilize their networks for resource acquisition in their early internationalization process. The approach to the study is qualitative. The outcome of the study explains the ways in which these networks enable the entrepreneurs to access foreign markets just after their foundation.

## Section 1. Early Internationalization of Small Firms

World has become globalized, internationalization does no longer involve only large multinationals, small and medium enterprises (SMEs) also internationalize actively. According a World Bank study conducted in 104 countries, the contribution of small firms in job creation and employment development is higher than larger firms (Meghana et al., 2011). Internationally active SMEs generally report higher employment growth than non-active SMEs and there is also a strong relation between internationalization and innovation (European Commission, 2010). Traditionally SMEs are assumed to internationalize in a gradual and slow manner. However, several recent studies (Moen and Servais, 2002; McDougall et al., 1994) have identified that many small firms are becoming international soon after their foundation. The increase in the number of the firms that internationalize very early after their foundation with an accelerated speed has attracted the attention of government and management scholars since the beginning of nineties. These companies mostly called either Born Global (Rennie, 1993) or International New Ventures (Oviatt and McDougall, 1994) have been the investigated by many scholars and the number of publications on this topic has multiplied in the recent years and the topic is nascent and is an emerging research issue in the research domain of international entrepreneurship. However, a solid theoretical framework is deficient in the field causing a fragmentation (McDougall and Oviatt, 2000). Different perspectives have been employed by researchers (Zahra et al., 2000), however still we neither completely know about the capabilities which facilitate internationalization of SMEs, nor completely about the elements of their competitive advantage. Common view that assumes SMEs as a constrained resource has restrained our understanding of why and how an SME becomes a born global (Jones, 1999). Very little empirical research has been conducted to investigate the capabilities that facilitate early and rapid internationalization of SMEs (Knight and Cavusgil, 2004). Researchers have highlighted that process theories fail to explain phenomenon of early internationalization of firms (Preece et al., 1999; Madsen and Servais, 1997; Oviatt and McDougall, 1997; Knight and Cavusgil, 1996; McDougall et al., 1994). Several internationalization theories and models regarding the internationalizing of firms have been presented; however, none of these entirely cover the actual internationalization of SMEs. Consequently, authors suggest that it is better that these theories and models become integrated in order to understand the process (Coviello and McAuley, 1999). Literature review indicates that internationalization of small firms is a multifaceted approach that requires incorporation of three different theoretical approaches: internationalization, social network analysis and entrepreneurship.

Previous empirical research regarding internationalization of firms has focused on large companies and these models have been used as a lens to investigate firm's internationalization in other empirical settings. During 1970s, two distinct streams of research have emerged U-model in Europe (Johanson and Vahlne, 1990; Johanson and Vahlne, 1977) and I-model in North America (Cavusgil, 1980; Bilkey, 1978). Both models describe that export development take place in slow and gradual stages. Empirical studies during the last two decades have challenged the findings of literature regarding traditional internationalization by claiming that numerous firms do not build up their international activities in incremental stages and often start international activities right from their birth. These small firms, in their internationalization process, face both internal and external constraints (Buckley, 1989) including limited resources, lack of economies of scale, risk aversion (Freeman et al., 2006), limited market power and access to comprehensive market research (Musteen et al., 2010), suffer from liability of newness and liability of foreignness (Sasi and Arenius, 2008) and dependency on a single product to be commercialized in foreign market (Hollensen, 2007). However, very little is known about conditions under which resource constrained SMEs are able to achieve growth (Hessels and Parker, 2013) just after their foundation contrary to traditional SMEs. Current literature argues that the process of early internationalization of born global firms is not well explained by the existing models and theories (Knight and Cavusgil, 1996; McDougall et al., 1994). Some authors (Knight and Cavusgil, 1996; Oviatt and McDougall, 1994) identify these empirical findings as a challenge calling for a new theory, whereas others (Knudsen et al., 2002; Madsen and Servais, 1997) argue that although these small firms are different but are not necessarily different from other traditional firms with respect to fundamental process and the phenomenon of early internationalization may be explained by already well known constructs without requiring any new theory. However, it is still appropriate to classify such firms as something unique and different from a managerial point of view or with regard to governmental support programs (Rasmussen and Madsen, 2002).

## Section 2. Networks

Born global entrepreneurs are not only the founders and the owners of the firm, but also the managers who are responsible for the firm's operations. They need to be able to use their knowledge and interpersonal skills effectively when dealing with external environments which include all elements outside the firm that are relevant to its operation (e.g. customers, suppliers, bankers, governments, competitors, and so forth; are groups of individuals outside the firm who may pose a threat unless respectable relationships with them are developed). These relationships are considered important in the process of creation and development of business because networks/relationships can provide various resources to help develop the business. However, these external resources are humans, like the entrepreneur. This social interaction between entrepreneurs and their external environments or social resources involves a reciprocal exchange of resources, information, help, supports and opportunities. In addition, these external human resources also offer encouragement and moral support. Most of the small firm's external activities are concerned with these exchanges for the best interest of the business. An entrepreneur's personal network appears to be an effective strategy for getting access to, and exploiting external resources through exchange relationships.

Different researchers have given different definitions of networks and different terms (e.g. personal network, social network, or personal contact network) frequently appear in literature and are considered of as roughly interchangeable. However, the concept of inter-personal networks is usually used when investigating newly created as opposed to established firms. For our research we choose the definition given by Burt (1992) which he describes that each player has  a network of contacts consisting of everyone he knows, everyone he has ever known and everyone who knows him even though he does not know them. For the rest of our thesis we will use the term personal networks to describe the terms social networks, inter-personal networks and personal contact networks.

## Section 3. Networks and Early Internationalization of Firms

The network approach has its origin in 1930s when it first emerged in organization research and later in 1950s in anthropological and sociological work (Jack, 2005; Nohria, 1992). The focus on network and social relations has increased in entrepreneurship because of scholar’s perception that entrepreneurship is embedded and social networks can influence its outcomes. However, submission of network approach to firm internationalization is a recent phenomenon. The network model is emerged in 1980s when research confirmed that a many companies use their networks to smooth the internationalization process and it is argued that firms depend upon resources controlled by other firms. Their position within a network gives them the right of entry to exploit these different resources (Johanson and Mattsson, 1988). The model was developed further by Johanson and Vahlne (1990, 92, 03). Several scholars note that born global firms typically leverage networking capabilities to facilitate early internationalization and achieve success in foreign markets (Rasmussen et al., 2001; Bell, 1995; Coviello and Munro, 1995).

Different authors, for example, Bell (1995) and Coviello & Munro (1997) suggest that network approach is more appropriate measure to describe and explain the early internationalization of small firms and the importance of networks for internationalization of new ventures is increasingly acknowledged in recent research. However, knowledge about the role of various networks in the internationalization process of small firms is limited (Eberhard and Craig, 2012). Despite the wide spread research on early and/or rapid internationalizing firms since 1994 and recent review articles (Keupp and Gassmann, 2009; Aspelund et al., 2007; Rialp et al., 2005), empirical research is still fragmented and does not make contributions to common body of knowledge (Beate Cesinger et al., 2012). Cavusgil and Knight (2009) also suggest to investigate further the role of network relationship and what type of network contacts are beneficial in the early internationalization of born global firms. There remains much to be learned and further research is needed to examine network theory in the context of entrepreneurial firm (Coviello and Munro, 1995). Network research does not specify the role of networks in emergence and early growth of venture (Elfring and Hulsink, 2003) and it would be useful to conduct further research that differentiate different types of networks and their influence in the early internationalization of born global firms (Andersson and Wictor, 2003). Recent literature argues that network research requires greater understanding (Slotte-Kock and Coviello, 2010).

However many researchers directly jump to study the role networks play in internationalization. Harris and Wheeler (2005) emphasize the need to study the origin of relationship. An-other important aspect is that many previous studies has connected the born global phenomenon with high technology and new ventures. However, research has also pointed out that born global phenomenon is not confined to high technology industry but has also been found in traditional and mature sectors. In contrast to low-tech sector, high-tech sector shows great levels of uncertainty and dynamism and firms look into closely new opportunities to build up new competencies (Rowley et al., 2000; March, 1991). It is expected that the value of social capital varies across low and high technology sectors (Rowley et al., 2000) because of trade-off between the network characteristics that facilitate firms to engage in resource exploitation (Ahuja, 2000). Furthermore, Johannisson (1996) has argued that personal networking is less important in manufacturing compared to service industry. Schutjens and Stam (2003) identify that firms in manufacturing sector have relatively more types of business relationships than firms in service sector. Different levels of innovation also affect the variation of contacts as innovative firms tend to have more cooperative relationships compared to firms without innovation (Johannisson, 1996). Mort and Weerawardena (2006) investigate the networking capabilities of high technology vs low technology firms and find that networking capability is essential to the firm growth in both high technology and low technology industries.

It has also been claimed that due to environmental differences and development within a country pattern of internationalization also varies from country to country (Welch and Luostarinen, 1988) and level of institutional development within a country has a direct impact on entrepreneur's network composition (kiss and Danis, 2008). As far as internationalization of firm is concerned, very little is known about the national context's influence on the process of firm's internationalization and the extent entrepreneurs depend on their social networks (Kiss and Danis, 2008). In this part we will focus on pattern of internationalization and networks in national context by comparing born global firms in France and Pakistan. Current literature emphasize more the importance of networks for new business activities in emerging economies than in developed economies because of uncertainty and information asymmetry. Therefore entrepreneurs in emerging countries establish relationships with other actors in order to gain access to resources. In contrast, institutions are more established in developed countries and network partnership becomes less important for new ventures. Therefore the level of institutional development within a country has a direct impact on the composition of entrepreneurs' networks. Although both strong and weak ties have been identified as having positive and direct effects on the internationalization speed, however, the relative strength of these ties rely on the level of institutional development within a country. The extent to which entrepreneur's depend on their ties varies across countries and institutional context. It has also been argued that although both weak and strong social ties facilitate, irrespective of institutional context, the rapid venture internationalization, however, the strong network ties are more prevalent in economies with lower level of institutional development and weak ties are more prevalent in economies with higher level of institutional development.

In a nut-shell, we argue the importance of personal networks as a key explanatory factor in the early internationalization process of small firms which we intend to investigate and where our main focus is to study the role of networks in resource acquisition of born global firms. Therefore we will also focus on how these small firms overcome resource scarcity and acquire knowledge about international markets. Before focusing on role of networks, we also intend to investigate, where from these networks originate. Then we will also study how networks composition differs in various industrial sectors and does country's level of institutional development is important for born global firms.

More specifically, the above issues will lead to the formulation of several specific questions such as:

- Do born global entrepreneurs utilize their personal networks to overcome their resource and information constraints?
- What is the origin of these personal networks and what are the patterns of networks of relationships established between entrepreneurs and their personal networks?
- What kind of personal networks are normally utilized by these entrepreneurs for the early internationalization of their firms?

- What is the impact of industry on these personal networks of entrepreneurs? Do network play different role in low-tech and high-tech industry?
- Does the network composition differ in different institutional contexts?

## Section 4. Significance of Study

The phenomenon of early internationalization of firms has attracted much attention recently (Madsen et al., 2012; Keupp and Gassmann, 2009). It is highlighted in the literature that firms which are international from inception are an important phenomenon to be researched further and recent research has focused specifically on this "born global" phenomenon.

The significance of our study is evident from the points mentioned below:

- The interest in this phenomenon is explained by the economic impact that it represents as the growth of the exports of small companies increases (Cavusgil, 1994; Rennie, 1993). In addition, the process followed by the calls for additional research on firm internationalization because it challenges the universality of the traditional stage models of internationalization. Although the phenomenon has been observed in many countries and several industries, its study is recent and belong to a research domain that is still in development, that of international entrepreneurship (Servantie, 2007). There is no doubt that study of firm's development in today's business environment is important. Oviatt & McDougall (1997) emphasize the need to investigate the reasons for the start of such small firms as well as their importance and role in the international market.

- An-other important point is marginal presence of French scholars. Cabrol and Nlemo (2009) report that majority of studies have been conducted in US context but the presence of France is limited. They report only two studies of (Moen, 2002; Moen and Servais, 2002) however neither study is exclusively devoted to France, as the former studied Norway and France and the latter studied Norway, Denmark and France. Although the ranking of European scholar community in this emerging domain is very high, however, because of contribution from countries in Northern Europe. In fact, 26% of European contributions are from Finland, 23% are from UK, 15% from Sweden, 10% from Denmark and 7% from Norway. There is an emerging but marginal presence of authors from other European countries like Germany France Italy and Spain (Servantie, 2007).

- Third important contribution is the study of this phenomenon in developing countries. To date, researchers have focused on firms from developed countries and one may question if findings from developed countries are applicable to small firms from developing countries. Although phenomenon has been studied in emerging economies (Olsson, 2002; Fillis, 2001). However in case of Pakistan we find only one study conducted by Fatima et al (2011). A major challenge faced by Pakistan at this time is to energise the private SME sector. For such an expansion it will be important that local entrepreneurship be encouraged and complemented by public policies.

## Section 5. Objectives of Study

The general objectives of the study are to investigate the role of personal networks in early internationalization of small born global firms. This involves an analysis of the structure and patterns found in small firm networks and their usefulness and their relation to business development and internationalization. More specifically, an investigation will be conducted on the basis of the objectives listed below:

- To identify the origin of network utilized by small firm entrepreneurs.
- To investigate the networks structure of small firm entrepreneurs.
- To understand and explain the role of networks in the early internationalization of these small firms.
- To compare the network origin, structure and role in different industrial context.
- To examine the network structure in different institutional context.

# Section 6. Implications

Throughout out our discussion on literature, analysis and findings, we demonstrate the importance of networks in the early internationalization of born global firms. This thesis has to some extent contributes to the research domain of how network influence early internationalization of born global firms. This thesis contributes to insight into this specific research area however the specifically narrow focus of thesis is an extension of the previous research within the research area and support has been found from this study to those findings. This thesis emphasizes the need for more research within this area. Although there are interesting findings from this study by conducting the research with a different focus i.e. moderating effect of industry and country's level of institutional development, however, it needs to be taken into consideration that only ten case firms are included in the research. In this section, we attempt to describe some implications.

## 6.1. Implications for Managers

The findings of our research are useful for entrepreneurs and managers and reveal interesting implications. Networks are highly important in internationalization of companies which are required to change not only their strategy but must also change their network behavior in order to increase the pace and results of internationalization. First, entrepreneurs can develop their business ventures through social networks (Johannisson, 1988; Aldrich and Zimmer, 1986). It is necessary for them to seek and acquire resources from their social networks for their development and survival. It has been shown that it is necessary for entrepreneurs to be close to their family (and some friends of the primary networks) as a base for them to support the early stage of their business development (Nelson, 1989; Birley, 1985). In addition, entrepreneurs need to prove that they can succeed in business if they are given opportunities to compete and given access to capital and other resources. This is to gain the confidence and trust of the society. Therefore, it is essential for them to utilize their social resources for the creation and the development of their businesses (Johannisson, 1988; Aldrich et al., 1987), especially entrepreneurs with high ambitions for internationalization have to be aware of the potential role key networks can play. They should acquire required knowledge, experience and skills from their networks because it is a key mechanism to speed up the internationalization process. Entrepreneurs should invest in developing strong and good quality relationships with resource providers.

Second, as it is evident that technology-based firms are international by nature but other firms operating in traditional sector can also achieve early internationalization. Therefore prospective entrepreneurs should be aware that internationalization is a crucial and important part of the business plan and they need to develop a well-thought internationalization strategy. And the timing of internationalization is also a key strategic decision and they should not delay internationalization but start exports early after their foundation. However, internationalization is a risky process that requires significant amounts of resources and it is necessary for entrepreneurs to manage people in their personal networks. They should assemble required financial and human resources if they aspire for early internationalization. In managing their networks, they are required to identify the nature of relationships with network members (Larson, 1992) and they need to prolong the relationships with their network members and keep those relationships in a good condition (Dindia and Canary, 1993). It is necessary to mention that the experiences of entrepreneurs demonstrate that networks require investment (Welch and Wiedersheim-Paul, 1980; Boissevain, 1974), exchange (Hertz, 1992; Cook, 1982), multiplicity of relationships (Boissevain, 1974), trust and commitment (Curran et al., 1993; Johannisson, 1988), interdependence between entrepreneurs and their network members (especially with suppliers and customers), and also require a stability in the relationship (Curran et al., 1993) which needs to be maintained for future use. It is necessary for born global firms to plan, establish, develop and maintain relationships with their network members.

Third, entrepreneurs are also required to include more people and increase the diversity of people in their personal networks. So that they can access a variety of people who have different kinds of resources (Aldrich et al., 1987). For example, family can provide the initial capital for business (Zimmer and Aldrich, 1987), new friends who are also in business can provide business information and government agencies can provide knowledge, skill, credit or markets. This implies that entrepreneurs should spend more time in building networks with people who have a wide set of competencies. More people with a wide set of competencies in entrepreneurs' personal networks will provide a variety of resources (Aldrich et al., 1987). For internationalization, entrepreneurs need to learn from people who have experience in business. In addition, if entrepreneur lack international experience, they should try to attract senior management team with international experience.

### 6.2. Implications for Research

This research makes a number of contributions to management science. First, this study brings more insights the origin and influence of networks on firm internationalization particularly by investigating different industrial sectors under different level of country's institutional development.

Second, this thesis provides a better understanding of how experiential learning and inter-organizational learning are related to each-other. At early stages, firms can speed international expansion by acquiring knowledge and skills through network ties. This is a significant finding as it may be one of factors underlying the recently proposed concept "learning advantages of newness".

Third, implications for research is that the role of the industry/product and country's level of institutional development have great importance (unique products allow faster internationalization; other products mostly drive internationalization through cost orientation). Firms in low-tech sector are more dependent on strong ties for initial internationalization particularly in developing countries; however, there is no difference in the type of network ties for high-tech firms.

Fourth the role of internet particularly in IT based firms must be taken into consideration. Internet is found to be very effective tool in internationalization and network development of IT based firms.

### 6.3. Implications for Policy Makers

This research also provides some valuable insight for policy makers who want to support the early internationalization of young and small firms. Policy makers recognize the importance of internationalization for economic growth and regional prosperity. Even though they have already developed certain support programs for internationalizing firms, however, it is prudent for policy makers to use network formation approach along with traditional support programs particularly in developing countries like Pakistan. We have found that internationalization starts with the help of personal networks, therefore policy makers should recommend entrepreneurial development programs including not only development of entrepreneur attitude but also supporting the establishment of effective relationship with external actors. Therefore government and non-government agencies can organize such activities e.g. trade fairs and seminars which can help entrepreneurs to establish and develop networks with foreign buyers. It has also found that main source of capital and other support is strong social ties (family and friends). Therefore, policy makers should also see how informal sources of capital and other support can be effectively combined with formal sources (e.g. financial institutions).

We have found that firms from both low-tech and high-tech sectors show early internationalization. However, low-tech firms are more dependent on their ties as compared to young, technology based firms which also use internet and recruit experienced persons. Thus these firms require a more tailored approach for developing policy measures. Policy makers can facilitate the search for external management having international experience because young entrepreneurs are busy in setting up the business and lack the time to look for experienced management. In addition, they are often from purely technical backgrounds and thus do not have the networks to identify potential candidates that can strengthen their team.

Born global Firms often lack a business culture therefore networking with government agencies can provide a variety of support. In addition to this government can also facilitate these small young firms to form partnerships with established players. These firms face liability of newness and smallness which prevents these firms to build strong partnerships with other actors. Governments can also invest in the creation of cross-border networks involving both domestic and foreign business partners and resource providers.

## Section 7. Formation of Thesis

We have divided this thesis into two parts. First part includes four chapters. First chapter describes the concept of born global firms. We have described various definitions of born global firms available in literature. We also give a brief description of dispersion in literature that is a constraint in the selection of born global firms for investigation. The second chapter describes the internationalization process of born global firms in which we have described various concepts of internationalization. We also explain the network approach that is considered suitable to explain the born global phenomenon. In the third chapter, which is the main part of our thesis, we have given the conceptual frame work for our research. We have described the origin, structure and role of social networks in the early internationalization of born global firms and how social networks are different in different industrial sectors and under different level of countries' institutional development. We have concluded this part with research gaps that exist in this area. Fourth chapter is devoted to methodology where we have described our research approach and choice of method.  Second part of thesis is divided into two chapters. First chapter of this part presents our findings by describing the internationalization of ten firms and their networks with graphic representation. In the second chapter of this part we have discussed our findings supported with previous literature. In the end we have given a conclusion of our research work and we will also describe the limitations.

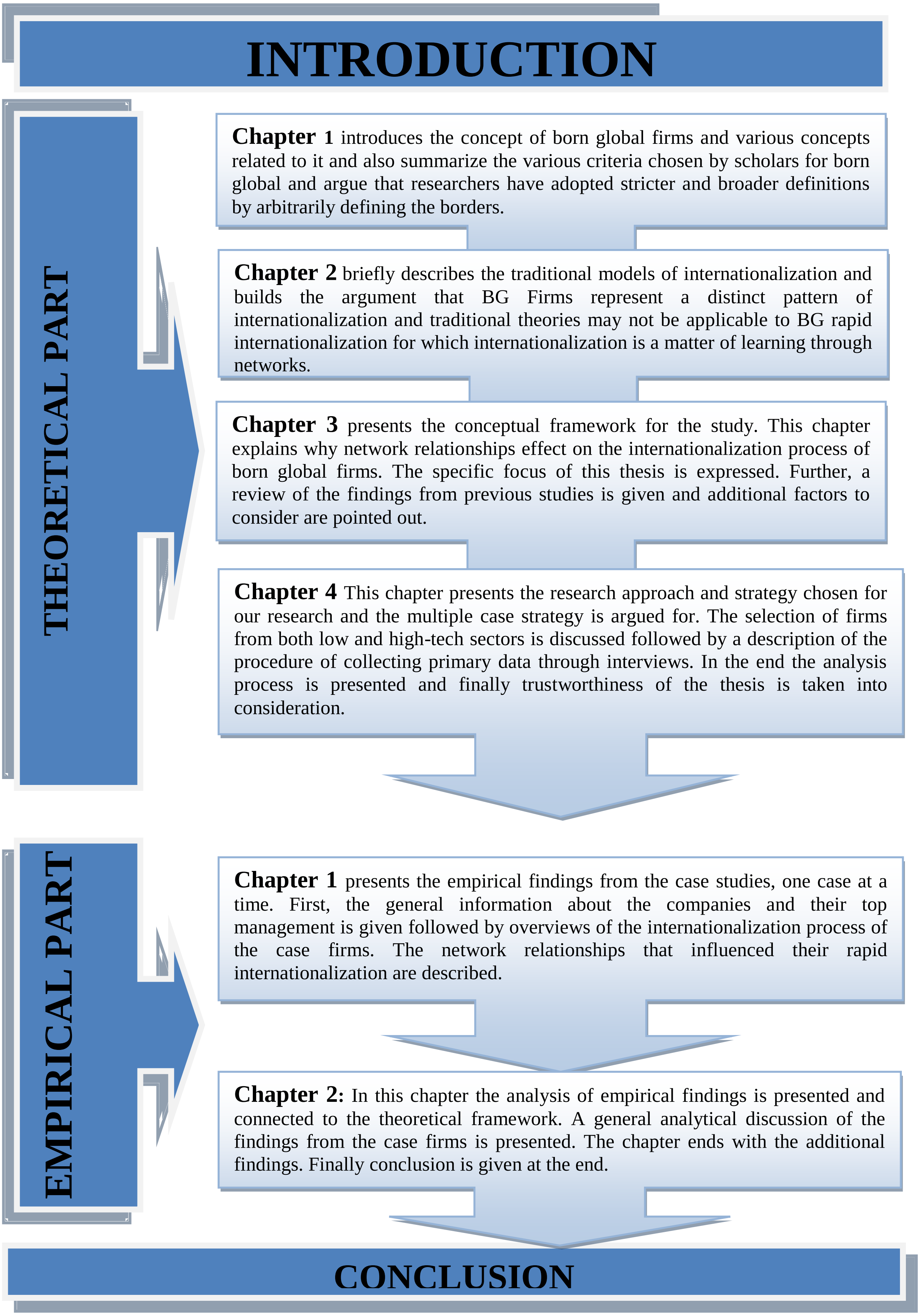


Figure 1 : Plan of Thesis

# Part First Theoretical Part

In this part we build theoretical framework for our study (figure 2). First chapter introduces the concept of born global firms and presents various definitions of born global firms. We also describe various concepts related to it and identify the dispersion in literature by summarizing the various criteria chosen by scholars for born global. After describing the concept of born global firms, the second chapter describes the traditional theories of internationalization and builds the argument that born global phenomenon represents a distinct pattern of internationalization and traditional theories are not be applicable to born global firm's early and rapid internationalization for which internationalization is a matter of learning through their networks. Finally in the third chapter, the conceptual framework for our research is build. This chapter explains why and how networks effect on the early and rapid internationalization process of born global firms. The specific focus of this thesis is expressed that born global firms challenge the traditional models of gradual and slow internationalization in stages (Andersson and Wictor, 2003) and network can offer an explanation of internationalization of these smaller firms who depend on relationships with others for their development (Coviello and Munro, 1995). Majority of these small firms use different networks to smooth their internationalization process (Andersson and Helander, 2009). However, still knowledge about role of various networks in internationalization process in limited (Eberhard and Craig, 2012). Despite the wide spread research on early rapid internationalizing firms since 1994, empirical research do not contribute much to common body of literature (Beate Cesinger et al., 2012) and much remains to be learned. Further research is needed to examine in the context of entrepreneurial firm (Coviello and Munro, 1995). It is also argued in recent literature that network research requires greater understanding (Slotte-Kock and Coviello, 2010).

Fourth chapter is dedicated to methodology and is divided into three sections i.e. epistemological and methodological issues, multi case study perspective and data gathering and analysis. Each section is again sub divided into sub sections. We will focus on each section one by one. We have also given the graphical presentation of our research methods on the next page (figure 5).

THEORETICAL PART

**Chapter 1:** This chapter introduces the concept of born global firms and various concepts related to it and also identify the dispersion in literature by summarizing the various criteria chosen by scholars for born globals and argues that researchers have adopted stricter and broader definitions by arbitrarily defining the borders.

**Chapter 2:** This chapter briefly describes the traditional models of internationalization and also gives the current status of research in the domain of born global internationalization. And builds the argument that BG Firms represent a distinct pattern of internationalization and traditional theories may not be applicable to BG rapid internationalization for which internationalization is a matter of learning through networks.

**Chapter 3:** In this chapter the conceptual framework for the study is presented. This chapter explains why network relationships effect on the internationalization process of born global firms. The specific focus of this thesis is expressed. Further, a review of the findings from previous studies is given and additional factors to consider are pointed out.

**Chapter 4:** This chapter is divided into three sections. The strategy chosen for our research is multiple case study. The selection of firms from both low and high-tech sectors is discussed followed by a description of the procedure of collecting primary data through interviews. In the end the analysis process is presented and finally trustworthiness of the thesis is taken into consideration.

Figure 2 : Plan of Part First (Theoretical Part)

# Chapter 1 Born Global Firms

Interest in international entrepreneurship (IE) has increased during the last two decades (Oviatt et al., 1995). Although research in the domain of small firm's internationalization started in the 1970s and has expanded during the previous four decades (Hollenstein, 2005; Coviello and McAuley, 1999; Fujita, 1995; Buckley, 1989). However, specific interest in the internationalization of new venture started in the late 1980s when number of firms starting their international activities just after their inception (McDougall, 1989) started increasing. McDougall's (1989) laid the foundation of academic research in IE. McDougall and Oviatt (2000) are the first to propose a definition of IE which is still used as a reference in the literature on the topic of internationalization. They define IE as "*new and innovative activities that have the goal of value creation and growth in business organizations across national borders* (McDougall and Oviatt, 1996, 23)" In more recent work, they add the concepts of pro-activity and risk-seeking to their definition, arguing that *"IE is a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organizations"* (McDougall and Oviatt, 2000, 903). Zahra and George (2002) comment that IE is not specific to new firms; it also concerns established firms. They conceptualize IE as "*the process of creatively discovering and exploiting opportunities that lie outside a firm's domestic markets in the pursuit of competitive advantage* (p.11)". According to Zahra and George (2002) the term IE is first given by Morrow (1988). In 2005, Oviatt and McDougall propose a new definition for IE which includes the factor of opportunity and attempts not to restrict entrepreneurship to the creation of firms: *"International Entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities—across national borders to create future goods and services (p. 540).*"

The empirical research investigating factors for early internationalization of small firms is largely based on case studies; see for example Johnson (2004) for a detailed literature review regarding drivers of early-internationalization. The field of IE has been studied from various disciplines e.g. economics, psychology and sociology and business (Oviatt and McDougall, 2005a). Research scholars have investigated ventures from all world regions and research is dominated with samples from technology-based ventures, although examples from other industries are identified (McDougall and Oviatt, 2003).

Hessels (2008) reports that IE is an interdisciplinary area that figures out the foundations on entrepreneurship and international business. He highlight that SME literature on antecedents of internationalization is extensive, however, previous research findings are not consistent, which may be due to fact that different operationalizations for internationalization have been used and a cross-country perspective is absent. Traditionally literature emphasizes the importance of a firm's resource base for small firm’s internationalization. However, firms facing resource constraints also build competitive advantage through international activities which emphasize the need to get further insight into how small firms are able to access resources through their international operations.

## Section 1. Born Global: an Introduction

Born Global firms have received increased interest from the researcher during the last two decades. The concept is first introduced in 1993 in a survey for *The Australian Manufacturing Council* by the consultants McKinsey and is defined as *“firms that begin exporting only two years after their foundation and achieve 76% of their total revenue through export* (Rennie, 1993,46).” Cavusgil (1994) in the first scholarly article describes this new type of exporters, *"there is emerging in Australia a new breed of exporting companies, which contribute substantially to the nation's export capital. The emergence of these exporters though not unique to the Australian economy, reflects two fundamental phenomena of the 1990s: 1. Small is beautiful. 2. Gradual internationalization is dead."* After these initial studies similar research on BG in different countries started appearing (Moen and Servais, 2002; Madsen et al., 2000; Madsen and Servais, 1997; Knight and Cavusgil, 1996).

Although these new type of firms become the focus of attention of researcher in 1990s, however there exist in literature the evidences that this phenomenon is not new. For example, Ganitsky (1989) in a study reports that some firms in Israel start their foreign markets operations right from their foundation. Earlier Welch and Luostarinen (1988) also identify small English, Australian and Swedish Firms skipping different stages of Internationalization. Knight and Cavusgil (1996) also report earlier studies documenting the examples of internationalization patterns similar to born global Firms. Wilkins and Hill (1964) as cited by Schultz et al. (2009) even report that born global firms have been present for the most of the time of economic globalization, for example, East India Company in 1600 and Ford Motor Company in 1903 are an international venture at their founding. However, these born global firms have been continuously increasing in number since late 1980s (Knight, 1987; Oviatt and McDougall, 1994) due to various reasons including development of ICT and have become the focus of attention of researcher in last few years. Studies to investigate such firms have been conducted in various countries for example Australia (Rennie, 1993), Ireland (Knight et al., 2001), Israel (Almor, 2011), New Zealand (Dana, 2001), Scandinavian countries (Kirpalani and Luostarinen, 1999) and the USA (Knight and Cavusgil, 1996; Oviatt and McDougall, 1994). A few studies have also been conducted in emerging economies, for example, India (Varma, 2010), China (Naudé and Rossouw, 2010; Huan and Ghauri, 2010) Brazil (Dib et al., 2010; Boehe, 2009) and very few studies in developing countries e.g. Pakistan (Fatima et al., 2011). These studies clearly highlight the importance of this new breed of firms in many countries of the world.

## 1.1. Definitions of Born Global Firms

Different definitions of this new kind of firms can be found in the previous literature and born global concept is still in construction. Rasmussen and Madsen noted (2002) that there is no clear theoretically or empirically definition of BG firms. The concept of born global is introduced first by Rennie (1993) and is described as *"small and medium sized firms that successfully compete-virtually from foundation against large established players in the global arena. These firms did not slowly build their way into international trade (p.45)"*. Oviatt and McDougall (1994) define as *"an organization that from foundation seeks to drive significant advantage from the use of resources and the sale of inputs in various countries (p.49)"*. Knight and Cavusgil (1996) define as *"small technology oriented firm that operate in international markets from earliest days of their foundation (p.11)"*. Knight and Cavusgil (2004) redefine them as *"business organizations that from or near their inception, seek superior international business performance from the application of knowledge based* *resources to the sale of outputs in numerous countries (p.124)".* Madsen et al (2000) define as "*a firm with an export percentage (compared to total sales) of 25% or more, which has started exporting within three years after firm's inception (p. 173).*" Andersson and Wictor (2003) report that a firm is born global that *"has achieved a foreign sales volume of at least 25% within three years of its foundation and that seeks to drive significant competitive advantage from the use of resources and the sales of outputs in numerous countries (p. 254)".*

Gabrielsson and Kirpalani (2004) report that various scholars have used the different criteria when defining born global firms; (a) vision and strategy (Knight and Cavusgil, 1996; Oviatt and McDougall, 1994), (b) small technology-oriented firms (Knight and Cavusgil, 1996; Knight et al., 2001), (3) time to go international, from immediate to three years (Knight et al., 2001; Knight and Cavusgil, 1996), (4) geographical expansion in terms of export ratio, 25% or more (Knight and Cavusgil, 1996) or how many countries served outside the home country (Oviatt and McDougall, 1994), and (5) geographical expansion outside the home continent with a minimum of 50% external sales (Luostarinen and Gabrielsson, 2004).

## 1.2. Concepts Similar to Born global Firms

Rasmussen and Madsen (2002) has very well described, both theoretically and empirically, the concept of BG firms. They report that before the BG concept, research in relation to firms deviating from the stage-models has also being conducted. They have cited the various similar concepts described in previous literature. Various studies conducted during the 1980's document the small firms which are not following the gradual internationalization. For example Hedlund and Kverneland (1985) use the term 'leapfrogging' to describe a firm that skips the stages of the classical stages model. Ganitsky (1989) use the term 'innate exporter' to describe the firm with limited resources and experience but has a larger degree of international outlook. Jolly et al. (1992) describe the firms having founders from several countries following a strategy focused on international niche markets. These high-tech start ups have to enter into international markets right from their birth due to their high tech product. Until mid 1990s the research is limited to a few case studies conducted primarily about high-tech companies. The work of McDougall and Oviatt

(1994) energize this new research area and labelled this type of firm as 'International New Ventures' (INV), and describe these firms as *"firms that right from its inception seeks to drive significant competitive advantages by using resources from several countries and by selling its products in numerous countries (p.49)"*. Their definition is broad but more precise than the previous definitions of such type of firms. They tried to be more specific on the concepts used in their definition through a typology of firms created from the number of value chain activities combined with the number of countries. Their typology of INV (Figure 3) makes it easier to give precisely define the different type of firms.

| **Coordination of Value Chain** | | **New International Market** | |
|---|---|---|---|
| | Few Activities Coordinated | *1.Export/import Start ups* | *2.Multinational Traders* |
| | Many Activities Coordinated | *3.Geographically Focused start-ups* | *4.Global Start-ups* |
| | | **No of Countries served** | |

(cf, Oviatt and McDougall, 1994, p.59)

Figure 3: Types of International New Ventures

For example New 'International Market Makers (i and ii)' are traditional exporters and importers. Geographically Focused Start-Ups (iii)' focus on a few customers in a small part of world with a highly specialized demand. The 'Global Start-Ups (iv)' are the most radical new international firms which coordinate almost all activities across national and regional borders. They are extremely active globally to get access to numerous resources and markets.

## Section 2. Dispersion in Literature

As mentioned in the previous section that there is no clear and precise definition of a born global firm. Definitions differ between studies from the Europe and United States contexts (Cesinger et al., 2012) and more clarity and consistency in operational definitions is required for future empirical studies (Aspelund et al., 2007) and core and basic characteristics of the phenomenon need to be identified (Cesinger et al., 2012). Aspelund et al. (1997) recommend that first of all future research should reach a generally accepted definition of phenomenon.

We have also described in previous section the various concepts of this kind of firms as cited by Rasmussen and Madsen (2002). Servantie (2007) identifies that on several occasions in the literature, the use of the INV definition proposed by Oviatt and McDougall (1994) is applied to other terms in an indiscriminate way, or Born Global is given as equivalent to High Technology Start-Ups or the International Entrepreneurship, thus creating confusion between the concepts, their definitions and their limits. In current literature it is apparent that there is little clarity around the concept level of internationalisation and the global firms and international firms are often amalgamated, even if these two concepts present important differences. Dib et al. (2010) report that researchers have adopted stricter or broader definitions by arbitrarily defining the borders. They also summarize the different criteria chosen by scholars for BG firms, for example:

- First criteria is **'export percentage or earnings from export'** chosen by scholars while defining born global firms and there are as many limits as scholars, for example, minimum 5% (McDougall, 1989), 25% or more than 25% (Mort and Weerawardena, 2006; Knight et al., 2004; Knight and Cavusgil, 2004; Moen, 2002; Moen and Servais, 2002; Rasmussen and Madsen, 2002; Rasmussen et al., 2001); more than 50% for firms from small open economies, such as Finland (Gabrielsson, 2005; Gabrielsson and Kirpalani, 2004); more than 75% for firms from countries with small domestic markets, such as New Zealand (Chetty and Campbell-Hunt, 2004).

- Second dispersion in the literature identified by Servantie (2007) is the **age limit** chosen by the firms that initiate a process of internationalisation almost immediately they have been established and grow their global operation very rapidly thereafter. For example, within 2 years (Moen, 2002; Moen and Servais, 2002; Rennie, 1993); within 3 years (Mort and Weerawardena, 2006; Knight et al., 2004; Rasmussen and Madsen, 2002; Rasmussen et al., 2001; Knight and Cavusgil, 1996); within 5 years (Zucchella, 2002); within 6 years (Zahra et al., 2000); within 7 years (Jolly et al., 1992); within 8 years

(McDougall et al., 1994); within 15 years to reach 50% of sales in another continent (Gabrielsson and Kirpalani, 2004).

- Third issue is **date of foundation.** A common view is that these firms start emerging after 1990 (Moen, 2002; Moen and Servais, 2002; Rasmussen and Madsen, 2002). However, some studies have documented firms with an earlier foundation (Rasmussen et al., 2001).

- **Geographic scope** is the fourth issue which means the number of international markets served by a firm. Location of these international markets is also of concern. For example, how many international markets (Sharma and Blomstermo, 2003) and markets in the same region or markets in different regions of the world (Gabrielsson, 2005; Gabrielsson and Kirpalani, 2004; Chetty and Campbell-Hunt, 2004).

But the question arises why and how had these criteria been chosen, we do not have any justification in literature. And in addition to this Internationalization is not limited to the sale of products and services in foreign countries. As Sullivan (1994) shows that internationalization has three attributes; 1) performance which means what goes overseas, 2) structural which refers to overseas resources and 3) attitudinal which refers to the top management's international orientation. Moreover, Daniels and Radebaugh (2001) report that internationalisation can be analyzed on following five dimensions: impetus for international business, external vs. internal handling of foreign operations, mode of operations, number of countries served by a firm and the degree of similarity between domestic and foreign countries. Hence, internationalisation is much more than sales in foreign countries.

# Conclusion

Born global firms have been continuously increasing in number since late 1980s (Knight, 1987; Oviatt and McDougall, 1994) due to various reasons including development of ICT and have become the focus of attention of researchers during the last two decades. The concept is first introduced in a survey for the Australian Manufacturing Council (Rennie, 1993). Since then different definitions of this new kind of firms can be found in the previous literature and various similar concepts have also been described, for example, ‘leapfrogging’ (Hedlund and Kverneland, 1985), ‘innate exporters’ (Ganitsky, 1989), ‘high-tech start ups’ (Jolly et al., 1992), ‘International New Ventures’ (McDougall et al., 1994).

However, born global concept is still in construction and there is no clear definition. Definitions vary significantly between studies from the Europe and United States contexts (Cesinger et al., 2012) and more clarity and consistency in operational definitions is required for future empirical studies (Aspelund et al., 2007). There is dispersion in literature regarding export percentage or earnings from export, age limit, date of foundation and geographic scope. Gabrielsson and Kirpalani (2004) report that scholars have used the following criteria when defining born global firms; (a) vision and strategy (Knight and Cavusgil, 1996; Oviatt and McDougall, 1994), (b) small technology-oriented firms (Knight et al., 2001), (3) time to go international, from immediate to three years (Knight et al., 2001; Knight and Cavusgil, 1996), (4) geographical expansion in terms of export ratio, 25% or more (Knight and Cavusgil, 1996) or number of countries served outside the home country (Oviatt and McDougall, 1994), and (5) geographical expansion outside the home continent with a minimum of 50% external sales (Luostarinen and Gabrielsson, 2004). The criteria for the selection of firms in our research is adapted from the definition given by Knight and Cavusgil (2004, 649), “firms less than 20 years old that internationalize on average within three years of founding and generate at least 25 percent of total sales from abroad”. Several other studies have used this approach (Madsen et al 2000; Moen and Servais, 2002).

# Chapter 2 Internationalization of Born Global Firms

Small firms have limited financial, managerial and information resources as well as limited network and due to these constraints these firms internationalize in a slow process in which they increase their resource commitments to foreign markets in gradual steps (Bilkey and Tesar, 1977). During the 1990s, studies start to present a different view of SMEs' internationalization (Knight and Cavusgil, 1996; McDougall et al., 1994) showing that some SMEs began operating abroad from inception or soon thereafter. Compared with the conventional view, these firms demonstrate a more rapid internationalization with rapid resource commitments to foreign market operations. Size and resource limitations are not shown to be a constraint for their internationalization and these born global firms are started often by individuals with prior international experience from previous employment and have a personal network of relationships, which is useful for the initial internationalization of the firm (Madsen and Servais, 1997). Several studies examining the internationalization of SMEs during the last two decades have argued that these born global firms represent a distinctive pattern of the internationalization process as compared to others (Bell et al., 2003; Knight and Cavusgil, 1996) and traditional international business theories may not be applicable to these types of firms because of irrelevance of assumptions in previous theories (Zahra and George, 2002; McDougall et al., 1994). Many scholars highlight the importance of networks as the most crucial factor (Dubini and Aldrich, 1991; Aldrich et al., 1987; Birley, 1985). The importance of different types of networks for the internationalization of new ventures is increasingly acknowledged in research (Coviello, 2006). Researchers have emphasized the influence of network relationship on learning and the internationalization behavior of firms (Sharma and Johanson, 1987) and on accumulation and utilization of knowledge (Gulati, 1995; Burt, 1982). Different researchers have demonstrated that personal networks developed by key individuals are important for SMEs initial operations in foreign markets (Sharma and Blomstermo, 2003; Crick and Jones, 2000; Ellis, 2000). Small firms overcome the key constraints by using network competencies and limitations in financial and knowledge resources are overcome by using formal and informal alliances developed through personal networks (Freeman et al., 2006). Despite this increasing attention, very few studies have in detail described the role of networks and links between networks and internationalization overtime (Slotte-Kock and Coviello, 2010). Instead, a rather descriptive, snap-shot approach is still in common.

## Section 1. Concept of Internationalization: an Overview

The internationalization process of firms has been a main issue in international business research right from the outset and the analysis of internationalization has been a vital driving force in international business research (Buckley and Ghauri, 1994). However, the term internationalization, although widely used, has not been clearly defined and needs clarification (Welch and Luostarinen, 1988). The term refers to either a stance towards foreign activities or to actual execution of activities abroad (Johanson and Wiedersheim-Paul, 1975). This facet of internationalization has been further broadened by considering 'internationalization' as a 'sequential process of increasing international involvement (Johanson and Vahlne, 1977, Bilkey and Tesar, 1977). Given the growing inward-outward interconnection, Welch and Luostarinen (1988) suggests a broader definition by including both sides of the process and define internationalization as *"the process of increasing involvement in international operation" (p.8).* Beamish et al (1990) gives a new delineation to cover the previous findings; they describe internationalization as the process by which firms both increase their acquaintances of the direct and indirect influences of international transactions on their future and launch and manage transactions with other countries. Later, Calof and Beamish (1995) define internationalization as *"the process of adaptation of firms' operations (strategy, structure, resource, etc.) to international environments (p.116)".* Bo (2007) defines internationalization *"as the process of increasing involvement in international operations"*. A different view is taken by

Over the period from the late fifties there has been an enhanced interest in the firm's internationalization process (Buckley and Ghauri, 1994). In the beginning, much interest has been focused on multi-national corporations involving with documenting and explaining their spread and assessing their impact. However, many questions regarding the development process are left unanswered. During the 1970s researchers become interested in the analysis of specific steps which contribute to the ongoing process and lead to a foundation for later moves (Welch and Luostarinen, 1988). The field of internationalization of the firm seems to have re-gained its momentum recently and a number of studies have been published in leading journals (Gassmann and Keupp, 2007; Weerawardena et al., 2007; Zhou, 2007; Zucchella et al., 2007) especially with the birth of this new breed of born global firms.

There are several internationalization theories and models describing the internationalization of firms. Traditional theories have focused on FDI (Foreign Direct Investment) and how multinational enterprises (MNEs) enlarge their share in international markets however, the focus of recent theories are small and medium enterprises (SMEs). The literature about internationalization remains partially scattered and none of these theories and models entirely cover the actual internationalization of SMEs. Internationalization can be examined from two main perspectives; economic and behavioural approach. The main approaches for understanding the internationalisation of firms are based on the basis of the economic theory on internationalisation: the theory of the growth of the firm (Penrose, 1959), the internalisation theory (Buckley and Casson, 1976), market power theory of a firm (Hymer, 1976) and product life cycle approach (Vernon, 1966). Economic theories have generated a vast amount of research and have been rather dominating (Anderson and Gatignon, 1986; Dunning, 1988; Rugman, 1982). On the other hand behavioural approaches include Uppsala Model and Innovation Related Model which we focus in the following paragraphs.

## Section 2. Behavioral Approaches

This stream of research draws on the behavioral theory of the firm (Andersen, 1993). This development begins with Aharoni's (1966) key article in internationalization studies and is the foundation for studies of decision process in multinational firms (Buckley and Ghauri, 1999) and followed by a number of researchers both in Europe and United States. Behavioral-related theories refer to the organizational and social side, like the decision process model by Aharoni (1966), who argues that: *"a foreign investment process is a complicated social process, involving an intricate structure of attitudes and opinions, social relationship both inside and outside the firm, and the way such attitudes, opinions and social relations are changing (p. 13)".*

## 2.1. Uppsala Model

Johanson and Vahlne (1977) presents a model of increasing foreign market commitments which focused on gradual acquisition, integration and use of knowledge about market knowledge and operations. This model is based on their empirical findings from their previous studies during 1970s. Earlier, Johanson and Wiedersheim- Paul (1975) present an establishment chain model showing that the internationalization process is an incremental process involving four stages. This process is based on cumulative path where absence of international experience reduces the chances of firm to engage in unknown markets. As a result, the firms initially focus their activities on the national markets in order to avoid unnecessary risks. The Uppsala Internationalisation Model (U-model) explains that internationalization of firm is interplay between market knowledge development and resource commitment in foreign market where concept of market commitment is again constructed of two elements including the amount and the degree of resource commitment. U-model distinguishes general and market-specific knowledge where market-specific knowledge is acquired by experience whereas general knowledge is transferable and assists in lateral growth. The U-model also implies that internationalisation happens through small incremental steps. However, there exist three exceptions: (1) larger companies may take larger steps due to larger resource; (2) when conditions in market are stable and homogenous, relevant knowledge can be gained in by other than experience; (3) a firm may be able to apply and execute the experience to any specific market after gaining considerable experience from markets with similar conditions.

Johanson et al. (1975) in order to explain the progression of the firm’s activities to foreign markets, use the concept of psychic distance which includes the factors such as differences in culture, language, education, industrial development and political systems. They also argue that large psychic distance means that firms have little or no knowledge about markets and firms normally internationalize first to low psychic distant markets and expand their activities to more psychic distant markets after gaining experience. The above mentioned findings about Swedish firm’s development of international operations contribute toward development of theoretical model called “U-model” (Johanson and Vahlne, 1977).

Later, Johanson and Vahlne (1990) extends the explanatory power of the model and embrace new approaches. First, they connect the internationalization model to direct investment theory (Ghanatabadi, 2005). The purpose of the model has been altered and defined as: “explaining the pattern and mode of establishing marketing-oriented operations” (Johanson and Vahlne, 1990, 16). Second, some other restrictions are argued by relating the process model to the concept of the industrial network (Ghanatabadi, 2005). In response to the increasing role of the network relationships among different business actors, Johanson and Vahlne (1990) describe that networks are subtle phenomena that are not easily observable by outside observers and can only be understood through experience from interaction inside. Therefore it can be assumed that *“market (i.e., network) knowledge is based on experience from current business activities, or current business interaction (p. 31)”* (Ghanatabadi, 2005).

## 2.2. Innovation-related Internationalization Models (I-M)

The Innovation-Related Internationalisation Models (I-Models) offer another view on incremental development. The models consider the decision to internationalise as an innovation for the firm. The decision to begin activities and the incentives to start exporting are explained differently in the models of Bilkey and Tesar (1977) than in the models of Cavusgil (1980) and Reid (1981). For example, Bilkey and Tesar (1977) study the export development process of small and medium sized Wisonsin manufacturing firms. They present a stage model and explain that export development occurs in stages. Reid (1981) describes the foreign entry and expansion as an adoption of innovation type of behaviour. He also describes the export expansion process following stages.

The decision is affected by push or by pull forces according to the different emphasis between these models. Push mechanisms, or an external change, initiates the export decision. Pull mechanisms, or an internal change force, explains the shift from one stage to another. The Innovation based models (I-Models) suffer from a narrow perspective. The models assume that the firm is able to manage its operations independently moving from one stage to another. The dependencies of a business actor are not considered, which may be criticised. The I-Models also seem to build on a one-way pattern of development and a firm based view. Still, many SMEs attempt to export a specific product, and not the whole line of products. This makes the categorisation criteria difficult. Market multiplicity and a wide scope of activities create more solid capabilities in international business, whereas the single market-oriented view emphasises the experience from one source only. It is important to note that most researches of I-models are restricted to SMEs, and the use of a cross-sectional design (Andersen, 1993).

## 2.3. Criticism on Behavioral Models

As we mention above that two models have emerged since the mid-70s, U-Model in Europe (Johanson and Vahlne, 1990, Johanson and Vahlne, 1977) and I-Model in North America (Cavusgil, 1980, Bilkey, 1978). Both models can appropriately be regarded as behaviorally oriented (ibid.). According to the researchers, the gradual model of the firm's internationalization process can chiefly be qualified to two reasons: (1) lack of knowledge by the firm, especially "experiential knowledge," and (2) uncertainty associated with the decision to internationalize. Both models of internationalization have been questioned by several scholars, for example: Reid (1983) shows that significant inter-firm and intra-firm variations exist in the way exports are handled and these variations have their origin in firm and market specific factors.

- Turnbull (1987) reports that empirical and theoretical evidence contradicts the propositions of stage model. For example, Young and Hood (1976) as cited by Turnbull, report that firms can have significant sales prior to establishing manufacturing subsidiaries. Turnbull & Valla (1986) and Buckley, Newbould & Thurwell (1979) also report that companies do not necessarily follow any consistent organizational path. Even large companies use a variety of export marketing organizations, which can change from market to market. They also identify that there is a lack of clear distinction between stages of internationalization and confusion in their measurement.

- Reid (1983) reports that export development is not evolutionary process. He suggests that a stage of internationalization is largely determined by the operating environment, structure of industry and marketing strategy of firms. He further argues that stages theory cannot be used for understanding of the internationalization process because the environment within which a firm operates determines its strategies and through knowledge of this environment, the understanding of internationalization can be understood.

- Forsgren (1989), as cited by (Moreira, 2007), raises two criticisms on conceptual grounds contending that the U-model does not explain the start of firm's internationalization process and does not include acquisition as a means of entrance in markets.

- Sullivan *et al.* (1990) in their investigation, question the influence of geographic distance in the Internationalization process. Their study fail to support the incremental internationalization process as theorized by (Johanson and Vahlne, 1977, Johanson and Wiedersheim-Paul, 1975).

- Andersen (1993) evaluates the U-model and I-model on the basis of explanation and falsifiability criteria and highlights the inherent weaknesses in these models. He reports that both models lack explanatory power as well as the incongruence between the theoretical and operational level.

## Section 3. Internationalization of Born Global Firms

Several internationalization theories and models regarding the internationalizing of firms have been presented. However, none of these entirely cover the actual internationalization of SMEs. Consequently, it is better that these theories and models become integrated in order to explain and comprehend the internationalization of born global firms (Coviello and McAuley, 1999). As a matter of fact, literature review indicates that the internationalization of born global firms is a multifaceted approach that requires incorporation of three different theoretical approaches: internationalization, social network analysis and entrepreneurship (ibid.). The comparison of internationalisation is often based on the categorisation of why theories, how theories and why & how theories (Kjellman et al., 2004). During the last fifty years, international business has remained the focus of extensive research, however, there is not yet any universally accepted model of international businesses. A rationale for this is that little research has been done for theory building and testing (Andersen, 1993).

## 3.1. Current Status of Research

The increasing numbers of companies that internationalize early in their existence have become the focus of attention of government and management scholars since the beginning of nineties. Since the inception of born global concept, various schools have studied the phenomenon under different themes. During the start of 1990s scholars have focused on constructing a working definition of born global firms (Oviatt and McDougall, 1994; Rennie, 1993). Later on, many authors highlighted the importance of experience and characteristics of founder and founding team. Next significant development during last ten years is the appearance of reviews done by various scholars (Slotte-Kock and Coviello, 2010; Aspelund et al., 2007; Rialp et al., 2005; Hoang and Antoncic, 2003). In the following paragraphs we have briefly described the review done by these scholars to draw a picture of current status of research.

Zahra and George (2002) give a very comprehensive review on the current status of international entrepreneurship and report that prior studies have focused on three key dimensions i.e., 1) extent /degree of internationalization (Zahra et al., 2000; Reuber and Fischer, 1997; McDougall and Oviatt, 1996; Bloodgood et al., 1996; Brush, 1995; McDougall et al., 1994, McDougall, 1989), 2) speed (Zahra et al., 2000, Burgel and Murray, 1998; Reuber and Fischer, 1997; Fontes and Coombs, 1997), 3) scope (Zahra and George, 2002; Zahra et al., 2000; Burgel and Murray, 1998; Roberts and Senturia, 1996). Zahra and George (2002) report that scholars have examined three sets of variables: top management team characteristics, firm resources, and firm-specific variables. Under the top management team characteristics the focus of researcher is, 1) foreign market experience (Bloodgood et al., 1996; McDougall and Oviatt, 1996), 2) education abroad (Bloodgood et al., 1996), 3) background (Westhead et al., 1998) 4) global vision (Oviatt et al., 1995). As far as firm resources as a factor influencing international entrepreneurship are concerned, much attention in the previous literature has been given to, 1) the unique assets of the firm such as innovative products (Oviatt et al., 1995), 2) less customized products (Burgel and Murray, 1998), 3) research & development (Zahra et al., 2000; Burgel and Murray, 1998), 4) networks (Zahra et al., 2000), 5) reputation for technological superiority (Zahra et al., 2000). Under firm specific variables, authors have focused on, 1) size and age of the firm (Zahra et al., 2000, Bloodgood et al., 1996, McDougall and Oviatt, 1996), 2) location (Westhead et al., 1998; Steensma et al. 2000), 3) origin (Zahra et al., 2000), 4) growth orientation (Autio et al., 1997), 5) environment scanning (Autio et al., 1997). As regards the external environmental, the literature looks at, 1) intensity of domestic competition (Karagozoglu et al., 1998, McDougall, 1989), 2) limited domestic growth (Karagozoglu et al., 1998, Coviello and Munro, 1995), 3) intensity of international competition (Coviello and Munro, 1995, McDougall, 1989), 4) restricted government policies (McDougall, 1989), 5) institutional environment (Mitchell et al., 2000), 6) economy of scales & retaliation by industry incumbents (McDougall, 1989), 7) type of industry (Burgel and Murray, 1998), 8) industry gross profits and growth (Bloodgood et al., 1996).

Rialp et al. (2005) publish the first review regarding the early internationalization and examine the 38 articles published during the period 1993-2003. They emphasize the need for further theoretical developments to explain this phenomenon.  They report that this emergent field is still in its infancy stage. They extract very interesting information. For example, they find that there is a common agreement among several authors regarding early internationalization phenomenon being a distinctive pattern when compared to other businesses, (McDougall et al., 2003; Bell et al., 2003; Moen and Servais, 2002; Madsen et al., 2000; Jones, 1999; Rennie, 1993), secondly this early internationalization is inconsistent with traditional theories of internationalization (Moen and Servais, 2002; Moen, 2002; Madsen et al., 2000; Knight and Cavusgil, 1996; McDougall et al., 1994). They identify in the previous literature (Sharma and Blomstermo, 2003; Zahra et al., 2000; Autio et al., 1997; Madsen and Servais, 1997) that early internationalization of firms is more in accordance with organizational capability perspective, knowledge-and/or learning-based views and network theories. They also identify major discrepancies in literature regarding industrial context which means that this phenomenon has been associated with high-tech industries. For example several authors (Sharma and Blomstermo, 2003; Bell et al., 2003; Autio et al., 2000) claim that the new venture internationalization conceptual approach seems to be better suited to explain smaller knowledge-intensive firms. However, other scholars (McDougall et al., 2003; Moen and Servais, 2002; Moen, 2002; Aspelund and Moen, 2001; Rasmussen et al., 2001;

Madsen et al., 2000) report that born global firms in smaller countries are also found in other sectors and this phenomena of early internationalization is not necessarily associated to high-tech sector. Based upon their review they have also identified and summarized several factors facilitating the early internationalization phenomenon, for example, (1) global vision of management (2) international experience (3) commitment (4) use of personal and business ties (5) market knowledge (6) unique intangible assets based on knowledge management (7) technological innovativeness and product differentiation and quality leadership (8) a niche-focused and proactive international strategy (9) close customer relationships and finally (10) flexibility to adapt to rapidly changing external conditions.

Aspelund et al. (2007) also publish a literature review covering 41 empirical studies from 21 core journals during the period 1992-2004 and find great differences about the factors influencing the early internationalization. They identify almost same findings as was done by Rialp et al. (2005) and identify that there is no universally accepted definition of born global firms which is an interesting theme and challenge to the traditional models of internationalization. They identify that marketing strategies of international new ventures (INVs) are characterized by speed, resource focus on few markets, niche strategy and limited importance of psychic/geographical distance, manager/team's network ties, experience of manager/team, focus on lead markets and low commitment in entry strategies. They report that these findings clearly show many of the traditional constraints of internationalization no longer exist. They emphasize that there is a need to further investigate the influence of founder/team's international experience, orientation and vision on strategy development and to further investigate the effect of limited resources and external factors on the development of marketing strategy.

Servantie (2007) in a review of 131 articles published between 1992-2007 about early internationalizing firms analyzes the different terms used in the literature and identifies 56 terms used in 131 articles to describe the phenomenon. She further reports that although the phenomenon has been observed in many countries and several industries, its study is still in development. She indentifies the dispersion in literature and regarding the concept and emphasized the need for a common terminology and definition that can help to direct the future research. She also proposes a definition of early and fast internationalizing firms (FEIF) i.e. *"firms that make observable regular foreign commitments (e.g. sales, investments) from their earliest days and before becoming mature (p. 143)"* She also constructs a network of scholars who have worked on this topic most recently and categorized the 143 authors of these 131 articles into five networks i.e. Oviatt-McDougall Circle, Born Global Concepts, Non-Aligned, the Independents and others. She further emphasizes that in the absence of an agreed definition, it is difficult to achieve a representative sample and to compare the results on born global.

These recent and comprehensive reviews of internationalization literature, for example, (Slotte-Kock and Coviello, 2010; Aspelund et al., 2007; Servantie, 2007; Rialp et al., 2005; Coviello and McAuley, 1999) clearly reveals the growing significance of this emerging research topic in this field.

## 3.2. Early internationalization of BG Firms: a distinctive pattern

Until the 1990s, the common view within research has been that SMEs' size limitations and newness constrain their possibilities for expanding their operations abroad (Coviello and McAuley, 1999). Compared with large firms, these small have limited financial, managerial and information resources as well as limited network and are thought to internationalize in a slow process in which they increase their resource commitments to foreign markets in gradual steps (Bilkey and Tesar, 1977). Moreover, an implicit assumption is that a firm starts to develop its business in domestic markets before operating abroad. During the 1990s, studies start to present a different view of SMEs' internationalization (Knight and Cavusgil, 1996; McDougall et al., 1994) showing that some SMEs began operating abroad from inception or soon thereafter. These firms often have limited experience operating in domestic markets prior to the start of foreign market operations. Compared with the conventional view, these firms demonstrate a more rapid internationalization with rapid resource commitments to foreign market operations. Size and resource limitations are not shown to be a constraint for their internationalization and these SMEs are often started by individuals who have international experience from prior employment and a personal network of relationships, which is useful for the initial internationalization of the firm (Madsen and Servais, 1997). To distinguish these SMEs, they are given labels such as *born global* (Knight and Cavusgil, 1996), *global start-ups* (Oviatt and McDougall, 1994) and *international new ventures* (INVs) (Oviatt and McDougall, 1994). Several studies examining the internationalization of SMEs during the last two decades have argued that born global phenomenon represent a distinctive pattern of the internationalization process (Bell et al., 2003; Knight and Cavusgil, 1996) and traditional international business theories may not be applicable to these types of firms (Zahra and George, 2002; McDougall et al., 1994) and more specifically oriented and high systematic investigation is needed to understand this phenomenon (Zou and Stan, 1998; Coviello and McAuley, 1999; Fillis, 2001; Jones and Dimitratos, 2003).

The process of firms internationalization is viewed as a series of ‘‘option windows’’ that allow firms to learn (Peng and Luo, 2000) and exposure to international markets gives these firms an opportunity to accumulate institutional, business and internationalization knowledge (Eriksson et al., 1997). As earlier discussed traditional stage models describe process of internationalization as gradual acquisition and integration of knowledge about foreign markets. However, born global firm’s rapid internationalization challenge these models for which the internationalization is a matter of learning through networks. These firms posses international market knowledge before their first market entry and selection of entry mode depends on their existing knowledge and knowledge provided by network ties.

## 3.3. Network Approach

The network approach dates back to the 1930s when it first emerged in organization research and later in 1950s in anthropological and sociological work (Jack, 2005; Nohria, 1992). Jack et al (2009) report that the focus on network and social relations has increased dramatically because of scholars perception that entrepreneurship is embedded and social networks can influence the networks and its outcomes. They also describe the historical and theoretical origin of social networks and mention that to trace the first use of social networks is difficult to identify, however, the theoretical origin of network research has its origin in three schools of thought: sociology, anthropology, role theory (Nohria, 1992; Tichy et al., 1979) and historically the term "a network of social relationship" is being used to describe a set of inter-relationship in a social system. Early work regarding network theory within both anthropology and sociology portrays human being as a social being engrossed in a network of relationships with whom exchanges take place and all parties involved can manipulate these relationships. Based upon these findings entrepreneurs have built many concepts (Jack et al., 2009). The network perspective in strategic management and business administration has particularly focused on inter-organizational relationships such as co-operations, strategic alliances and joint ventures (Witt, 2004). During the 1980s the focus of research is shifted from the socio-physiological characteristics of entrepreneurs to the social and institutional context and the nature of phenomenon started to attract considerable attention in management and entrepreneurship literature (Klapper, 2008).

Although network approach is not new in business domain but its use regarding to firm internationalization is a recent phenomenon. And the idea of network is now expanding in connection with the phenomena of organizational integration connected with the development of information technologies (Pesqueux, 2002). The network approach to internationalization has been put forward by Johanson and Mattsson (1988), who conclude that the degree of the firm's internationalization depends on both the networks established by the firm and position of firm in that network. This network-based internationalization approach describes why and how firms internationalize by paying attention to the immediate business environment in the form of the business network and market. According to them, internationalization of firm is linked to that of its networks, both domestic and foreign. The authors define internationalization as the process in which firms establish and develop positions in new networks and increase coordination between positions in different national nets. They see it as an evolutionary process where relationships also form the bridges to foreign markets. Using a "market as networks" view the definition of international market entry as: *"the way in which existing ties in the domestic and in the third markets as well as those in the entry market are utilized in the entry process (p. 219)"* (Axelsson and Johanson., 1992). Johanson and Mattsson (1988) assume that a firm's position in the network is a key and important factor to maintain and develop. Both the degree of internationalization as well as the internationalization of the market influences the process.

## 3.4. Network Approach of Born Global Firms

Bell (1995) focusing on small software firms argue network approach as more appropriate measure to explain these type of firms. Coviello and Munro (1997) explain that integration of the incremental models with network models can enhance our comprehension of the early internationalization process of small firms. Many scholars highlight the importance of networks as the most crucial factor in developing entrepreneur's business ventures, see for example, (Dubini and Aldrich, 1991; Aldrich et al., 1987; Birley, 1985). Researchers have emphasized the influence of network relationship on learning and the internationalization behavior of firms (Sharma and Johanson, 1987). Different researchers have demonstrated that personal networks developed by key individuals are important for SMEs initial operations in foreign markets (Sharma and Blomstermo, 2003; Crick and Jones, 2000; Ellis, 2000). Small firms overcome the key constraints like limitations in financial and knowledge resources by using formal and informal alliances developed through personal networks. Similarly risk is reduced by establishing alliances with partners with whom a relationship of trust already exist through personal networks (Freeman et al., 2006).
Coviello and Munro (1997) argue that firm's internationalization is more based on opportunities as a result of previous contacts than on strategic decisions. In discussing the SME internationalisation process, their results indicate that SMEs show a pattern of externalising their activities during the internationalisation process, often relying on network relationships for market selection as well as mode of entry. They suggest that a rapid internationalisation process can be driven by existing network relationships, particularly by international networks and major partners, which not only drive the process but also influence the pattern of market investment. They claim that network relationships facilitate the international growth of the firm. But these relationships not only enhance activities, they also constrained other opportunities, which leads to fears of total dependence. Fletcher and Barret (2001) building on Johanson's and Mattson's work examine the evolution of global networks and point out the types of internationalization that takes place using business networks: international extension, international penetration and international integration. The

shortcomings of Johanson and Mattsson's model, identified by Chetty and Blankenburg Holm (2000) also discuss the utilization of network relationships in problem solving and the external uncontrollable factors and consider it unfavorable that the position shifting of a firm from one category to another, the forming of "hard business networks" and respective relationships, as well as the other dimensions of the business network in the form of customers and the government, are not included in the model.

Despite this increasing attention, a few studies have in detail described the role of networks and links between networks and internationalization overtime (Slotte-Kock and Coviello, 2010). Instead, a rather descriptive, snap-shot approach is still in common. Hoang and Antoncic (2003) in a critical review on network based research in entrepreneurship report that network research is being investigated in three areas of content, governance and structure. They emphasize that there is further need to understand how network content, governance and structure emerge overtime and research should focus on the concept of process which is a deviation from the earlier research focusing on the characteristics of single entrepreneur. In their review they identify the key findings in this area of research and report that network research is lacking a core theory and there is a fragmentation of approaches (Burt, 1980) because of influence of anthropology, sociology, psychology and other sciences on network research. They identify in their review that network based entrepreneur research in the literature falls into two categories i.e. 1) network as an independent variable which focuses on affect of networks on entrepreneurial process and outcomes, 2) network as a dependent variable which focuses on effect of entrepreneurial process influence on network development. They identify that there is need to enhance our understanding of networks as an independent variable by using longitudinal research to investigate how the networks can shape the opportunities or how different governance characteristics can have affect on entrepreneurial outcomes.

In a recent review article on network process Slotte-Kock and Coviello (2010) extend the previous work of Hoang and Antoncic (2003) and describe how entrepreneurship literature explains and applies the concept of process to the study of networks. The objective of their article is to develop a deeper understanding of network process and to assess which meaning of process is applied by entrepreneurship scholars to study networks by identifying 17 articles published since the work of Hoang and Antoncic (2003). They place these articles in the two categories as suggested by Hoang and Antoncic (2003) i.e. network as independent and dependent variable. They suggest that further research on networks should apply multiple theoretical perspectives regarding process and should integrate the social network and business network approaches to study both the macro and micro level of dyadic interactions and should shift from emphasize on networks as an independent variable to study them as dependent variable. They present a conceptual model which positioned network as developmental outcome of new venture's process. They recognize that the ties co-evolve with its social context and both the organization and network co-evolve with the environment.

However, the debate over network concept is dominated by one-sided perspective and often seen as a cure-all concept (Portes, 1998). Little attention has been paid to potential disadvantages (Klapper, 2008). Although the negative and restrictive effect of networks is not part of our research, however, it is important to mention the negative effects. Nicolaou and Birley (2003) highlight that no systematic work has been done to date on the drawbacks of social networks from an entrepreneurship perspective. However, we can find some critical studies in previous literature, for example, Birley (1985) suggests that informal ties create a barrier to the formal system rather than act as a conduit. Current research has also highlighted that networking may be both time-consuming and fruitless leaving the partners highly frustrated which may, in particular, be the case when the relationship has been spoilt by certain opportunism. Gulati et al. (1999) also warns that networks can prevent firms from successful partnerships with others. International entrepreneur literature also suggests that networks are not always beneficial (Mort and Weerawardena, 2006) and are not a complete solution in all circumstances (Fletcher and Harris, 2012). There are many examples of born global firms starting early internationalization without previous networks (Rasmussen et al., 2001). Present literature suggest that networks may constrain scope of market opportunities (Coviello and Munro, 1995) and limit the level of information exchange between firms in network (Kenny and Fahy, 2011) because important sources of information other than network relationship might be available for firms seeking internationalization (Fletcher and Harris, 2012). Egbert (2009) argues that social networks also include obligations and responsibilities and in order to meet these obligations and responsibilities of entrepreneurs, resources may be deducted from enterprise leading to business failure and stagnation because time and resources that firms invest in developing and maintaining relationship may not be an efficient use of resources and networks can increase firms cost through knowledge sharing and cost can also exceed the benefits (Eberhard and Craig, 2012). Portes and Sensenbrenner (1993) also argue that the advantages and benefits generated from ties also give rise to obligations and responsibilities resulting in tension and hindering the firm from leaving network and making it difficult to pursue novel opportunities (Snehota and Hakan, 1995). This has also been confirmed in a recent article by Mort and Weerwardana (2006) who highlight the issue of rigidity and argue that strategic options are limited due to networks as opportunities are pursued by firms within the network boundaries. Egbert (2009) also reports that negative effects of networks on economy are significant because network includes certain persons and exclude certain persons thus discriminating against non members. Enterprises operating in-efficiently but having network protection may remain on market but others without such protection but operating efficiently may not survive.

## 3.5. Concept of Networks

Different researchers have adapted different views as to what constitutes a network (O'Donnell et al., 2001) and the term ‘network’ is being applied in the domain of entrepreneurial research in a loose way (Shaw, 1997). The task has been made difficult as "the concept is used to define a variety of phenomena, such as formal and informal organizations" (MØnsted, 1995). The terms social network, personal network, and/or personal contact network are frequently used in literature and are roughly interchangeable. However, the concept of inter-personal networks is being used when investigating newly created as opposed to established firms (O’Donnel et al 2001).

The fundamental components of network are connections and nodes. In social science context, nodes can be described as actors which are individuals or group of individuals and connections can be described as social ties. Therefore the network can be described as consisting of a series of ties, direct and indirect, from one actor to a collection of others (O'Donnell et al, 2001). Dubini and Aldrich (1991) define personal networks as *"all those persons with whom an entrepreneur has direct relations (or, for some purposes, indirect relations via direct relations)* (p.307)". Burt (1992) has given the broadest definition of network which he describes contacts consisting of everyone each actor knows, everyone he has ever known and everyone who knows him even though he does not know them. Gilmore and Carson (1999, 31) describe that a network is *a "collection of individuals who may or may not be known to each-other and who, in some way contribute something to the entrepreneur either passively, reactively or proactively whether specifically elicited or not".* Earlier studies define social network as *"the set of linkages among persons and contacts as the set of persons connected by these linkages"* (Mitchell, 1969) and *"the actual set of links of all kinds amongst a set of individuals"* (Mitchell, 1973) and *"sets of ties linking several actors* (Nelson, 1988)". Shulman (1976) defines the personal network as *"the set of persons connected to a particular individual (ego) who represents the focal point or anchorage of the network"* (p. 310), yet the total network includes *"all existing connections among all persons in some defined set or domain"* (p. 310). The difference between first order and subsequent order personal networks is based on the assumption that the set of people who "directly connected to ego" are referred to as the first order network which contrasts with those who are linked to ego through an intermediary.

The scholars of management have taken different positions as Araujo and Esaton (1996) report that many theoretical and methodological positions in the social sciences take shelter under the term network. Indeed many consider networks as abstract concepts which consist of interconnections that are unique to the focal person who created them and as such difficult to analyze (Birley et al., 1991). An entrepreneurial individual is described as one who combines particular traits and behaviour with appropriate managerial skills in order to establish a new venture or to develop a existing one Adam and Chell 1993 as cited by McGowan and Hampton (2007) and a key resource in managing this dynamic entrepreneurial process and in making decision on how to progress a venture speedily and accurately in an often rapidly changing environment is the entrepreneur's network of contacts. Aldrich and

Zimmer (1986) suggests that networks are open organizations without ends. Thorelli (1986) refers the term networks as the involvement of two or more organizations in long term relationship where nodes are firms, households, strategic business units inside a concern and links are interaction between these positions. Cromie and Birley (1992), as cited in McGowan and Hampton (2007) define entrepreneurial network as those relationships that an individual develops and utilises, consciously or subconsciously, to progress a particular enterprise, whether it is to establish a new venture or to develop an existing one. They can be high personal, reflecting relationships that are deeply embedded in the life of an individual. Differing slightly within the context of joint ventures and strategic alliances, Podolny and Page (1998) define the network as a form of governance which is *"any collection of actors (N>=2) that pursue repeated, enduring exchange relations with one another and, at the same time, lack a legitimate organizational authority to arbitrate and resolve disputes that may arise during the exchange"* (p.59). Casson and Cox (1999) report that networks means different things to different people. A simple definition of a network is a set of linkages which either directly or indirectly connect every member of a group to every-other member of group. And basic unit is firm when such groups are formed.

Another issue that needs some explanation here is that entrepreneurial research falls into categories: inter-organizational networks and the inter-personal networks (O'Donnell et al., 2001). A summary of network construct is given in the Table 1. The distinction between inter-personal and inter-organizational network is that in personal networks the actors are individuals between whom the links are informal whereas in inter-organizational networks the actors are firms with formal links. However in literature the term personal networks has been used to encompass actors who may not be individuals, for example, customers, competitors and suppliers are often organization as opposed to individuals but included in the definition of personal networks which means that in personal networks, organization as an actor is acceptable and in organizational network, person as an actor is acceptable (O'Donnell et al 2001). Some researchers also argue that personal and inter-organizational networks should not be treated separately, for example, Johannisson et al (1994) has over-ruled this distinction.

Given the diversity of network definitions it is not surprising to see that there is even less agreement on the types of networks that exist (Szarka, 1990). Much attention has been given to the classical distinction between personal and inter-organisational networks, as Melin (1987) suggests that networks refer to both social ties among individuals and interactions among organisations. In fact, distinguishing between inter-organisational and personal networks, O'Donnell et al. (2001) summarize that in the latter the individual is key and the links are informal whereas in the former the organisation is at the centre of attention and the links are formal.

| **Type of Network** | **Inter-organizational Network** | **Personal Network** |
|---|---|---|
| **Research Background** | Transaction Cost Economics<br>Industrial Marketing | Sociology<br>Social Network Theory |
| **Network Actor** | Organisations | Individuals |
| **Type of links between actor** | Formal | Informal |
| **Analysis Level** | Dyads | Egocentric |
| **Categorisations** | Vertical Network<br>Horizontal Network | Commercial Networks<br>Social Networks<br>Communication Networks |
| **Frequently Researched Areas** | Industrial districts<br>Joint Ventures | New Venture Creation |

*(Source: O'Donnell, 2001)*

Table 1: Summary of network constructs

In addition to debate surrounding the definition of the term network, Chell and Baines (2000) highlight the need to differentiate between networks and networking. The term networking being associated with, but distinct from networks, consists of social processes over and above the normal economic relationship and does not have an objective existence independent of the person who is networking. Jarillo (1986) views networking as a process *"by which entrepreneurs tap resources that are "external" to them that they don't control (p.l33)"*. Lacobucci (1996) stats, *"colloquially networking is a verb used to describe the initiation and sustenance of interpersonal connections for the rather Machiavellian purpose of tapping those relationships later for commercial gain (*p. xiii)*"*. Carson et al. (1995) describe networking as, *"an activity in which the entrepreneurially oriented SME owners build and manage personal relationships with particular individuals in their surroundings (*p. 201)*"*.

Ebers and Grandori (1999) as cited by Casson and Cox (1999) report that there has been a dominant tendency in inter firm network research to conceive networks as a distinct type of organizing economic exchange. This way of conceiving inter-organizational networks seems to be shared by two main alternatives views and definitions of networks that have been rival perspectives in other respects. A first view often rooted in transaction cost economics, interprets networks as an intermediate or hybrid organizational form in which some features of both markets and hierarchies are present. This perspective tends to suggest a fairly wide definition of networks. It includes any intermediate form between a market and firm: from bilateral to trilateral to multi lateral governance and from formal to informal agreements (MacKechnie, 1994; Osborn and Baughn, 1990; Bradach and Eccles, 1989). A second view, diffused in the studies on networks in many areas of business administration, considers inter firm networking as a 'third' organizational form which is different from those of markets and hierarchies. In contrast to first perspective, it tends to define networks more narrowly and try to identify organizational traits of networking that are neither typical of markets nor of hierarchies (Snehota and Hakan, 1995; Powell, 1990). As we know from previous literature that there is a wide range of theories that have discussed networks and networking, therefore, making it necessary to understand the definition with respect to discipline that researcher is adhered to.

## Section 4. Social Capital

Entrepreneur network literature and social capital theory are inter-related (Davidsson and Honig, 2003; Portes, 1998). Williams and Durrance (2008) also report that social capital literature is convergent with social network theory. Previous literature has identified that social capital refers to firm’s network of relationships and the resources that can be acquired from the network (Adler and Kwon, 2002; Nahapiet and Ghoshal, 1998; Yli-Renko et al., 2002). Social capital concept has been increasingly applied in different disciplines including sociology, politics, economics as well as business and management (Lee and Jones, 2006). And has emerged to prominence in relatively recent years, for example, Social Citation Index featuring this term as key word since 1990 clearly shows an explosion of scholarly interest in this area (Field, 2008). Different scholars have presented different definitions of social capital. For example, Bourdieu Pierre, a well known European sociologist, came slowly to the concept of social capital. Bourdieu (1977) initially define social capital as *"capital of social relationship which provide useful supports, a capital of honourability and respectability which is often indispensable if one desires to attract clients in socially important positions and which may serve as currency, for instance in a political career"* (Bourdieu, 1977,p.503, as cited by Field, 2008). Later on, Bourdieu (1983) define social capital as *"the aggregate of the actual or potential resources which are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition"(*p. 248). In this definition Bourdieu links five aspects together; resources, networks, institutions, relationships and mutual recognition (Klapper, 2008). Later Bourdieu and Wacquant (1992) has revised their previous definition and suggested, "*Social capital is the sum of the resources, actual or virtual, that accrue to an individual or group by virtue of possessing a durable network of more or less institutionalised relationships of mutual acquaintance or recognition. Acknowledging that capital can take a variety of forms is indispensable to explain the structure and dynamics of differentiated societies (p.119)".* In their revised definition, Bourdieu and Wacquant add the two ideas, i.e. social capital exists both at individual or group level and it plays an important role to play in the different structure and dynamics of societies (Klapper, 2008). However, unfortunately, Bourdieu's work is acknowledged very late by the academic community, primarily due to the fact that it was written in French, yet his work is crucial in establishing social capital as a field of study in the academic research community (Schuller et al., 2000).

James Coleman, an American sociologist, has treated the social capital as public rather than private good and suggested: *"social capital is defined by its function. It is not, a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors - whether persons or corporate actors - within that structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible (p.96)* (Coleman, 1988). He offers the following refinement: *"social capital is the set of resources that inhere in family relations and in community social organisation and that are useful for the* *cognitive or social development of a child or young person (p.400) (Coleman, 1994).* Similar to Bourdieu (1985) and Bourdieu & Wacquant (1992), Coleman emphasizes the importance of resources inherent in relationships, in particular in the family and in the community; i.e. at micro and macro level. However, he goes a step further by explicitly including aspects of social capital such as obligations, expectation and trustworthiness as well as norms that are supported by sanctions.

In addition to Bourdieu (1983), Bourdieu and Wacquant's (1992), and Coleman (1988 & 1994) definitions of social capital, there are many other definitions available, however, Adler and Kwon (2002) conclude that definitions are broadly similar, yet differ in important details. For example, Nahapiet and Ghoshal (1998), prefer a resource-based view defining social capital as *"the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit (p. 243)".* The authors conclude that social capital is concerned not only with resources located within structures but also in processes of social exchange. This definition is important as the authors emphasize the distinction between social capital at either individual or group level.

Portes (1998) decompose social capital into the relationship itself that allows individuals access to resources possessed by their associates and the amount and quality of those resources. He adds value to the range of definitions by emphasizing both amount and the quality of the resources under consideration. Lin's (2001) definition is consistent with these scholars as she stated that social capital consists of "resources embedded in a social structure, which are accessed and mobilized in purposive action" (p.12). There are two key aspects we can derive from this definition: first, resources are embedded in social relations rather than in an individual. As a result, the properties of the network and an actor's position are more important than the actor himself. Second, access and use of resources are of little use if the actor is not aware of their presence. Similar to Bourdieu (1985) and Bourdieu & Wacquant (1992) they emphasize the importance of resources inherent in the network, yet they added the idea of having a good reputation as a key factor for obtaining these resources.

## 4.1. Social Capital and Born Global Firms

It is evident from the above mentioned definitions of social capital that resources are an integral part of definitions of social capital. Previous studies have confirmed that small firms lack resources (Freeman et al., 2006) and lack foreign market knowledge and have few international contacts (Ellis, 2000). Explanation for how SMEs overcome resource limitations in order to internationalize is that they use their relationships with other firms (Chetty and Wilson, 2003) to identify and exploit specific business opportunities (Blomstermo et al., 2004). These relationships and resources acquired from the network may be referred to as the social capital of the firm (Adler and Kwon, 2002; Bourdieu and Wacquant, 1992; Nahapiet and Ghoshal, 1998). There is a substantial number of studies that address how social capital impacts on SMEs' internationalization, although not all studies actually use the term social (Agndal et al., 2008) capital. The role of social capital in firm's internationalization has been identified by many researchers. In the following paragraphs we have given the review of different studies describing the role of social capital in early internationalization of born global firms.

Harris and Wheeler (2005) describe several functions of social capital enabling internationalization, such as product and distribution advice, knowledge of business practices and knowledge required for planning and managing joint ventures. Chetty and Agndal (2007) also identify that firms proactively exploit their social capital to enable their internationalization which is also confirmed by Lindstrand et al (2011) in case of biotech SMEs where individuals' social capital contribute to rapid internationalization. Landry et al., (2002) affirm that firm's decision to innovate is influenced by different forms of social capital and is the result of a process depending upon the interactions and exchange of knowledge involving a large diversity of actors. Empirical evidence regarding the relationship between social capital and innovation is still little, however, marginal increases in capital, especially in social capital contribute more than any other explanatory variable to increase the likelihood of innovation of firms. Batjargal (2007) studying the interaction effects of social capital and human capital on the performance of Chinese Internet ventures found that there is positive impact of interaction between social capital and Western experience of entrepreneurs on the survival of Internet firms whereas the negative effect occurs on firm performance between social capital and startup experience of entrepreneurs.

As far as the different dimensions of social capital (structural, relational and cognitive) are concerned, Lindstrand et al (2011) found all three dimensions important for access to foreign market knowledge and financial resources. The structural dimension is the foundation for acquiring foreign market knowledge and financial resources and may have either positive or negative effect on acquisition of foreign market knowledge but has positive effect on financial resource acquisition when firm is founded, however, when financial resources are required for development and international expansion, the structural dimension of social capital is not sufficient, without cognitive and relational social capital. During continuous internationalization, wider the structural social capital of individuals, the more trust and social interaction the relational capital holds and the more common background and frame of mind the cognitive capital entails, the more financial resources and FMK the firm will require. However, Persutti (2007) finds that only structural dimension is positively related to knowledge acquisition of firms while both relational and cognitive dimensions have negative influence on firm's internationalization.

## Conclusion

Born global firms begin operating abroad from inception or soon thereafter. Although these firms often have limited experience operating in domestic markets prior to the start of foreign market operations but these firms demonstrate a more rapid internationalization with rapid resource commitments to foreign market operations. Size and resource limitations are not shown to be a constraint for their internationalization. Several studies have argued that born global firms represent a distinctive pattern of the internationalization (Bell et al., 2003, Knight and Cavusgil, 1996) and traditional international business theories may not be applicable to these types of firms because of irrelevance of assumptions in previous theories which are not relevant in today's global market or do not match the characteristics of born global new ventures (Zahra and George, 2002, McDougall et al., 1994). Bell (1995) argue network approach as more appropriate measure to explain these type of firms.

These firms are often started by individuals who have international experience from prior employment and a personal network of relationships (Madsen and Servais, 1997). Coviello and Munro (1997) explain that integration of the incremental models with network models can enhance our understanding of the internationalization process of small firms. The importance of different types (both social and economic) of networks for the internationalization of new ventures is increasingly acknowledged in research (Coviello, 2006) Researchers have emphasized the influence of network relationship on learning and the internationalization behavior of firms (Sharma and Johanson, 1987). Different researchers have demonstrated that personal networks developed by key individuals are important for SMEs initial operations in foreign markets (Sharma and Blomstermo, 2003, Crick and Jones, 2000, Ellis, 2000). Despite this increasing attention, a few studies have in detail described the role of networks and links between networks and internationalization overtime (Slotte-Kock and Coviello, 2010).

# Chapter 3 Conceptual Framework for Our Research

Current literature identifies that born global firms start internationalization right from inception or soon after and challenge the traditional models of gradual and slow internationalization in stages (Andersson and Wictor, 2003). Current academic literature also identifies that these small firms, in their internationalization process, face both internal and external problems including lack of skills, adverse market conditions, absence of institutional arrangements (Buckley, 1989), limited financial resources, limited knowledge, lack of economies of scale, risk aversion (Freeman et al., 2006), limited market power, access to comprehensive market research (Musteen et al., 2010) and suffer from liability of newness & liability of foreignness (Sasi and Arenius, 2008) and depend upon on a single product to be commercialized in foreign market (Hollensen, 2007). However, little knowledge is available about conditions under which these resource constraint small firms achieve growth (Hessels and Parker, 2013). Various authors have debated how this born global phenomenon can be explained. For example, McDougall et al (1994) argue that previous theories (e.g. product cycle theory, oligo-reaction theory, stage theory, monopolistic advantage theory and internationalization theory) do not give any explanation about born global phenomenon and propose that resource based view of firm can offer a better explanation. Similarly traditional internationalization models for example U-model (Johanson and Vahlne, 1990; Johanson and Vahlne, 1977) and I-models (Reid, 1981, Cavusgil, 1980; Bilkey and Tesar, 1977) are unable to explain the internationalization process of born global firms (Knight and Cavusgil, 1996). Recent literature suggests that network can offer an explanation of internationalization of these smaller firms who depend on relationships with others for their development (Coviello and Munro, 1995).

Research in 1980s confirms that majority of these small firms use different networks to smooth their internationalization process (Andersson and Helander, 2009). Johanson and Mattsson (1988) suggest network-based internationalization approach to describe internationalization of firms and describe that firm is embedded in a network of ties and process of firm's internationalization is linked to both foreign and domestic networks. Coviello and Munro (1997) also explain that born global firm's internationalization process can be better understood by integrating the traditional models with network model. Crick and Spence (2005) and Ellis (2000) also emphasize that network ties both between firms and between individuals (especially senior managers or founder entrepreneurs) are important in the pursuit of international opportunities. Johanson and Vahlne (2003) also argue that incremental models are out of date and there is a need of model which can better explain the internationalization process.

Current literature has identified that personal contacts play role in going abroad (Bonaccorsi, 1992; Reid, 1984), stimulate firms' intent and initiate internationalization, (Chetty and Patterson, 2002; Ellis, 2000; Andersen, 1996; Coviello and Munro, 1995), encourage decision of market-selection (Coviello and Munro, 1997; Bell, 1995), help in entry-mode decision (Chetty and Campbell-Hunt, 2004; Chen, 2003; Johanson and Vahlne, 2003; Bell, 1995; Oviatt and McDougall, 1994), provide access to other networks (Chetty and Patterson, 2002; Coviello and Munro, 1995; Bjorkman and Kock, 1995; Welch, 1992), provide local market knowledge (Coviello and Munro, 1995; Larson, 1992), help in building initial trustworthiness (Chetty and Patterson, 2002; Nahapiet and Ghoshal, 1998; Coviello and Munro, 1995; Osland and Yaprak, 1995), reduce risk, (Chetty and Patterson, 2002; Burgel and Murray, 2000), speed up internationalization pace (Jones, 1999; Coviello and Munro, 1995) and provide market opportunities and expand scope of firm (Coviello and Munro, 1995).

Based upon our discussion, we can summarize that various researchers have used network concept in different ways and networking activities enable born global firms to over-come resource constraints. However, knowledge about role of various networks in internationalization process is limited (Eberhard and Craig, 2012). Despite the wide spread research on early internationalizing firms since 1994, empirical research is still fragmented not contributing much to common body of knowledge (Beate Cesinger et al., 2012) and much remains to be studied. Further research investigating network in the context of entrepreneurial firm (Coviello and

Munro, 1995) and distinguishing between different types of networks and their influence on born global firms would be fruitful (Andersson and Wictor, 2003). It is also argued in recent literature that network research requires greater understanding (Slotte-Kock and Coviello, 2010).

Network-based research in the domain of entrepreneurship is investigated in three basic areas: structure, content and governance of networks (Slotte-Kock and Coviello, 2010). The focus of our research is content of network relationships and we will also investigate the structure of networks which is considered pre-requisite to study the other dimensions of network ties. Many researchers also directly jump to study the role networks play in internationalization without paying any attention from where these ties originate. We have presented our conceptual framework in figure 4.

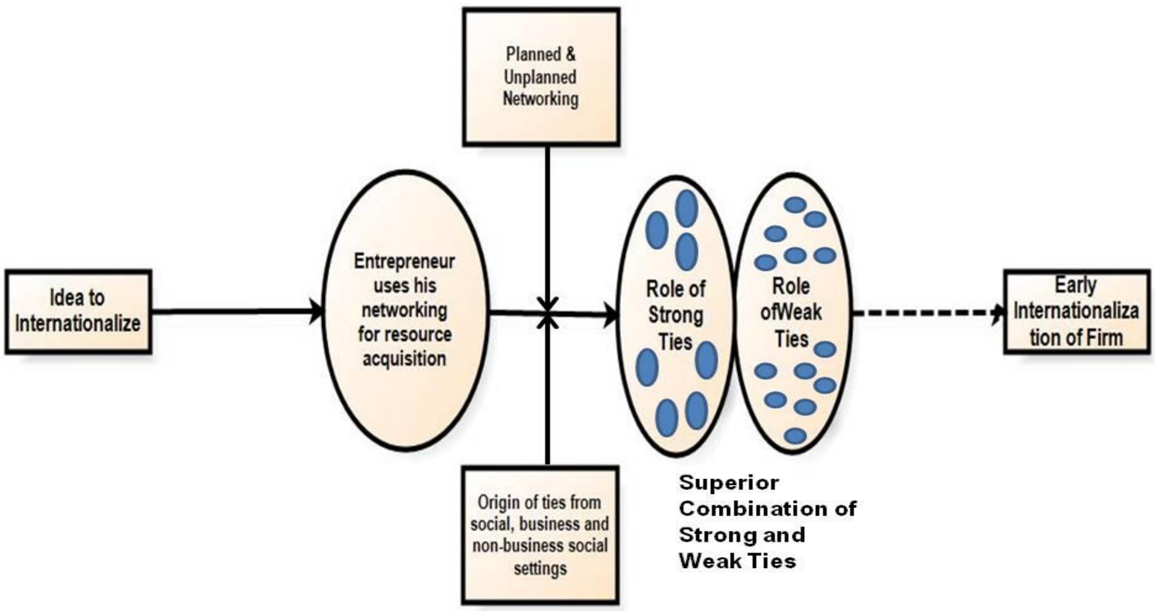


Figure 4: Conceptual Framework

Harris and Wheeler (2005) emphasize the need to study the origin of relationship which is also under investigation in our research. Furthermore, much of the literature has connected the born global firms with high technology sector and in new industries (Crick and Jones, 2000) and have identified that firms in high-tech sector internationalize rapidly and market entry modes followed by high-tech firms are different from those firms operating in low-tech sector (Crick and Spence, 2005).

However, there are many examples of born global firms in traditional and mature sectors (McAuley, 1999; Madsen and Servais, 1997). This moderating role of industry argues that right mixture of human and social capital largely depends upon industry environment. Authors have also argued that this moderating effect is not only limited to industry in which firm is operating but level of institutional development in a country also has a direct effect on the entrepreneur's social networks composition. However, very little is known about how various national context influence the internationalization process of firms and the extent to which entrepreneurs in different national context rely on their social networks (Kiss and Danis, 2008). Therefore, we also intend to investigate composition of networks in the context of country's level of institutional development by comparing born global firms from France (high level of institutional development) and Pakistan (low level of institutional development).

In brief our research is focused on the origin, structure and content of networks in various industrial sectors under different national context. In the following paragraphs, we will review literature regarding origin, structure and content of networks and after that we will discuss the moderating role of industry and institutional development on network composition and finally construct our conceptual framework.

## Section 1. Origin of Networks

Harris and Wheeler (2005) emphasize the need for research regarding the origin of these relationships. Earlier Ghauri et. al. (2003) and Wilkinson & Young (1997) also highlight that how relationships come about is a rarely researched aspect. They refer origin of network to the people with whom important relationships are built and from where these relationships start and where the relationship partners meet.

Holmen et al (2005) address the issue 'how do relationships begin' and identify that a little consideration has been paid to the beginning of relationships. They identify that the reason for this little attention is the assumption that what matters most is what happens in a relationship over time and more emphasize is put on lengthy process of interaction and long duration on relationships, the small significance will be of the relationship beginning. They emphasize that beginning is always necessary condition for the development of relationship and it is useful to pay more attention to relationship beginning because understanding the relationship beginning is of more significance in cases where relationship are relatively short term and may compromise very few (possibly only one, lengthy) episode. Holmen et al (2005) in a case study of Dutch company identify 11 types of relationship beginning and they develop two dimensions: 1) an active vs. reactive dimension, reflecting if focal firm initiates the interaction process or not, 2) direct vs. network mediated opportunity dimension reflecting if a known connected partner act as a mediator or if more public flora facilitate the initial contact. In a review, Ghauri et. al. (2003) identify three stages of emergence, development and achievement in the evolution of network. They identify that the reasons for network emergence are market problems and opportunity and willingness to respond together. In their study of five selected cases of export grouping networks, they identify that majority of network initiatives are taken to avail a market opportunity and/or to solve an existing export problem. Harris and Wheeler (2005) also identify that relationship development through social interactions is a neglected issue in previous research and report that relationship can come from anywhere and their origin is in 'social/personal' and 'business' situations and is rare within customer, supplier or distributor firms which is also confirmed by Ellis (2000). The evolution of information and knowledge acquisition is essentially a social phenomenon especially in the early stages of business when individuals increase their inter-personal trust. Initiations of export by small firms are based on relationships and relationships are social and not just business (Styles and Amber, 2000).

Agndal et al. (2008) divide the relationship into direct and indirect ties where direct tie refers to a relationship, domestic or foreign, with which firm currently does or has done business in the past and indirect tie refers to a relationship with which firm has not done any business before and a third party may act as bridge. Their findings show that social capital can play serendipitous and efficacious roles, and it can reside both in indirect and direct relationships. In the early phase of internationalization, these SMEs primarily draw on the social capital residing in direct relationships to enable foreign market entries. Later on, the serendipity role becomes more important and prominent, increasingly occurring through indirect relationships. Literature also examines the approach, entrepreneurs adopt to build their relationship and it is emphasized that ‘planned’ approach of relationships and network development advocated in much of the literature is not relevant. And it is argued that entrepreneurs might look to strong and deep interpersonal ties to build international development of their firms (Harris and Wheeler, 2005). Literature suggests that performance of firm is positively affected by the strategies for managing and developing networks (Leonidou et al., 2002; Zou and Stan, 1998). Excellent networking skills to achieve closely managed relationship with foreign distributors, customers and other actors can help firms in achieving exporting success. These relationships also include promotional and market visits which has been found in technology businesses (Coviello and Munro, 1997) and in other industries (Crick and Bradshaw, 1999; Hellman, 1996). However, little guidance is given in literature on how to build these relationships (Styles and Amber, 2000).

## 1.2. Planned and unplanned Strategy

The approach ‘reactive or proactive’ used by the company in their internationalizing process is also an important point to be considered (Albaum et al., 2005). A reactive approach refers to a situation where the firm responds to a situation that has appeared and awaits initiatives by foreign buyers and selects the markets by selecting by filling unsolicited orders. In contrast, the proactive approach is marketing oriented and refers to a situation where firm actively select foreign markets in a systematic and formalized way. However, there exists another approach which is more or less formal where a market is chosen after recommendations from business ties or an opportunity is presented while travelling (Albaum et al., 2005). Andersson and Helander (2009) report that processes of strategic and formal planning of strategy do not exist in small firms which are influenced by their networks in their internationalization process. Network relationship affects SMEs in their decisions of foreign markets and market entry mode choice. They also find that firms applying proactive approach have limited influence of networks, as compared to firms taking a reactive approach where network ties are more important.

Evangelista (1996) proposes that strategy for export marketing may include both the management of networks and marketing mix variables of marketing strategy. The relationship approach places management of relationships at the center of strategy in contrast to traditional marketing strategy view which places relationship management at the tactical level of buyer/seller relationships. Evangelista contends that both the management of relationships and the marketing mix variables should be addressed at strategic level. This differentiates between two these alternative approaches. One underlines the role of planning where internationalization is a planned process and there is deliberate development of relationships to achieve intended export development outcomes through networking (Yip et al., 2000). The main recommendation available to entrepreneurs in marketing is to follow such a planned approach (Hollensen, 2001). Alternatively it is argued that entrepreneurs are more likely to internationalize by developing the relationships that they have, rather than set of objectives (Coviello and McAuley, 1999). When a small firm decides to internationlize, several different ways can be chosen to enable that process. Ellis (2000) describe that research focus has shifted recently from expoter's point of view to buyer-seller relationship and other exchange parties and consequently, any investigation should take into account the fact that relationship may be initiated by buyer, seller, third party or as a result of trade exhibitions/chance encounter. And mixed strategies may be applied by international entrepreneurs in developing their important ties.

To conclude, this section of our research project is focused on the origin of entrepreneur network ties. We tend to investigate where from these relationships start and which strategies successful international entrepreneurs pursue in building and developing their relationships.

## Section 2. Network Structure

The pattern of direct and indirect ties between actors is referred as network structure (Hoang and Antoncic, 2003) and refers to size, density, diversity and strength, where size is the actual number of individuals participating in network (Tichy et al., 1979), strength is defined as *"a combination of amount of time, emotional intensity, intimacy and the reciprocal services"*(Granovetter, 1973, 1361) and diversity refers to contacts occupying differing social positions (Aldrich and Martinez, 2007). The term density is used synonymously with strength (Johannisson, 1996). Therefore, our focus is on size, strength, and diversity which we will explain one by one in the following paragraphs in line with Granovetter (1992) and Naphapiet and Ghoshal (1998).

**Network Size** as mentioned above refers to the actual number of people participating in network (Tichy et al., 1979) or can be described as number of direct ties involving individual units (Marsden, 1990). Network size is an important factor and variable to study entrepreneurial resources explaining the successful establishment of new businesses. The variable with some variety has been used in many theoretical and empirical discussions (Jenssen, 1999). Boissevain (1974) argues that network size is the most important property as network provides access to information and resources. Existing literature has widely acknowledged the importance of network size which enhances firm performance (Hoang and Antoncic, 2003) and literature frequently reports that size positively affects an organization's initial performance (Hansen, 1995). Literature identifies the different types of ties required in different stages of entrepreneurship. For example, Greve (1995) in his three phase study of entrepreneurship considers size as a key variable to explain the success of new ventures and report that a higher number of people in a network is linked to more possibilities of receiving diversified information and in the early stages people have smaller networks and spend less time in networking than in later stages. The overall idea is that a more developed network in terms of number and quality of ties is more beneficial to a start-up (Larson and Starr, 1993). Greve and Salaff (2003) investigate the networks in three phases of establishing firms and report that network size is limited to closest relations and the smallest in the initial phase compared with the other phases and the entrepreneurs entertain the largest network in the second phase and the size would be reduced again to include only the most important and helpful members in the third phase. This has also been cited by Coviello and Cox (2006) in a more recent article who argue that network of international new ventures (INV) grow as the firm moves through different stages from conception to commercialization and growth and network range increases whereas network density deceases.

Existing entrepreneurial network literature suggests that a greater number of links leads to a more extensive network which is advantageous for the organization (Larson, 1992). Burt (1992) emphasizes that the larger network size lead to greater number of available opportunities. This has also been reported earlier by Boissevain

(1974) that increasing number of ties gives an advantage by raising the chances to reach a specific resource. Large network size also increases the probability of receiving diversified information (March and March, 1978). Thus, a larger network size helps to increase resource gathering, connects people and ensures wider access to other strong and weak ties. Recent INV literature also suggests that greater network size results in greater access to information and other resources (Borgatti and Foster, 2003).

However, Burt (1992) contends that advantages of network size are conditional to **'network diversity'**. Large network size may lead to greater exposure to information but many contacts with less diversity are not fully helpful. O'Donnell et al. (2001) similar to the previous findings of Burt (2000) also contends that it is not size alone but also diversity that impacts network configuration. It has also been suggested by Steier and Greenwood's (2000) that entrepreneurs should develop a diverse and extensive rather than uniform and limited network. As highlighted by Dubini and Aldrich (1991) network diversity is also a key aspect of entrepreneurial networks and it is further explored by Steier and Greenwood (2000) in a longitudinal study of entrepreneurial ventures who describe network management as ability to achieve diversity without suffering from network overload. They emphasize that network diversity results in access to novel information from different sources. Thus greater diversity in networks means more novel information compared to those with limited networks (Burt, 1992) and a person with several high-status and wealthy ties will have access to a large amount of resources (Davern, 1997). However, one major shortcoming is that it does not strive to understand what really goes on within a network and only modest insights are revealed about network evolution over time (Jack, 2005; Hite and Hesterly, 2001). Hite and Hesterly (2001) argue that diversity of the people in the different phases of the start-up is very limited and during the early stages of venture the entrepreneur surrounds himself with identity-based ties. However, this does not imply a negative impact upon the quality of the ties. This has also been confirmed by klyver and Hindle (2007) who report that structural diversity of networks varies during different stages of entrepreneur process and is most important during the discovery stage, least important during start up stage and of medium importance in young business stage. However, the important point is balanced network which can increase the probability of transnational activities. Patel and Conklin (2009) find that the combined impact of balancing network size with network scope is greater than their individual effects. Balance between network size and network scope enhance the degree of transnational venture activities. Network size may increase redundancy and greater network scope facilitates access to non-redundant capabilities (Tiwana, 2008). Network size with the combination of larger scope helps in combining and exploiting diverse knowledge. Larger network scope leads to different expertise bases and higher network size may provide many bases for such expertise. Thus, it simplifies the combination process because redundant sources may help in combination of diverse information (Spender, 1996). To create complex combinations, transfer of tacit knowledge is equally valuable and greater network scope may increase the availability of knowledge and greater network size leads to greater levels of cohesion increasing socialization opportunities which are essential for the transfer of tacit knowledge (Nonaka et al., 2000). Alternatively larger network size helps to reduce cognitive distances resulting from network diversity (Nooteboom et al., 2007).

**Strength of ties** is defined as *"a combination of amount of time, emotional intensity, intimacy and the reciprocal services"* (Granovetter, 1973, 1361) and the term strength is used synonymously with density and has an important effect on trust in business relations (Johannisson, 1996). Granovetter (1973, 74, 85) is probably one of the first researcher who gave the idea of strong and weak ties and the significance of these ties in yielding valuable knowledge, information and resources (Nicolaou and Birley, 2003). Granovetter (1973, 1985) also rejects the assumption that it is the network size that makes a difference and introduces the idea of network strength. Subsequently, much entrepreneurial network research, see for instance, (Jack, 2005; Anderson and Miller, 2003; Schutjens and Stam, 2003; Jenssen and Koenig, 2002; Hite and Hesterly, 2001; Steier and Greenwood, 2000; Uzzi, 1997; Johannisson et al., 1994; Bengt, 1988) has been based on the theoretical context of strong versus weak ties developed by Granovetter. Entrepreneurship literature has increasingly linked Granovetter's (1973) strong and weak tie hypothesis to network content and it is argued that the type of resources provided through the network rely on the strength of relationship (Jenssen and Koenig, 2002). However, one of the main problems with the dichotomy of strong vs. weak ties is the ambiguity of both concepts due to the lack of a clear definition (Evald et al., 2006). Network strength is measured according to a various criteria, for example, the length of time spent together, the frequency of interaction, the emotional intensity and the degree of trust and acquaintance among the related persons. Dubini and Aldrich (1991) describe that weak ties are superficial relations with little emotional investment and strong ties are relations that can be counted on.

Strong ties consist of family members and close friends and are characterized by an emotional intensity. According to Coleman (1988), the benefits derived from a strong ties are maximum because they are highly motivated and galvanized to help each other (Adler and Kwon, 2002) due to presence of sense of mutual obligation (Witt, 2004), higher efficiency in exchanges among them (Coleman, 1988). Therefore, networks of strong ties are the most functional form and this view has been supported by much of existing empirical research emphasizing the importance of strong ties for both resource acquisition and mobilization (Starr and Macmillan, 1990; Jarillo, 1988) especially in initial and emergence phase of business (Greve and Salaff, 2003). Strong ties are also effective at providing access to various resources including social support (Birley, 1985; Greve, 1995), financial support (Larson and Starr, 1993), provision of fine grained information (Elfring and Hulsink, 2003; Hansen, 1995; Uzzi, 1997), motivation (Jenssen and Koenig, 2002) and solidarity benefits and trust reducing conflict and uncertainty (Krackhardt, 1992). Brudel and Preisendorfer (1998) also emphasize the importance of strong ties in firm success as measured by firm survival and argue that strong ties composed of family and friends have positive impact on business and survival, however, weak ties which include business partners and acquaintances, are poor predictor of performances. Jack (2005) also demonstrates in her study that strong ties provide not only knowledge and information but also help to maintain and improve personal and business reputation. In addition, strong ties also act to bridge additional weak ties in a wider social context. Thus, the results for strong network ties in many ways are more defensible (Hoang and Antoncic, 2003).

In contrast to Coleman's (1988) advocacy of strong ties, authors such as Granovetter (1973) and Burt (1992) emphasize the importance of weak ties and describe these ties as the most functional sources of exchange. It is argued that a network predominantly consisting of strong ties is less inefficient in terms of information relating to opportunities (Ibarra, 1993) due to overlap of information between the individuals, however, weak ties act as a bridge between disconnected ties and connect the individuals to more socially distant resources (Granovetter, 1973) which allows the flow of novel ideas and information among individuals ties (Burt, 1992). Weak ties are also free from social rigidities that complicate information transfer (Ahuja, 2000). Weak ties in contrast to strong ties provide access to diverse resources (Uzzi, 1997) including financial capital (Jenssen and Koenig, 2002), new ideas, information and knowledge (Bloodgood et al., 1996; MØnsted, 1995; Aldrich and Zimmer, 1986). International entrepreneurship literature argues that there is greater likelihood of recognizing the international opportunities for entrepreneurs having network composed of more weak ties (Oviatt et al., 1995) because weak ties with international contacts increase firm’s competitive advantage and provide access to information (Blyler and Coff, 2003). Sharma and Blomstermo (2003) also emphasize the importance of weak ties in the early internationalization of born global firms and argue the importance of knowledge accumulation through an optimal number of weak ties abroad as they are source of referral while selecting the foreign markets.

The trade off between strong and weak ties is part of debate in literature. Strong ties are more important during the foundation and early stage of a new venture because strong ties are considered to be most valuable for accessing critical resources (Starr and Macmillan, 1990). However, there is mixed support for this assertion, for example, Aldrich et al. (1987) argue that for young firms (less than 3 years of age), strong ties are important in terms of greater profitability. In contrast, Zhao and Aram (1995) argue that there is a positive impact of networks on firm growth, but they do not find any differences in the resource diversity of the networks of ventures in the feasibility and later stage of growth. The results of both studies are open to other possible interpretations because of cross sectional approach adapted. Thus, the focus on strong ties is more relevant during foundation and early growth stage (Starr and Macmillan, 1990). Bruderl and Priesendorf (1998) investigate the impact of strong ties on survival and financial performance of firm and found stronger results for survival. Elfring and Hulsing (2003) report that in complex settings of uncertainty and insecurity individuals rely on strong ties (close friends and family) for protection and uncertainty reduction as strong ties promotes the development of trust and joint problem solving. Jenssen and Koenig (2002) in their study of Norwegian entrepreneurs confirm influence of social networks on entrepreneurial success. They also partially support the assumption that strength of ties determines what kinds of resources are available to the entrepreneur. Their results indicate that strong ties provides information and weak ties give access to finance which is in contrast to previous argument of Burt (1992) and Aldrich & Zimmer (1986) who argue that knowledge and information received via weak ties is of more value than provided by strong ties. However, debate over weak and strong ties indicate that both ties are beneficial to emerging firms for different purposes and at different times (Elfring and Hulsink, 2003). Earlier Johannisson (1986) has also argued that the ideal network should be composed of both strong and weak ties because the homogeneity of strong ties is considered to be less effective resulting in local cohesion and overall fragmentation (Ibarra, 1993). Davidsson and Honig (2003) report that network composed of both weak and strong ties is important for nascent entrepreneurs. Strong ties i.e. parents and close friends in business provide encouragement which is strongly associated with probability of entry and weak ties are significant for gestation activity and providing specific knowledge that individual may not access within the close network of strong ties. Han (2006) proposes that superior international performance is positively related with the combination of a few strong ties and many weak ties and the number of productive ties a startup has is positively associated with their performance. Han (2006) also reports that the effectiveness of tie characteristics on developing startup internationalization strategies and on later performance depends on the combination of many weak and a few strong ties. Kontinen and Ojala (2011) in a study of role of networks ties in recognition of international opportunity emphasize that family SMEs also recognize opportunities through weak ties formed in international exhibitions and for them the nature of these weak ties is more important than the target country because in recognizing opportunities for foreign market entry, they seek the possibility of developing a new weak tie.

In brief we argue that effectiveness of the network depends upon combination of strong and weak ties because different ties provide access to different resources, as Uzzi (1997) suggests that firms benefit from a mix of ties. By focusing on the strength of ties, we intend to deal with this issue and aims to provide a better understanding about the role of weak and strong ties.

## Section 3. Role of Networks

As early as 1997, Madsen and Servais (1997) call for further research into the backgrounds of the founders of born global firms because these individuals' prior experience and knowledge, as well as their personal network of relationships, are shown to be important in their firms' internationalization. They suggest that a special challenge for many born global firms is to make effective use of networking activities on a worldwide level. During the last two decades, network has become an emerging research topic within the domain of entrepreneurship (Hoang and Antoncic, 2003). Literature on international new ventures (INV) (Zahra and George, 2002; Oviatt and McDougall, 1994) and the born global firms (Coviello, 2006; Freeman et al., 2006; Mort and Weerawardena, 2006; Knight, 1997) considers networking as one of the key elements to describe the international new ventures. Alvarez and Busenitz (2001) argue that the entrepreneurs combine resources to create new heterogeneous resources which contribute to competitive advantage of firm. Rialp et al.'s (2005) in their theoretical model summarize that international capability for the early internationalizing firm is generated due to firm's intangible resources. In a recent article, Fatima et al. (2011) summarize the effects of networks on firms' internationalization which include; 1) initiate and stimulate firms intent of internationalization (Chetty and Patterson, 2002; Ellis, 2000; Andersen, 1996; Coviello and Munro, 1995), 2) encourage firm's decision of market-selection (Coviello and Munro, 1997; Bell, 1995) 3) help in entry-mode decision (Chetty and Campbell-Hunt, 2004; Chen, 2003; Johanson and Vahlne, 2003), 4) help in bridging relationships (Chetty and Patterson, 2002; Bjorkman and Kock, 1995; Welch, 1992), 5) enhance the local market knowledge (Larson, 1992), 6) Provide initial trust (Chetty and Patterson, 2002; Nahapiet and Ghoshal, 1998; Osland and Yaprak, 1995), 7) cost saving and risk avoidance (Chetty and Patterson, 2002; Burgel and Murray, 2000), 8) increase the speed of firm's internationalization (Jones, 1999), 9) expand firm's scope (Coviello and Munro, 1995).

However, a few studies have focused on integrating both resource and network views. First is the study of Zahra et al. (2003) and second is of Chetty and Wilson (2003). Zahra et al. (2003) investigate the impact of selected intangible and tangible technological resources on internationalization of firm and argue that technological networks can have an influence on the speed and degree of internationalization. Chetty and Wilson (2003) investigate the influence of different types of networks on the resource profiles of both domestic and international firms. Zahra et al. (2003) position the network to be a resource itself, while Chetty and Wilson (2003) consider resources as a network outcome which means that that networks are a resource in itself and also generate resources, a view consistent with the social capital literature (Nahapiet and Ghoshal, 1998). Several authors (Autio, 2005; Sharma and Blomstermo, 2003; Andersson and Wictor, 2003; Arenius, 2002) agree that network ties generate social capital which in itself is a resource (Davidsson and Honig, 2003). Firms acquire and internalize new resources generated by networks which serve as a base (Brush, 2001). However due to the liabilities of smallness and newness, a new venture may not have the means to acquire all necessary resources and in this situation, networks serve as a valuable base for providing access to partner resources. In this way new venture mobilize resources which it it has not internalized and achieve results beyond its means (Jarillo, 1989). Johanson and Mattsson (1987) argue that the firm through its network develops the relationships that provide access to important and necessary resources which also implies that a firm does not need to own a resource to gain access to it (Barney, 1991).

Various scholars have emphasized the need to understand networks in the context of international new ventures, (Coviello, 2006, Autio, 2005; Sharma and Blomstermo, 2003; McDougall and Oviatt, 2003). In the most recent literature, Cavusgil and Knight (2009) suggest that scholars should investigate the role of network relationship in early and substantial internationalization, how do networks advance early internationalization goals and what types of networks are more beneficial and in a most recent study, Slotte-Kock and Coviello (2010) emphasize the need for greater understanding of network content, governance and structure. The purpose of our research is to develop a better understanding of the role of networks in resource acquisition which is accomplished by investigating the ways a network facilitates resource development. For this purpose we have borrowed the resource categorization (Table 2) given by Grant (1991) in which he has described the resources into financial, physical, human, organizational, technical and reputational resource categories. We tend to explain the resource acquisition by networks in the following paragraphs.

| | |
|---|---|
| Financial resources | money, assets and financial stocks: generally the company's borrowing capacity, the ability to raise new capital and internal fund generation |
| Physical resources | tangible property used in production and administration including plant, equipment, location, minerals, energy resources, land and other facilities |
| Human resources | knowledge, training, business idea and experience of the entrepreneur, employees and managers |
| Organizational Resources | firm's structure, routines, information generation, decision-making resources and planning systems |
| Technical resources | laboratories and R&D facilities, testing and quality control technologies, patents, licenses, trademarks and copyrights |
| Reputation resources | perceptions of the firm: for example brand loyalty or global image |

Source: (Grant, 1991)

Table 2: Resource Categorization

In our conceptual framework chapter, we have identified from previous literature the constraints faced by small and medium enterprises (SMEs) during internationalization which include lack of economies of scale (Welch and Luostarinen, 1988), lack of financial and knowledge resources (Karlsen et al., 2003), and risk aversion (Dimitratos and Plakoyiannaki, 2003) as major problems. The three constraints are exacerbated in situations in which smaller firms internationalize early and rapidly (Knight and Cavusgil, 2004). Freeman et al. (2006) argue that firms overcome key constraints by building network competencies to develop a range of alliances and partnerships. To overcome severely limited financial resources and market knowledge to achieve superior performance, managers focus on multiple tasks including carefully selecting foreign customers using personal networks, identifying best practices in the industry, investing early in their development in the relevant technology, developing strong relationship with key local suppliers through strategic alliances, and investing early in quality management to develop excellent relationships with local suppliers. The firms also manage to avoid risk by developing strong and innovatively structured relationships with their preferred suppliers and also use their network ties to connect to lead markets through large key foreign customers and suppliers and, thus, to participate rapidly in those markets with large orders from inception. New firms are dependent on relationships with, for example, financiers, suppliers and customers (Oviatt and McDougall, 1994). For new firms it is important to take advantage of personal relationships that entrepreneurs have created before the firm was created (Andersson and Wictor, 2003). At a general level, network ties seem to facilitate internationalization (Coviello and Munro, 1997). Ghauri et al. (2003) also consider networks to be essential and useful approach to smaller firms in overcoming export-marketing problems concerning quality organization financial or information problems. In a recent study, Coviello (2006) confirms the important role of networks in opening doors for born global to get finance, market access, and contacts for both external and internal development. She finds that resources acquired within the firms network not only aid the born global as it evolves through internationalization but also before internationalization, from the earliest stage of company development. Coviello (2006) also finds that the nature of resources obtained from the network can vary from firm to firm, and across the stages of internationalization.

Scholars have identified that networks ties are important in providing mechanisms for market entry (Coviello and Munro, 1995), staff recruitment (Evangelista, 2005) and financial resources (Coviello and Munro, 1997). For international new ventures, personal networks tend to be highly relevant (Andersson and Wictor, 2003). Sharma and Blomstermo (2003) demonstrate that new ventures utilize and exploit network ties for information about the foreign market. Yli-Renko et al. (2002) also report that network ties have positive impact on foreign market knowledge and in turn, on the international growth of new ventures. The role of knowledge is considered to be a key dimension in the internationalization of firms and is well recognized (Johanson and Vahlne, 2003, 2006, 2009, ). Literature on internationalization process theory (Johanson & Vahlne, 1977, 1990, 2006, 2009) and international new venture (INV) research (Oviatt and McDougall, 1994) identifies knowledge accumulation as a key factor on internationalization of small firm. Casillas et al. (2009) argue that a clear comprehension of the influence of knowledge on a firm’s internationalization process can explain why some firm follows a path dependent internationalization as proposed in Uppsala model (Johanson and Vahlne, 1977) while others start internationalization from their inception (Oviatt and McDougall, 1994). And still our understanding is little regarding what this knowledge is and how smaller firms acquire this knowledge (Zahra, 2005, Eriksson et al., 2000). Knowledge is of two types, 1) objective knowledge refers to knowledge that can be formally taught, learned from other people and can be formally expressed or transmitted to others and 2) experiential knowledge refers to knowledge acquired from one's own experience and cannot be transmitted to others (Penrose, 1959, 53). The basic assumption of the Johanson and Vahlne model (1977) is that an important constraint to international operations is the lack of foreign market knowledge and this necessary knowledge 'called experiential knowledge' can be acquired mainly through experience and operations abroad (Johanson and Vahlne, 1977). Petersen et al. (2003) highlight and help us to understand that this knowledge can partly explains the emergence of the "Born Global" phenomenon and plays a far more complex role than assumed in previous models of internationalization. In this regard three types of knowledge are considered to be most relevant for the internationalization of small and new firms which include internationalization knowledge (a firm's capability and resources to engage in international operations), business knowledge (competitive situations in specific markets and clients in these markets) and institutional knowledge (information about governance structures in specific countries and their rules, regulations, norms and values) (Eriksson et al., 2000).

The INV approach suggests that prior knowledge and experience of founders and top management teams support a new firm's early internationalization (Oviatt et al., 1995) which is augmented during learning process with new experiential knowledge and firm use formal methods of information gathering (Chaudhry and Crick, 2002) and actively integrating knowledge held by networks (Casillas et al., 2009). In case of rapid internationalization, the speedy business decisions are required to be made which ultimately require the acquisition and integration of knowledge quickly (Autio et al., 2000). This speed of quick learning and knowledge accumulation rely on how knowledge is shared among firms, individuals and others in networks (Jones and Coviello, 2005). Sharma and Blomstermo (2003) in a study of born global firms report that the internationalization process is a matter of learning through networks. It is the individuals in a firm who are engaged in a firm's activities and thus acquire experiential knowledge. And foreign market knowledge is actually experiential knowledge which is developed from experience in foreign market operations. Foreign market knowledge comprise those experiences which individuals acquire in a firm engaged in foreign markets (Melén, 2009). Sharma and Johanson (1987) state that if firms enjoy relationships with other firms operating in international network (such as equipment suppliers, customers, complementary consultants and banks), the relationships may act as bridge to foreign markets. Knowledge about foreign market opportunities may, furthermore, be channel through the network, or firms in the network may pull the firm abroad. The findings on internationalizing firms' knowledge development support the findings made by Powell et al. (1996) and Achrol and Kotler (1999) by providing evidence that experiential knowledge development of internationalizing firms takes place in the interactions within a network. In other words, a firm's internationalization means that the firm develops networks in other foreign markets which are viewed as a system of business relationships and foreign market knowledge is based on experience gained from current business networks.

The most recent literature regarding internationalization of born global firms (Lindstrand et al., 2011; Tolstoy, 2010; Manolova et al., 2010; Presutti et al., 2007) has emphasized the knowledge creation and acquisition through their networks. Earlier, Chetty & Campbell-Hunt (2004) and Harris & Wheeler (2005) has emphasized the importance of local market knowledge from personal networks in the early stages of internationalization. Network allows to access valuable information that is important in the uncertain environment in which they are operating (Hite and Hesterly, 2001). The network that entrepreneurs establish outside of their organization provides information, knowledge and resources that are used to explore foreign markets (Hoang and Antoncic, 2003). Learning from ties in initial markets improves the firm's general ability to co-ordinate activities with new relationships which leads to entry into other markets (Johanson and Vahlne, 2003). The experience of working and learning from relationships helps firm to build network development routines (Blomstermo et al., 2004). Tolstoy (2010) reports that network development has not only a direct and positive influence on knowledge creation but also speed up the knowledge creation of international firms in foreign markets by opening up possibilities for knowledge combination which means network development enables firms to identify, access, share, and integrate knowledge. The network development and knowledge combination are intimately related and ongoing network development is a prerequisite and necessary to be able to identify and implement emerging opportunities of knowledge combinations in network relationships. Presutti et al. (2007) also report that network ties among a global high-tech start-up and its key foreign customers (the structural dimension of social capital) are positively related to knowledge acquisition which in turn is positively related to the international growth of a high-tech start-up.

During the internationalization of firm, decisions to enter new markets are among the most crucial that a firm makes (Douglas and Craig, 1992) because the foreign market choice serves as a spring board for firm's future expansion. The importance of this subject has been emphasized by many scholars, see for example, (Ojala, 2009; Zain and Ng, 2006; Ellis and Pecothich, 2001; Coviello and Munro, 1997). Current literature contends which approach entrepreneurs should adopt. On the one hand foreign market entry (FME) decisions are made on the basis of a rational approach to market conditions and are based on objective information collected systematically via market research (Root, 1994; Toyne, 1989; Young et al., 1989; Douglas and Craig, 1983). On the other hand it is also suggested the entry decisions are often made for non-rational reasons (McDougall, 1991; Brown and Cook, 1990) and the advocated systematic or traditional approach is rarely used in practice for market selection (Axelsson and Johanson, 1992; Johanson and Vahlne, 1992) and However, network perspective advocates that foreign market entry is a function of the ongoing interaction and relation between the firm and its ties which means foreign opportunities are communicated to firm via its network ties (Blankenburg, 1995; Johanson and Mattsson, 1988). A significant body of literature contradicts the most commonly used traditional approach to market selection. The use of a network approach possibly provides some explanations to these findings, however, despite recent advances in this regard; little conceptual progress has been made (Ellis, 2000).

Network research suggests that foreign market entry is the result of interaction between the firm and its networks (Holm et al., 1996; Blankenburg, 1995). For many high-technology and industrial firms, paths of internationalization reflect their relationship with various supplier and customer within the network providing bridges into other markets (Coviello and Munro, 1997; Axelsson and Johanson, 1992). Various previous studies, for example, Brown and Cook (1990) emphasize that personal and experiential information sources are more important than objective information. Styles and Ambler (1994) also report that interaction and discussion with channel members are their most valuable sources of information and importer search efforts are based on known contacts than on objective information published by government agencies (Liang and Parkhe, 1997). Social ties not only provide access to other markets but are also useful for evaluating potential partners and fore-knowledge about potential partner's reputation and a history of personal relationship reduces the risk and provides a foundation for mutual trust (Larson, 1992). Zhou et al (2007) also suggest that social networks can serve as basis from which formal business networks are developed in new markets which lead to those relationships that help internationalization. Thus, social networks aid in identifying new opportunities and developing specific competitive advantage via the accumulation on international knowledge. McCarthy et al. (2007) also report that identification of important actors within networks leads to valuable opportunities to be discovered. Bio-tech firms and suppliers particularly those with global reach are both positioned to capitalize such information.

Previously, there has been practically no categorization of network relationships influencing a firm in its choice of a new foreign market or of a market entry mode. Coviello and Munro (1997), Zain and Ng (2006) and Ojala (2009) study different types of network ties influencing the foreign market selection and market entry mode choice. Coviello and Munro (1997) argue that formal and informal network relationships influence foreign market selection and entry mode choice of the small software firms. They further note that firm's choice of foreign market and entry mode is clearly influenced by early partners (which were often large international corporations). Zain and Ng (2006) do not use any type of categorization of networks and the types of networks mentioned in their findings are relatives, ex-employers, friends and contacts. In the study by Ojala (2009), it is reported the foreign market entry and entry mode are of strategic choice and not influenced by relationship. It seems reasonable to claim that important ties or in some cases mediated relationships are actively developed and utilized to target markets. However, knowledge intensive firms first select target country and entry mode without the influence of relationships and then start to develop new ties or use existing ties.

In a nut shell, an entrepreneur needs different resources during entrepreneur process and he must know where they are available and to proactively acquire, create and leverage resources, networks can be an important tool (Coviello and Cox, 2006; Chetty and Campbell-Hunt, 2003). It is experience, skills and networks of the entrepreneur which allow them to develop the resources required to become 'born global', and to skip the stages of internationalization that international business literature predicts (Karra et al., 2008). Not only international ties are important for understanding a firm's international development, but also local ties play a key role (Johannisson et al., 1994). However, the position of entrepreneur in social networks may determine the resources that may be available to entrepreneur (Johannisson, 1986).

## Section 4. Role of Networks in Industry and Institutional Context

Boter and Holmquist (1996) emphasize the great importance of industry than firm's nationality for understanding the international behavior of firm. Born global firms are more international oriented than traditional firms (Madsen and Servais, 1997) and much of the literature has connected the presence of born global firms with high-tech sector and in new industries (Crick and Jones, 2000). However, Madsen and Servais (1997) report that born global come from many industries and are not only limited to high-tech industries. Later research also confirms that early internationalization phenomenon is also shown in traditional and mature industries (McAuley, 1999). However it has been reported that internationalization of high-tech firms is more rapid and entry routes followed are different from low-tech firms (Crick and Spence, 2005). It has been argued in literature that the strategy and resources of firms match the demands of external environments (Lawrence and Lorsch, 1967). Therefore, the influence of networks on new firm's performance varies across low and high technology sectors (Rowley et al., 2000). Literature regarding moderating role of industry in the early internationalization of firms also argues that right mixture of human and social capital largely depends upon environment of industry (Madsen et al., 2008) and the type of industry in which the venture has been created can also affect the network structure and configuration because of different resource needs of the different types of ventures upon the entrepreneurial network development (Brass et al., 2004).

The technological intensity of industry determines the level of dynamism and uncertainty (Dess and Beard, 1984). In high technology industries great levels of uncertainty and dynamism exist which encourage firms to explore new opportunities and build up new competencies. However, in low technology industries high levels of stability exists which encourage firms to exploit existing capabilities (Rowley et al., 2000; March, 1991). There is also difference in value of bonding and bridging dimensions of social capital across low and high technology industries (Rowley et al., 2000). Johannisson (1996) suggests that personal ties from social sources may be less important in manufacturing industries than in the services industry. Schutjens and Stam (2003) identify that firms in manufacturing sector have relatively more types of business relationships than firms in service sector. Research has also suggested that different innovation levels affect the variation of contact as innovative establishments tend to have more often cooperative relationships than firms without innovation (Johannisson, 1996). Mort and Weerawardena (2006) studies the networking capabilities of high and low-technology firms and find that networking capability is plays a similar important role for firms in both low and high-technology industry.

It has also been claimed that internationalization pattern also varies from country to country because of differences in environment and development within a country (Welch and Luostarinen, 1988) and institutional development level of a country has a direct impact on entrepreneur’s social networks composition (Kiss and Danis, 2008). As far as internationalization of a firm is concerned, very little is known regarding the influence of various national context on the internationalization process of firms and the magnitude to which entrepreneurs rely on their networks (Kiss and Danis, 2008). In this part we will focus on pattern of internationalization and social networks in national context by comparing born global firms in France and Pakistan.

Danis et al (2011) examine the importance of social networks in different institutional conditions by comparing the firms in emerging and developed economies and emphasize the more importance of networks for new business activity in emerging economies as compared to developed ones. It has been found in countries with higher regulatory and normative institutional burdens that there is stronger relationship between new business activity and associational activity and in developed countries these moderating effects are absent. Due to institutional uncertainty and information asymmetry in emerging economies, entrepreneurs build relationships with others to gain access to experience, knowledge and opportunities. However, in developed economies networks are less important for new ventures because institutional fields are more established. De Clercq et al. (2010) compared the interaction between social ties and institutional factors in emerging economies and find that this relationship between associational activity and new business activity is stronger for higher regulatory and normative institutional burdens and lower cognitive institutional burdens. Kiss and Dannis (2008) in their theoretical model (Fig 5) explain that although both strong and weak

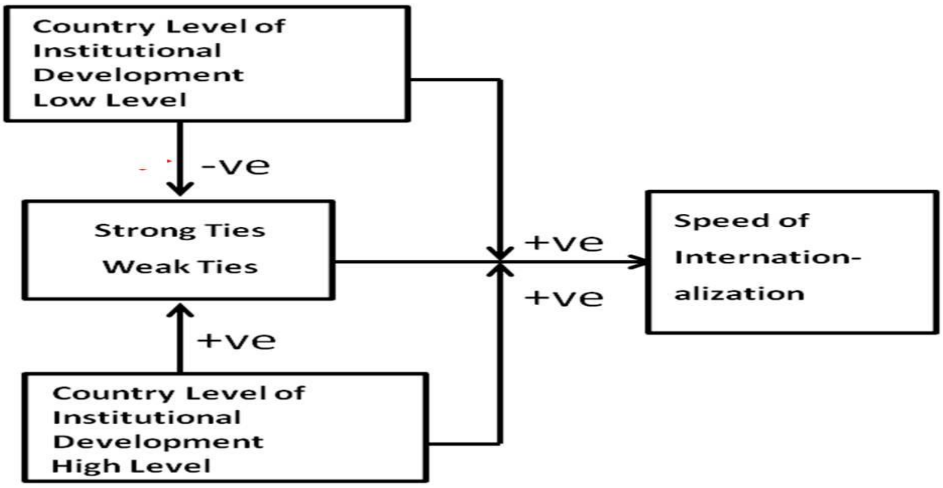


Figure 5: Country's Level of Institutional Development
Source: (Kiss and Danis, 2008)

ties have positive and direct impact on the internationalization speed but the relative strength of these ties depend on a institutional development of country which may have a direct effect on the composition of ties which means that in countries with lower level of institutional development (transition and emerging economies) entrepreneurs rely more heavily on social ties as compared to entrepreneurs from developed economies. In countries with lower levels of institutional development, characterized by turbulent environment and scarce resources, networks not only play critical roles in resource mobilization but also help to cope with problems imposed by highly bureaucratic institutional structures (Smallbone and Welter, 2001). Similarly in countries where formal institutions are unstable and weak, networking activity is more intense (Batjargal, 2003; Smallbone and Welter, 2001). Networking activity is more intense and entrepreneurs rely more on their social ties with increasing environmental uncertainty and turbulence (Batjargal, 2003; Peng, 2000; Peng and Luo, 2000). Kiss and Dannis (2008) argue that new venture internationalization process is affected by institutionally based differences in networking and network content are in turn influenced by country’s level of institutional development which in-fact moderates the relationship between social networks and new venture internationalization. They further argue that although both strong and weak ties social networks ties facilitate, irrespective of institutional context, the rapid internationalization, however, the strong ties are more predominant in countries with lower level of institutional development and weak ties are more predominant in countries with higher level of institutional development. They further argue that entrepreneurs from economies with lower level of institutional development should focus on strong ties because of trust involved which can provide rich information and can compensate for institutional voids enabling entrepreneurs to better understand their complex environment (Peng and Heath, 1996). However, the case of institutionally mature countries is different where entrepreneurs should focus on weak ties because of less cost and time involved and ability to provide access to more diverse information and resources (Granovetter, 1973). Previous research has also emphasized that conducting international business in environment with under-developed or still evolving institutions call for the establishment of strong personal ties (Kornai, 1992) because strong ties provide a shelter to avoid (Aldrich, 1999).

Manolova et. al. (2010) in a study of Bulgarian INV identify that the role of networks for the survival and growth of new venture internationalization in transition economies has been understudied. Their findings support the positive relationship between the opportunities abroad and the entrepreneur’s personal ties, however, their findings did not report any beneficial role of new venture’s network ties with other firms in the value chain for its internationalization. This role has been reported as more important for younger firms as compared to mature and established firms which implicate that firm age negatively moderates the effect of inter-firm networks which means that the degree of internationalization will be higher if new venture engages in inter-firm collaboration earlier.

The importance and need to study the moderating role of country's level of institutional development becomes more important in the presence of studies which contrast with earlier studies and existing theories citing networks and their utilization as important for entrepreneurial activity. For example, Witt et al. (2008) in a study of German entrepreneurs find results quite in contrast to previous findings rejecting the network hypothesize and found that network ties have close to no impact on resource acquisition. They report that only one valuable resource available to entrepreneurs from network partners is their personal contacts which help the entrepreneurs to be more customers oriented and successful. Other resources obtained from networks ties i.e. experience and knowledge, physical and financial resources do not correlate with a success measure. However, they try to find justification for their results and suggest that networks are of little importance for entrepreneurial success in a country like Germany. Similarly Galina and Patricia (2012) in a study of Russian firms investigate the influence of network ties in institutional context and found no sound evidence of role network ties in the internationalization of Russian firms. They justify their results by arguing that both social and business ties play minor role. The reason is historical and economic development of country during 70 years of isolation of the country resulting in Russian entrepreneur's lack of business or social network with international connection. Therefore Russian entrepreneurs search for business contacts on their own or with the help of some organizational marketing events like trade exhibitions.

## Conclusion

Our discussion of previous literature shows that there is recent emergence in large number of small firms that internationalize from the earliest days of their foundation. Many researchers have reported that this emergent field is still in infancy and literature clearly reveals the growing significance (Rialp et al., 2005; Servantie, 2007; Coviello et al., 2011). Until 1990 common view within SME research was that these firms internationalize in a gradual slow process, however, small firms begin to internationalize rapidly during 1990s due to changes in market conditions and advances in transportation and communication technology. These firms are being given different names e.g. Born Global and International New Ventures (INV). Researchers have raised objections that the process theories do not explain the early internationalization of born global firms (McDougall et al., 1994; Oviatt and McDougall, 1997; Knight and Cavusgil, 1996; Preece et al., 1999; Madsen and Servais, 1997). Researchers also emphasize that U-models & I-models are no more sufficient to explain the early internationalization of firms and they emphasize the need for new theory to explain this phenomenon. Many studies have been conducted in different countries to describe and explain the internationalization of this new kind of firms. Several studies during the past two decades have argued that born global firms represents a distinctive pattern of internationalization process as compared to other types of businesses (Bell et al., 2003; Knight and Cavusgil, 1996; Bell, 1995) and more specifically oriented and highly systematic research is required to get further knowledge about their internationalization process (Zou and Stan, 1998; Coviello and McAuley, 1999; Fillis, 2001; Jones and Dimitratos, 2003). Bell (1995) suggests network approach as more appropriate measure in order to understand and explain the internationalization of these firms. Caviello and Munro (1997) explain that by integrating the incremental models with network models , the internationalization process of these firms can be better understood. The importance of different types of networks for internationalization of new ventures in increasingly acknowledged in research (Coviello, 2006). Earlier, in a review study,  Rialp et al (2005) has also reported the relevance of knowledge and networks for internationalization process. However, despite this increasing interest, a few studies have described in detail the role of networks and links between network and internationalization (Slotte-Kock and Coviello, 2010). Knight and Cavusgil (2009) also suggested to investigate further the role of network relationship and what type of network contacts are beneficial in the early internationalization of born global firms. Therefore, we investigate the entrepreneurial network in terms of network size, diversity, quality and the strength during early internationalization. Previous research directly jumps to role of networks before knowing their origin, we also intend to know the origin of networks. The main focus of our research is to investigate the role of networks in resource and knowledge acquisition of born global firms. Therefore we will also focus on how these small firms overcome resource scarcity and acquire knowledge about international markets. We will also study either these firms adapt reactive or proactive approach and how networks affect their approach in various industrial sectors in developed or developing countries by comparing the born global firms from various sectors of France and Pakistan which is an important objective of our study.

# Chapter 4: Methodology

We have reviewed in the preceding chapters; the literature regarding the networks of small newly founded firms and focused in particular on the role of networks in born global phenomenon. We conclude by highlighting the gaps in the literature this research aims to address. In this chapter we have attempted to set out the methodology and methods applied to this research. Both understanding a qualitative approach and writing a justification for their use have been a major challenge and a significant part of my learning.

## Section 1. Epistemological and Methodological Issues

Hussey and Hussey (1997) highlight an important point that the paradigm adopted for research is critical for all aspects of its conduct. The issues of epistemology and ontology should be in line with the research investigation (Fletcher, 2006). Guba and Lincoln (1994) argue that *"inquiry paradigms define for inquirers what it is they are about and what falls within and outside the limits of legitimate inquiry (p.108)"*. As the authors suggest, an inquiry paradigm can be drawn out by focusing on three basic questions which are ontological, epistemological and methodological questions. Whereas the first is about the nature and form of reality and what can be known about it and the second relates to the issue of the nature and trait of the relationship between the knower and to be known. Guba and Lincoln (1994) point out that the response to the latter is, to some extent, already pre-determined by the answer to the ontological question posed at the beginning. The third question refers to the methodology that would be appropriate in line with the ontological and epistemological stances chosen by the researcher. This would cover the basic, but important question of how the researcher can ascertain what he believes that can be found. Methods are then be fitted to the methodology chosen. In this way the appropriateness of the research approach will depend on the "nature of the social phenomena to be explored" as suggested by Morgan and Smircich (1980) and the social phenomena explored in our research are Born Global firms' networks and in particular the role of these networks in the early internationalization of born global firms.

The approach adapted for this research is a combination of both deductive and inductive approach (figure 6). The deductive part of the approach is persuaded as

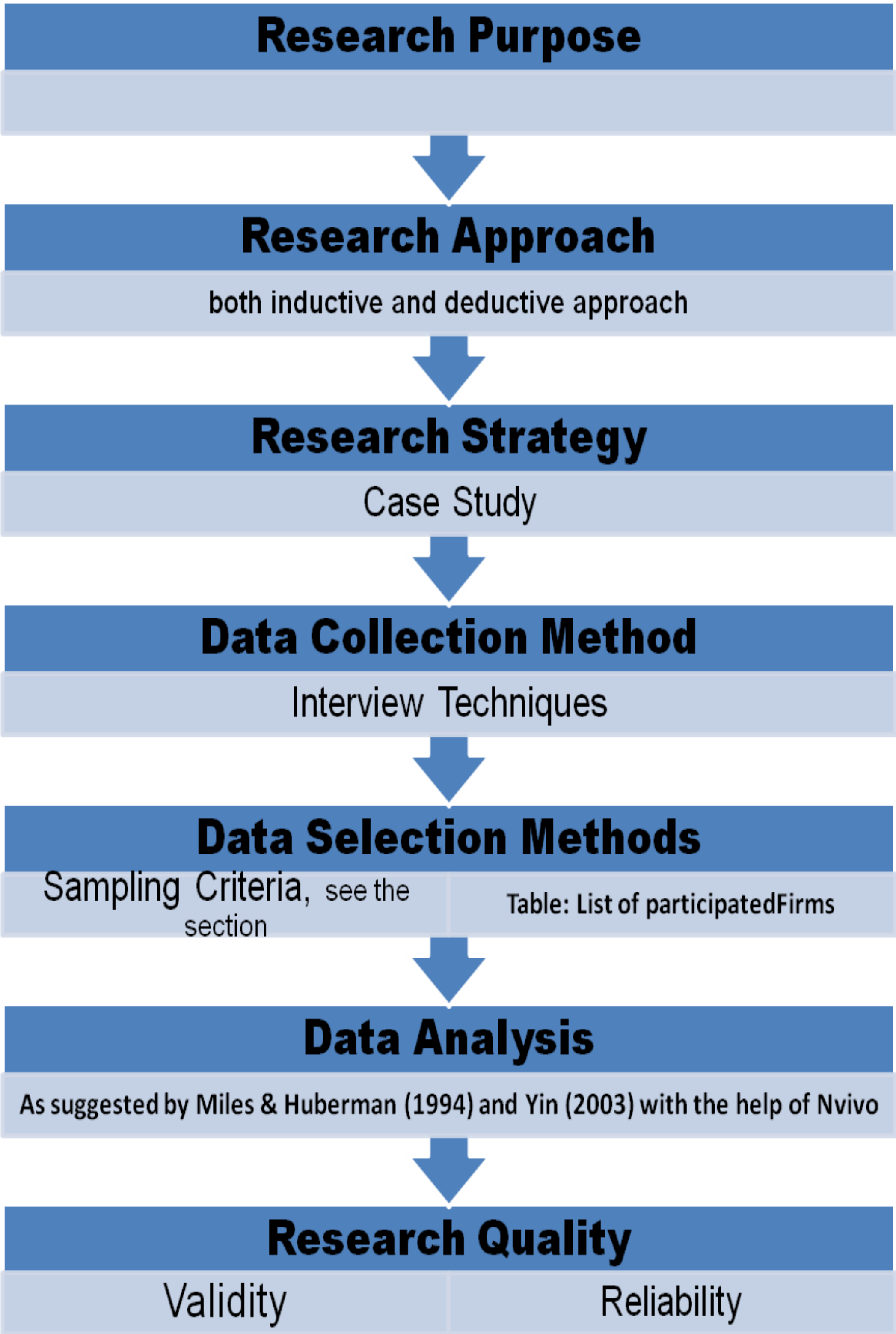


Figure 6 : Graphical presentation of Research Method

extensive research has been conducted previously within the discipline of role of ties in early internationalization. The research in this thesis is influenced by earlier studies mainly Ojala (2009), Zain & Ng (2006) and Coviello & Munro (1997). It was interesting to investigate which types of network relationships have an effect on internationalization of born global firms. Although this has been studied previously however researchers have missed some aspects of networks (see the preceding chapter; Conceptual Framework) and thus this part can be persuaded as inductive and this is an exploratory part of the research which is not fully explored earlier by research, as we have mentioned in previous chapter of 'Conceptual Framework'. The qualitative nature of our research is more linked with an inductive approach (Lewis et al., 2009) and other point linked to an inductive approach is that our objective is not to generalize our findings, but rather to understand deeply the problem under investigation. We have preferred a qualitative approach in our research in order to understand early internationalization of the case firms under investigation and the concepts included in our investigation are comprehensive which can be highly associated with qualitative data (Robson, 2002). The narrow and more focused research topic under our investigation is an extension and highly related to earlier studies which are based on the network approach. The multiple case study strategy chosen for our thesis to comprehend the early internationalization is another influence derived out from the earlier studies. In addition to this, investigating the characteristics of networks and their functions and what effect the relationships can have on the foreign market selection and mode of entry can also be argued as exploratory.

The case study approach enables the researcher to get a broad and comprehensive view of a single case (Bryman and Bell, 2003, Eisenhardt, 1989) and depending on the purpose of study, a multiple case study may be conducted which can lead to more vigorous results (Christian and Flament, 2005). In this thesis, ten case firms are selected for our research which makes it a multiple case study. This multiple case study strategy helps to compare the different case firms and also makes it possible for researcher understand a complex subject under study (Bryman and Bell, 2003). To fulfill the purpose of our research, we find it to be the most suitable research strategy because this strategy fits in and match the objective of our thesis and it has also been the adapted by the previous scholars within this specific area of research (Ojala, 2009; Zain and Ng, 2006; Coviello and Munro, 1997).

## 1.1. Research design and the importance of pre-understanding

Research design is the general plan action that researcher will pursue to answer his research questions (Lewis et al., 2009). The three layers which include research strategies, research choices and time horizons must be kept in mind while focusing on research design which turn research questions into a research project (Robson, 2002).

Edmondson and McManus (1989, 1173) advocate that the process of field research is like a journey involving almost as many steps backward as forward. Gummesson (1990, 70) suggests that there is no understanding without pre-understanding and an understanding of the parts leads to an understanding of the whole. He further clarifies that pre-understanding is about knowledge, insights and experience of people before they embark on a research program. Pre-understanding contrasts with understanding which is derived from improved insights emerging during a program or assignment. Pre-understanding is also related to a certain attitude and a commitment on the part of the researcher, it is about his/her personal experience as an essential part in the process of collecting and analyzing information. Pre-understanding could be based on both professional and private experience acquired in different contexts and be highly beneficial to the researcher and the research participants, yet a lack of pre-understanding could also present a serious obstacle as the researcher will need considerable extra time to collect basic information about issues and aspects relevant to a research aspect. Conversely, the downside of pre-understanding could be historical knowledge, concepts, hypotheses and theories that seriously bias and block the researcher's sensitivity (Floch, 1990). This research process started with my pre-understanding and led to the identification of a project idea. Literature review and research questions are developed in parallel, both informed by my pre-understanding. This has led to a study design based on purposeful sampling of multiple cases employing semi-structured interviews to set up the entrepreneurial perception of the social networks inherent in born global firms' networks.

Data collection and data analysis are ongoing, closely interrelated processes, which eventually lead to the writing up. Part of the data analysis process are case descriptions, a sifting process entailing constant comparison across three levels of data (first interviews with founders and then additional data collection via emails and telephones) as well as within and cross case analysis which led to the identification of categories and subcategories.

The research design is partly of exploratory character which intends to find out *"what is happening; to seek new insights; to ask questions and to assess phenomena in a new light"* (Robson, 2002:59). It is not only a valuable mean to understand a problem but also flexible to change. Adams and Schvaneveldt (1991) argue that the flexibility of exploratory research does not mean that there is absence of direction but the focus of research is initially broad and becomes narrower progressively as the research moves on. As coherent and logical comprehension of the case firm's internationalization process is called for therefore the research design can be argued as partly descriptive. In management studies description has a very clear place when concern is to answer questions based on "how" and there are clear advantages of a case study design where the researcher has limited control (Yin, 2003). However there are possible disadvantages of this approach because of the limited opportunity to generalize the findings and the possibility of bias as the quality of research depends on the researcher in the data collection. But it should be remembered that there are always chances for bias no matter what design has been adopted. And a case study can center on analytic generalization where objective is the expansion of theory as compared to statistical generalization (Yin, 2003). The objective in our thesis is not generalization but the findings of research can give indications if there are commonalities between the case firms.

## 1.2. Methodology

As Easterby Smith et al (2002) underline, once the researcher has clarified both his ontological and epistemological standpoints underlying the research key decisions need to be made about the methodology and methods to be employed. Whereas Crotty (1998: 3) defines methodology as *"the strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes"*, methods are defined as "the techniques or procedures used to gather and analyze data related to some research question or hypothesis". Similar to Crotty, Blaikie (1993) consider research methods as procedures and techniques used to collect data and analyze it and consider methodology as the analysis of how research does proceed. In comparison, for Harding (1987: 2) methods are *"techniques of gathering evidence"* which contrasts with methodology as described by Crotty (1998). Along similar lines, Hussey and Hussey (1997) contribute to the methods versus methodology debate by describing the former as merely the means by which data has been collected and analyzed, whereas the latter is a more holistic term for the research process.

In line with the ontological and epistemological approach chosen an array of actual methodologies is available such as, for instance, experiments, survey research, ethnography, phenomenological research and grounded theory. In comparison, the list of possible methods is even longer and includes sampling, questionnaires, observation (participant and non-participant), interviews, focus groups, case studies, narratives, statistical analysis, cognitive mapping and content analysis (Crotty 1998). We chose a case study approach involving semi-structure interviews.

## Section 2. Multi case Study perspective

Eisenhardt (1989) describes the case study research as a strategy that may involve one or more cases to create theoretical constructs, propositions and/or mid-range theory from case-based empirical evidence. Case studies are rich descriptions of a particular phenomenon that is typically based on different sources of data (Yin, 1994). The basic idea of case study is to develop a theory by recognizing patterns of relationships among constructs within and across cases and their inherent logical arguments. The theory-building process occurs via recursive cycling among the case data, emerging theory, and extant literature (Eisenhardt and Graebner, 2007).

Vissak (2010) emphasizes the importance of case study for comprehension of complex phenomena such as the internationalization and the management of multinational enterprises. Previously the case study method has been applied in numerous areas of international business (IB) research, for example, “Uppsala model” introduced by Johanson and Wiedersheim-Paul (1975) is based on four Swedish cases. Perren and Ram (2004) also emphasize the importance of qualitative methods in small business and entrepreneurship research and argued that the case study method is small business research is gaining importance. Stake (2003) also confirms that case study has become one of the most common way to conduct qualitative research. This is also in line with Leonard-Barton (1995) who emphasizes that the phenomenon to be researched determines the terms of its investigation. Coviello (2005) advocates the case study approach as an appropriate approach to study entrepreneurial networks because it can provides an insight into social dynamics both the firm and the owner managers over time.

## 2.1. Suitability of Case Study for our Research

From our literature review it is established that little is known about born global firms. As Eisenhardt (1989) stress that case study is to be used for theory building if little is known about the phenomenon and it does not depend on previous literature and empirical evidence. We consider case study suitable for our research as not much is known about why small firms start internationalization process just after their foundation and their phenomenon of early internationalization contradict the famous U-Model and I-Model. This is in line with the recommendations of Eisenhardt (1989) who suggests that this method is appropriate if current perspective seems inadequate, conflict and contradicts with current research. Furthermore, case study can be also used to investigate dynamic and experiential areas, for example, accelerated exporting and business networks (Arenius, 2002; Halinen and Törnroos, 2005) which is also in line with our research objectives. As one of our objectives is to conduct a comparative study of born global firms both from Pakistan and France and in a developing country like Pakistan, we expect very few firms involved in early internationalization. The case study method enables to conduct research in countries with sample bases too small for using statistical generalization (Daniels and Cannice, 2004; Chetty, 1996), as is the our case in Pakistan. Similarly we expect to face same problem in larger and developed country like France as we identify very small number of firms in France meeting the same criteria. Therefore, case study becomes more suitable for our research when sample base was too small both Pakistan and France.

As we are interested in answering “how” early internationalization started, Yin (1994) recommends that case study is a clear advantage to answer research questions based on “how”. As we are interested in finding underlying explanation social networks’ impact on early internationalization of born global firms, we consider that case study research is helpful in discovering causal relationships (Jensen and Rodgers, 2002; Hillebrand et al., 2001), understanding why and how it happens in a certain way (Yin, 1994) and creating interesting, and easily readable rich descriptions and understandings (Eisenhardt and Graebner, 2007; Gummesson, 2006) of early internationalization phenomena.

As early internationalization is a recent phenomenon, case study research is a useful method because it allows expanding and generalizing theories by combining the existing theoretical knowledge with new empirical insights (Yin, 1994). In addition it is helpful not only for discovery, description, mapping and relationship building but also used for theory testing, refutation, refining (Gabrielsson, 2005; Hillebrand et al., 2001; Yin, 1994), illustration (Otley and Berry, 1994), classification, hypothesis development (Benbasat et al., 1987), and identification of further research needs (Halinen and Törnroos, 2005).

Last but not least, data for case study can be gathered from various levels (Leonard Barton, 1995) and sources (Ghauri, 2004, Yin, 1994). For example, we use company reports, archival records, companies’ homepages and other sources. This is very helpful, for example, we are interested in dates of company foundation, entry in different countries, turn over and export ratios etc., and there was a chance that the respondent does not remember exactly what we were expecting. Collection of data from such sources before the conduct of interview also save the time as the respondents do not have to give very general information about the company during interview.

## 2.2. Definition of the case

Ghauri (2004) asks the very important question: What is meant by a case? In response, Gummesson (2008) suggests that "a case should always be defined to suit a specific research purpose" (p.39). As Bryman and Bell (2003) further illustrate, a case can be a single organisation, a single location such as a factory, a person or a single event. Robsons (2002) describes case study as a strategy for conducting research involving an experimental inquiry of a particular contemporary phenomena within its real life settings using multiple sources of information. For the purpose of this thesis the case is defined as the entrepreneurial network. However, in many cases the entrepreneur include information about his early education and early socialization through family and friends, issues of relevance to the understanding of the relationships between the entrepreneur and his network ties. The cases end with the actual creation of the business, not just legally but also the actual public launch.

## 2.3. Multiple Cases

Current literature suggests that a single case can richly delineate the existence of a phenomenon (Siggelkow, 2007) or can investigate and explore systematically a significant phenomenon under rare circumstances (Eisenhardt and Graebner, 2007). On the one hand multiple case study provides a base for theory building (Yin, 1994) and makes comparisons possible whether a finding can be replicated (Eisenhardt, 1989). However, in previous literature there is no agreement on number of cases which can be used for multiple case studies. Eisenhardt (1989) suggests four to ten cases and explains that theory is difficult to generate with less than four cases and it is difficult to cope with the volume of data if there are more than ten cases. Guest et al (2006) suggest that with a fairly homogenous group where aim is to understand commonalities, 12 in depth interviews should suffice. However, they also note that 12 interviews are unlikely to be sufficient where the sample is drawn from heterogeneous population or the focus of research question is wide ranging. Given this Lewis et al (2009) suggested that for a general study, 25 and 30 interviews should be undertaken. Rowley (2002) suggest cases between six to ten. Miles and Huberman (1994) suggest that study may become unwieldy if more than 15 cases are selected.

In case study research, although it is also possible to generalize findings from only one case (Gummesson, 2003; Stuart et al., 2002) especially where only one unique case is available for scientific study (Ghauri, 2004; Siggelkow, 2007; Yin, 1994). However, multiple cases can increase external validity (Leonard Barton, 1995) and advance theory generation (Halinen and Törnroos, 2005; Johnston et al., 1999; Benbasat et al., 1987), providing replication, refining, confirming and refuting the findings (Halinen and Törnroos, 2005; Hillebrand et al., 2001; Eisenhardt, 1991). A single case has limits in terms of generalizability and potential biases (Leonard Barton, 1995), multiple cases help to increase external validity and protect against biases. Yin (2003) suggests that for multiple case study each case should be selected for literal and theoretical replication.

As the objective of this study is to study networks of French and Pakistani entrepreneurs, we adopt a multiple case method, which offers the advantage of comparing (replicating) the phenomenon, i.e. the entrepreneurial network during the different phases of the start-up in a systematic way. For our research, 10 firms are selected, making it a multiple case study and it is possible to make a comparison of different case firms and to understand a complex phenomenon (Bryman and Bell, 2007, Zikmund, 2000).

## Section 3. Data Gathering and Analysis

In literature it is argued that case selection is a challenge because theory generalization can be difficult if cases are not representative and secondly, researcher is confronted with question of how best to select the cases for the research and he often falls into the trap of trying to identify cases that are representative of some population. Eisenhardt and Graebner (2007) suggest that theoretical sampling of cases based upon their suitability extending relationships and logics among constructs is appropriate because purpose is to develop a theory. Gummesson (2008) suggests 'purposeful sampling', which is about determining the type and number of cases during the research process, as a useful strategy. Sampling depends on the additional data required and the diminishing returns of additional information, i.e. the level of saturation obtained. Most qualitative studies relying on a small number of cases tend to employ purposeful sampling strategies, in which cases are deliberately chosen to reveal information about the phenomenon under investigation. Gummesson (2008) concludes that it is always a question of trade-off between one or few deep cases and many shallow cases.

For the purpose of this result, sampling is done as suggested by Eisenhardt & Graebner (2007) and Gummesson (2008) keeping in view our research objectives. French firms are selected from the Orbis data base provided by the Bureau van Dijk (https://orbis.bvdep.com website), fulfilling the criteria mentioned in next sections. French firms are selected from Gironde, a department in the Aquitaine region situated in southwest France. Orbis data identifies 18 firms meeting our research criteria. All firms identified from Orbis database are contacted via email (appendix 14). Letter of recommendation duly signed by director/supervisor of research (appendix 15) is also attached in emails. It was also requested to conduct interviews in English, however, in case respondents are not willing to conduct interviews in English, they were requested to allow a francophone colleague to accompany me. However, all participating firms showed their willingness to conduct interviews in English. Copies of interview guide both in English (appendix 1) and French were also attached with emails sent. Out of 18 small firms contacted only 8 accepted our request for participation in our research. Firms from Pakistan were selected by personal contacts as no organized data like orbis is available there. In the beginning, Trade Development Authority (TDAP), Small and Medium Development Authority (SMEDA) and Pakistan Software Houses Association (PASHA) were contacted for identification of small born global firms but in vain. Finally we were able to identify some firms meeting our research criteria by personal contacts. First requests for participation in research were sent via emails and then they were contacted by phone and only four firms showed their willingness to participate in our research.

## 3.1. Selection of Industry

Many of previous studies focused on the software industry to investigate the phenomenon of early internationalization. Ojala (2009) and Coviello and Munro (1997) called for research in other industries. Therefore, we select firms from different sectors. As one of our research objectives is to compare firms from low-tech and high-tech industries, therefore we purposefully select firms from high-tech industries i.e. medical technology, internet based industries low–tech industries i.e. wine industry and textile (Table 3).

| | **France** | **Pakistan** |
|---|---|---|
| **High-tech Industry** | Internet Based Firms<br>Medical Technology | Internet based Firms |
| **Low-tech Industry** | Wine Firms | Textile Industry |

Table 3: Low-tech and High-tech Firms in our research

## 3.2. Selection of Case Firms

As described in previous chapter of literature review, the concept of born global is still in construction and authors within the field have not reached a consensual position relative to it. The criteria for the selection of firms in this research is adapted from the definition given by Knight and Cavusgil (2004: 649) who defined the born gobal firms as *"firms less than 20 years old that internationalize on average within three years of founding and generate at least 25 percent of total sales from abroad".* This selection criteria has also been adapted by many scholars in previous research, for example, (Cabrol and Nlemvo, 2009; Kuivalainen et al., 2007; Ayyagari et al., 2007; Hashai and Almor, 2004; Andersson and Wictor, 2003; Madsen et al., 2000).

Non probability sampling was chosen in order to select the most appropriate firms for our research. This choice was also made as generalization was not required (Yin, 2003). The case study firms selected has to meet the definition of small and medium-sized enterprises (SMEs) and first step abroad has to take place within the first three years of their foundation and they must have achieved export ratio of 25% within three years of their foundation. A list of firms selected for our research is provided in Table 4.

## 3.3. Saturation

There is ambiguity and no agreement regarding sample size for all non probability sampling techniques. However, the purpose of research and the logical relationship between sample selection techniques is important (Lewis et al., 2009). Patton (2002) also describes that sample size is dependent on research question and objectives. As Gummesson (2000) comments, the actual number of cases chosen for a specific research project will be dependent on the moment saturation is reached, which is *"the diminishing marginal contribution of each additional case* (p. 96)". As the author explains further there would be no need to add further cases *"when the marginal utility of an additional case approaches zero* (p. 96)". The saturation point was reached very late in this study, which is arguably due to the fact that we focus on the three different aspects i.e. origin, structure and role of social networks which all required a relatively deep level of investigation.

## 3.4. Data collection methods

Yin (1994) and Stake (1995) has identified a number of sources of information in cases study method which include interviews, direct observation, documents, archival records and physical artifacts etc. Eisenhardt and Graebner (2007) suggest that interviews are primary data source when cases incorporates strategic phenomenon and are efficient way to collect rich data.

## 3.5. Interviews

Great danger commonly overlooked by researchers is that they gear the data to quantitative statements which spoils the richness of the data and does not to give a holistic view (Easterby Smith et al., 2008). Interviews may be one possible solution to this dilemma as Hannabuss (1996), for instance, suggests that these take place because people are trying to find out things which are not directly observable. Instead, an insider's perspective is required to throw further light on the issues concerned and an interview seems to be an appropriate method for collecting such information as it has its *"natural basis in human conversation and allows the researcher to adjust the pace and style of asking questions so as to bring out the best in the respondents"* (Hannabuss, 1996, 5). Similarly, for Hakim (1987) the most fundamental qualitative method is the in-depth interview and Burgess (1982, 107) argues that the interview is *"the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience"*. Ultimately, Strauss and Corbin (1990, 19) stress that an important argument in favor of qualitative analysis is that it *"can be used to uncover and understand what lies behind any phenomenon about which little is yet known"*. To complement this viewpoint Wilde (1992) refers to the interview as a continuous flow of negotiation which involves different participants in a bargaining process. The author claims that the extent of information exchanged between the interview partners depends on the investigator's flexibility in creating an atmosphere conducive to open discussion and adjusting his role as the occasion demands.

## 3.6. Types of interviews

Lewis et al (2009) categorize interviews into three classes i.e; structured, un-structured and semi-structured interviews. Structured interviews include predetermined and standardized questions. In semi-structured interviews questions may vary from interview to interview. Un-structured interviews explore in detail a general area of interest. Robson (2002), based on the work of Powney and Watts (1987), gives another topology i.e. respondent (participant) interviews and informant interviews. In participant (respondent) interview, the interviewee responds to the questions of the researcher (Easterby Smith et al., 2008). In informant interview, the interviewee talks freely about topic area and interviewee's perceptions guide the conduct of the interview. Wass and Wells (1994) distinguish between standardized and non-standardized interviews whereby the first type relates to interviews where participants are asked an identical set of questions in fixed order, as in case of structured interview where same pre-established questions are asked. The responses are limited and there is little room for variation except when open-ended questions are used (Fontana and Fry, 2003). The standardized interview intends to be factual and capable of providing data which could be quantified. In contrast, non-standardized interviews are less structured, and both the questions and their phrasing may vary from situation to situation. These interviews are most appropriate to explore new, sensitive or emotive issues. However, Wass and Wells (1994) do not exclude the possibility of mixing both interview styles even in the same investigation. Non-standardized interview seem to be similar to unstructured interviews, a term preferred by Fontana and Frey (2003). Such interviews are credited with providing a greater breadth of data due to their qualitative nature.

| Company | Country | Foundation | Product | Employee Size | Year of First export | Export Ratio last available year (%) |
|---|---|---|---|---|---|---|
| **Med-Imaps** | FRANCE | 2006 | TBS iNsights | 12 | 2009 | 51.90 |
| **Creaspine** | FRANCE | 2005 | SupStance, L-Sense, Kira | 8 | 2007 | 32.26 |
| **Edu media** | FRANCE | 2004 | Educational Data Resource | 4 | 2004 | 39.95 |
| **Kaizen Marketing Group** | FRANCE | 2005 | Performance based Internet Marketing | 25 | 2005 | 51.93 |
| **Aimeric Wine** | FRANCE | 2009 | Wine | 1 | 2009 | 96.44 |
| **Courréges Wine** | FRANCE | 2008 | Wine | 2 | 2009 | 79.24 |
| **MN Fabrics** | PAKISTAN | 1994 | Bed Linen, Curtains, Institutional Textiles, Table Linen | 100+ | 1997 | 31.00 |
| **KPK Carpets** | PAKISTAN | 2007 | Carpets | 27 | 2008 | 27.00 |
| **Kinverg** | PAKISTAN | 2009 | IT Management & Consultancy | 8 | 2010 | 31.00 |
| **Evamp Saanga** | PAKISTAN | 2002 | Mobile Applications, Digital Web & Mobile Content | 30 | 2003 | 50.00 |

Table 4: List of Firms participated in our research

## 3.7. Interviews in our Research

Each form of interview has a distinct purpose. However, the important point is the logicalness and consistency between research questions and objectives, the strategy chosen and data collection method used (Lewis et al., 2009). Our objective is to investigate the role of different types of social ties in early internationalization process of born global firms. To meet the objective of our study, the founders and/or key executives with comprehensive insight in the company are selected as respondents, as in the cases of Ojala (2009), Zain and Ng (2006) and Coviello and Munro (1997), The profile of respondents is given in Table 5. Previous literature confirms that managers prefer for being interviewed compared to survey, particularly when the subject is highly connected to their work, as is the case in our study.

Semi-structured interviews are conducted because in semi-structured interviews the researcher has a list of questions about topic and there is possibility to ask additional questions and also to change the order of questions if required (Bryman and Bell, 2003). However, best efforts are made to keep the interviews as structured as possible in order to avoid any bias and facilitate comparisons among the cases. A certain degree of structure in multiple case study is necessary to have the possibility of comparison (Bryman and Bell, 2003). In addition limited time for the interview, for example about an hour in each of our case, a higher structure is called for (Yin, 2003). Before the actual interview, a copy of the interview guide is sent via email to each respondent. This does not only serve to familiarize the entrepreneur with the questions he/she could expect but also aimed to assure seriousness, credibility and trustworthiness of the researcher.

Yin (2003) recommends the use of multiple sources of data collection but it depends upon the problem and suitability of sources. The interviews in our research serve as important and major source of information. However, secondary data is also collected from different sources, for example the firms' websites, brochures and the Orbis data base (*https://orbis.bvdep.com*) in order to get detailed information about the case firms.

## 3.8. The interview Guide

The theoretical framework is the base for a greater part of the interview and the questions are designed to be clear and straightforward. The interview guide is prepared both in French and English languages, which can be found in Appendix (1 & 2). Respondents were sent both versions via email.

General information about the entrepreneur, his associate (family background as well as professional and educational background), about the company (name, number of employees, etc), also about the process of enterprise creation, the different activities, internationalization process as well as the people involved and his/her approaches towards networking were collected.

## 3.9. Conducting the Interviews

Respondent selected for interviews are key individuals involved in the creation and internationalization of firms, see the Table 6 for respondent's profile. In order to reduce bias, as recommended by Yin (2003), before starting our interviews, the practice is done with one entrepreneur to make sure the questions are easy to follow and understandable. The findings of this interview are discarded not included in our analysis. Before the start of each interview, every respondent is briefly introduced about our research, concept of networks in our research and concept of born global firms. Every respondent is asked for their permission at the start of the interview for recording of interviews and each of them had been granted anonymity and confidentiality of their data. Four of the respondents do not allow recording of interviews. The transcription of recorded interviews is done by me. For remaining interviews, notes were taken during interviews and interview guide was completed just after interview either at the place of interview or at nearest convenient place to make it sure that whole information provided is retained.

To record interviews is a common practice as it facilitates analysis of the detailed material (Bryman and Bell, 2003). The recording of interviews provide the possibility to re-listen and get a correct record, however, the disadvantages is that the interviewee may answer differently because of the recording and the reliability can be questioned. However respondents are assured about confidentiality and as there is no sensitive or secret information involved, therefore, the presence of a recorder did not have any impact on interviewees' answers. The interviews has been arranged in quiet and comfortable environment at each firm's office without any distraction as suggested by Lewis et al (2009).

## 3.10. Period of Investigation

The data was collected over eight months period. After one pilot interview in May 2012, all interviews were conducted during september-december 2012, with some further follow ups through emails and telephone calls. During this period, we conducted 10 interviews of an average length of 1 hour and 8minutes with the entrepreneurs (Table 5 for details of interviews). On the basis of these interviews, I developed "mini ethnographies" (Anderson and Miller, 2003), detailing the history and background of the entrepreneurs and the entrepreneurial network development throughout the different phases of the venture. Whereas these interviews supplied rich detail and thick description which needed a critical sifting through during the analysis.

## 3.11. Follow-ups

In the majority of cases, emails and phone calls are a second follow up which served to gain a deeper understanding of issues that had emerged from the analysis of the interviews. It has not been possible to conduct second interviews due to the limited time the entrepreneur made available, therefore emails and phone calls were used as a follow up. During interviews, each respondent is requested to accept emails and provide further information, if required during our analysis which has been accepted by all respondents and they replied in time whenever emails requesting any further information were sent.

## 3.12. Data Analysis

To avoid any transcription errors, the parts of interview considered as irrelevant are left out which accounted for a limited part of the interview data. The transcriptions of interviews are carefully interpreted and the most relevant parts combined with secondary data are summarized in the section 'empirical findings' of our thesis. It is also ensured that there are no misinterpreted parts and the summarizations of the data concerning each case is also sent to the respondents who have been reluctant to receive.

There are different existing approaches on how to analyze qualitative data and can be highly structured or lower structured and formal or informal (Lewis et al., 2009). As there are limited definitions for the techniques therefore the analysis of case study are a complex process and the researcher's critical thinking, clear presentation of findings and reflection over alternative explanations is very important. A general strategy in the beginning of the research facilitates the analysis (Yin, 2003). In our research, no theoretical propositions to test are stated, instead the analysis is conducted as guided by the purpose and conceptual framework developed. The data is organized in order to fulfill the purpose which facilitates the process of choosing what data to be included in the analysis of case study (Yin, 2003).While designing our interview guide, the questions have been placed in categories which then are developed in the analytical process. The transcribed data is interpreted and arranged in a matrix according to the categories based on the conceptual framework. The analysis is deductive in the sense that existing theoretical concept is applied to investigate the characteristics of the network relationships that may have an impact and the additional factors are also taken into consideration. However, how different network relationships and their characteristics affect the choice of foreign market and entry mode is exploratory, accounts for the inductive analysis as there is no clear theoretical base for it. The analytical process starts by stating which and to what extent the network relationships have influenced foreign market choice and entry mode.

## 3.13. Computer-assisted analysis

Nvivo 10 software is used to work with interviews. First all codes (tags or labels assigned to descriptive information) are created as suggested by Miles and Huberman (1994) where they prefer to create a list of codes from conceptual framework. All interviews and other relevant information is then imported into Nvivo. Nodes i.e; "a collection of references about a specific theme, place, person or other area of interest", are prepared, see the figure 7 for list of nodes. Nodes and child nodes are created before the start of analysis and during analysis codes are gathered at their respective nodes. Nvivo 10 is a powerful tool that highlights the key points and allows quick recall and analysis later. It uncovers subtle trends and helps to track your ideas and steps with ease

Table 5: Details of Interviews Conducted

| Name of Company | Name of Interviewee | Designation of Respondent | Date of Creation of Company | Interview Date | Duration of Interview | Location |
|---|---|---|---|---|---|---|
| **Med-Imaps** | Christophe Lelong | COO | 2006 | 25-07-12 | 50 min | Pessac, France |
| **Creaspine** | Marc Bernard | Co-founder | 2005 | 17-12-12 | 40 min | Pessac, France |
| **Edu media** | Christophe Monnerie | Co-founder | 2004 | 06-08-12 | 50 min | Bordeaux, France |
| **Kaizen Marketing** | Romain Didrich | Co-founder | 2005 | 06-11-12 | 1hr 45min | Bordeaux, France |
| **Aimeric Wine** | Aimeric Montagne | Founder | 2009 | 10-08-12 | 1hr30min | Talence, France |
| **Courréges Wine** | Akima Courréges | Co-founder | 2008 | 07-09-12 | 60 min | Bordeaux, France |
| **Evamp Sannga** | Anwar Khan | Founder | 2002 | 19-11_12 | Ihr15 min | Islamabad, Pakistan |
| **Kinverg** | Muhhamad Ali | CEO | 2009 | 30-11-12 | 45 min | Lahore, Pakistan |
| **MN Carpets** | Mr Irfan | Owner/Directir | 1994 | 18-11_12 | 60 minutes | Lahore, Pakistan |
| **KPK Carpets** | Abdul Rehman | Founder | 2007 | 02-12-12 | 60 min | Lahore, Pakistan |

Table 6: Profile of Interviewees

| **Name of Company** | **Name of Interviewee** | **Designation in Focus Firm** | **Age** | **Education** | **Total Work Experience (Years)** | **Work experience in focus firm (Years)** |
|---|---|---|---|---|---|---|
| **Med-Imaps** | Christophe Lelong | COO | 45 | Master | 15 | 02 |
| **Edu media** | Christophe Monnerie | Co-founder and Director of European Market | 44 | | 16 | 02 |
| **Kaizen Marketing Group** | Romain Didrich | Co-founder and Associate Director | 35 | Master | 12 | 07 |
| **Aimeric Wine** | Aimeric Montaigne | Founder and Director | 30 | Master | 07 | 04 |
| **Courréges Wine** | Akima Courréges | Co-founder and Director | 39 | Master | 10 | 03 |
| **Creaspine** | Marc Bernard | Co-founder | 48 | Chemical Engineer | 12 | 06 |
| **KPK Carpets** | Abdul Rehman | Founder | 43 | FSc | 17 | 06 |
| **Evamp Saanga** | M. Anwar Khan | Founder | 36 | Master (Software Engineer) | 11 | 11 |
| **MN Fabrics** | Muhammad Irfan | Founder & Director | 47 | Master in Business | 23 | 20 |
| **Kinverg** | Muhammad Ali | CEO | | Bachelor | 07 | 03 |

## . 3.14. Data collection and analysis as interrelated processes

As Ghauri (2004) comments, interpreting and analyzing qualitative data obtained through case study research is one of the most difficult tasks and recommends a mix of different strategies such as pattern seeking, clustering and matrices. Arguably in qualitative research we are rather looking for authenticity than reliability which implies that in addition to understanding the position of the individual/group we also need to consider the context in which the data has been produced (Hammersley and Atkinson, 1983). The answer to the question of how best to produce an authentic interpretation of a case lies, according to Ghauri (2004), in ensuring that data analysis and collection are closely interrelated processes, which is in line with Miles and Huberman's (1994) postulate that data collection and data analysis should be mixed right from the start of the research project (figure 8) . As Corbin and Strauss (1990) emphasize, data analysis begins with data collection, and the former is supposed to provide further guidance for next interviews. Every concept is initially considered as provisional and must earn its place by being repeatedly present in interviews, documents and observations. The result should be concepts grounded in real data providing "theory-observation congruence or compatibility" (Corbin and Strauss 1990:. 7). Our case analysis followed the recommendation to mix the data collection and analysis process very closely right from the beginning of the research not only in order to test the appropriateness of the research questions but also to inform further cases.

## 3.15. Writing up

In this research study we follow advice suggested by Ghauri  (2004) and Miles & Huberman (Miles and Huberman, 1994)wrote a case description and explanation as first step of analysis. This helped us to understand what the newly created business was about, who was involved in the venture. The final writing up process included references to prior theory from the review of literature relevant to our findings. Ghauri (2004) suggested the need to move up the ladder of abstraction. Whereas our starting point was the coding and categorization of text, we later identified certain trends in the data as well as relationships between categories and subcategories

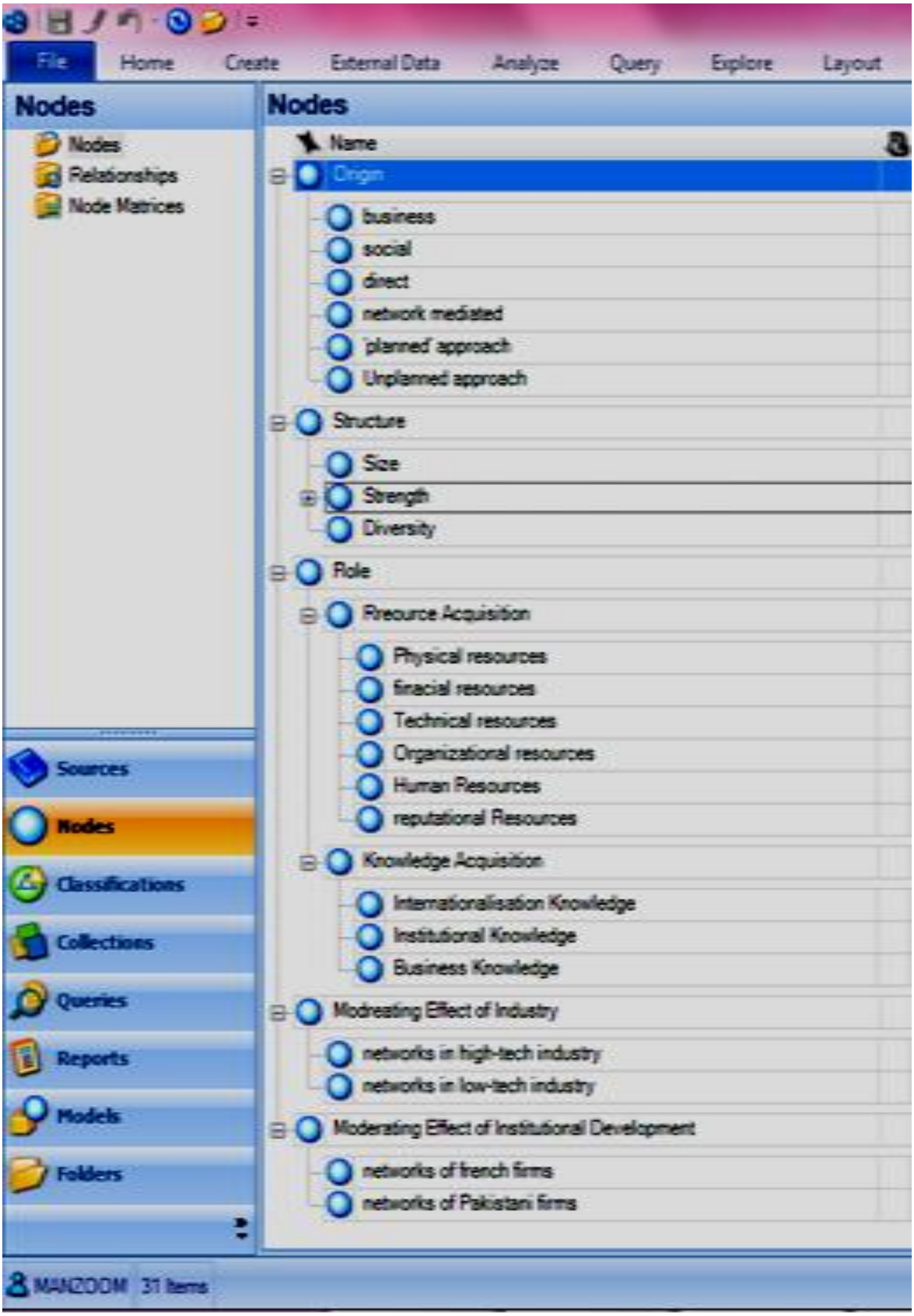


Figure 7 : List of Nodes

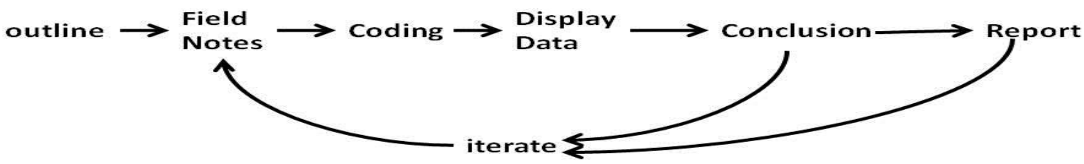


Figure 8 : Analysis Sequence in our Research
*Source:(Miles and Huberman, 1994)*

## 3.16. Research Quality

### Reliability and Validity

Reliability refers to an accurate representation of the total population under investigation and if the results can be reproduced under a similar methodology and are consistent over time then the research instrument is considered to be reliable (Joppe, 2000). Three types of reliability are discussed in quantitative research, 1) the degree to which a measurement remains the same repeatedly, 2) the stability of a measurement over time, and 3) the similarity of measurements within a given time period (Kirk and Miller, 1985).

Validity in quantitative research determines whether the research truly measures which it is intended to measure and how truthful the results are (Joppe, 2000). Yin (2003) describes three different types of validity, 1) construct validity, 2) internal validity and 3) external validity. Construct validity is "*establishing correct operational measures for the concepts being studied (p.34)".* To increase of construct validity three aspects become important. First are the multiple sources of evidence and second is an establishment of chains of evidence conducted through the data collection process. Furthermore, the researcher should write case study and the concerned key informants should review. Internal validity refers to "*establishing a casual relationship, where certain conditions are shown to lead to other conditions (p.34")*. And external validity is "*establishing the domain to which a study's findings can be generalized (p.34)".* Validity is generally determined by asking a series of questions and researcher will often look for the answers in the research of others. In quantitative research validity is described as “construct validity” (Wainer and Braun, 1998). The construct is the initial concept, question and hypothesis that will determine which data and how is to be gathered.

However, the concepts of reliability and validity are different in qualitative research. And researchers strongly consider that these terms as defined in quantitative terms may not apply to the qualitative research. The question of replicability in the results is not of concern (Glesne and Peshkin, 1992) but precision (Winter, 2000) credibility, and transferability (Hoepfl, 1997) provide evaluate the findings of a qualitative research. For quantitative researchers terms ‘validity and reliability’ usually refer to a research that is credible while the credibility in qualitative research depends on the ability and effort of the researcher. Both terms ‘reliability and validity’ are treated separately in quantitative study but in qualitative research are not treated separately. Instead, terminology such as credibility, transferability, and trustworthiness is used (Golafshani, 2003).

To ensure reliability in qualitative research, examination of trustworthiness is crucial. Seale (1999) states that the “trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability (p. 266)”. To widen the scope of conceptualization and congruence of reliability and validity in qualitative research, Guba and Lincoln (1985) states, *"since there can be no validity without reliability, a demonstration of the former [validity] is sufficient to establish the latter [reliability] (p. 316)”*. Earlier Patton (1980) states that reliability is a consequence of the validity in a study.

A wide range of terms are used to describe the concept of validity in qualitative studies which is not a fixed and universal concept but a contingent construct grounded in the processes and intentions of particular research methodologies and projects (Winter, 2000: 1). Some qualitative researchers argue that the term validity is not applicable to qualitative research but they realize the need for qualifying check or measure for their research. As a result, many scholars have developed their own concepts of validity and have often generated more appropriate terms, such as, quality, rigor and trustworthiness (Davies and Dodd, 2002, Guba and Lincoln, 1985, Seale, 1999, Stenbacka, 2001).

To ensure validity in our research both before the main data collection as well as during the data collection process, an interview guide with respect to our problem definition and purpose of study has been established and questions with connection to our theoretical ideas are included in the interview guide. The constructed guide is later on mailed to our supervisor for eventual feedback. The interview questions are sent ahead of time to the concerned interviewees who have been enabled to better prepare for the appointed interview. During the data collection process, we have increased validity by recording interviews on a recorder and for those interviews where notes have been taken, it is ensured that transcription is completed just after interview in order to avoid any missing data. This with regard to that it makes it easier to rehearse the answers of the interviewees as well as this serves as proof that we as researchers reproduce the right content of the interview. Furthermore, we have reviewed all sources throughout the whole dissertation, to show the multiple sources used.

Concerning the reliability aspect, respondents with the most knowledge about the firm's internationalization process have been chosen. The same questions have been asked in all interviews, with varying follow-up questions from case to case. In addition, we always have requested the respondent if we can contact him again in case of that we have more follow-up questions. After transcribing the interviews, we also have sent the written versions to the respondents, to make sure that the gained results from the interview were correctly understood by us. Moreover, recognized scientific articles as well as books have also been used as sources in this dissertation, which all are documented in our reference list.

Internal validity is about the accuracy with which the data has been collected and raises questions about the rapport between cause and effect of the different relationships that were discovered (Yin, 1994). In order to fulfill this criterion, we describe the context of the different cases and give full details of the date and length of the interviews. In comparison, external validity is about the question as to whether and to what extent the research findings can be generalized beyond the scope of the cases to the general population. This research is based on a multiple case approach which applies replication logic. A single case analysis would not have been appropriate. Hence the rationale for replicating the same inquiry in 10 cases is to establish a rich theoretical framework. The last criterion 'reliability' deals with the aspect of how consistently a technique can measure concepts and to what extent other researcher can obtain the same results (Gummesson, 2000, Yin, 2003). As Chad notes (2000), reliability is about the extent to which research can be audited. We can prove the reliability of our data by providing access to the semi-structured interview questionnaire, evidence of transcribed texts, as well as the different network models we built. In addition, we detaile the way we select cases and analyze the data.

## 3.17. Access issues

As Gummesson (2008) emphasizes, one of the key issues the researcher needs to address is the question of having adequate access to the phenomenon under investigation. The phenomenon under investigation in our study is the social network of entrepreneurs. As Gummesson (2000) points out that access is about the ability to get close to the object under study in order to be able to find out what is happening. He identifies three types of access, access to project finance, access to the system and access to individual in the system. Lewis et al (2009) has further elaborated that many writers see access as a continuous process and not just a single event. And production of reliable and valid data and to answer research questions in unbiased way will depend upon the ability to select representative sample of participants. Simply gaining physical access is inadequate (referred to as cognitive access). An external researcher, a full time student having little or no prior contact with the organization or group to be approached, needs to negotiate access at each level (physical, continuous and cognitive). Operating as an external researcher pose some problems e.g. lack of status in relation to organization and relying on the goodwill of the organization or group and its members. Most management and organizational researcher suggest that the use of existing contacts can increase the chances to gain access (Easterby Smith et al., 2008). Buchanan et al. (1988: 56) point out that they have been most successful where they have a friend, relative or student working in the organization. However, as an external researcher with little or no prior contact, our preference was making direct contact with the organizations in order to identify the appropriate person to contact in relation to our research. However, great care has been taken at this stage. Usually organizations receive frequent student access request for participation in research and usually they are reluctant to participate because of additional time and activities required.  We follow the strategies to gain access described by Lewis et al (2009). It is ensured that we are familiar with and understand the organization before contact was made. A clear account of purpose of research highlighting possible benefits to the organization was provided. A long time is spent in arranging ‘rendez-vous’ as Buchanan et al (1988) describe that physical access might take weeks or even months to arrange, and in many cases the time invested would not result in access being granted. Lewis et al (2009) describes that after getting physical access, there may be a period of delay because organization or group may ask you to attend a meeting to discuss your research proposal. All these issues are also taken into consideration and after getting their consent; pre-survey contacts were made by emailing and telephoning, sufficient time was provided for this purpose and replies were sent for their inquiries, if any. First introductory letters mentioning, in brief, the research purpose and our requirements have been sent to the organizations. Establishing credibility is a vital concern in order to gain access so introductory letters and emails sent demonstrate the clarity of our purpose.

Healey (1991) reports earlier work that introductory letters containing multiple requests are also less likely to be successful. For this purpose three stage strategy of developing access on incremental basis, as mentioned by Johnson (1975) is adopted. At first stage, we send requests for a participation in research. At next stage, access to conduct interviews is requested and finally the permission to record interviews is requested. Robsons (2002) says that gaining cooperation from these intended participants is a matter of developing relationship. Maximum efforts have been made to overcome organizational concerns because some organizations are very sensitive to their data. In addition to sharing with them the clear purpose of research project and stating how this study can be helpful for them, anonymity and confidentiality was also assured.

As far as financing for the project was concerned. I was awarded scholarship for my PhD studies by Higher Education Commission (HEC) Pakistan and I was also working as research assistant at CEREBEM, BeM Bordeaux Management School, France, so I did not face any financial problem for this study.

## 3.18. Ethical considerations

Cooper and Schindler (2008) describe ethics as the ‘norms or standards of behavior that guide moral choices about our behavior and relationships with others’. Research ethics relate to questions of moral and reasonable ways regarding how research topic is formulated, how research is designed and how data collection, processing, analysis and write up is done. Silverman (2004) highlights the problematique that all research is contaminated by the values of the researcher, yet it is only through those values that certain problems get identified and explored in certain ways. As Silverman (2004) emphasizes, it is not only the values of the researcher that are important but also the fact that the researcher bears a certain responsibility to the objects studied, in this research the entrepreneurs who had agreed to be interviewed. As the technique used for this research project is semi structured interviews so it gives a better control. However, care is taken to avoid over-zealous questions and pressing the participants for response. It has also been considered necessary to arrange time that is convenient for participants.

Maintenance of objectivity is one the general ethical principle. During the data collection stage, maximum efforts are made to collect the data accurately and fully. The importance of this relates to validity and reliability. The maintenance of objectivity is also important during the analysis stage to avoid misrepresentation and measures were taken to avoid it. One of the crucial stages where researcher needs to consider the potential for ethical problems to arise is at physical access stage especially as an external researcher which was ensured in our research by the right to privacy of participants. Furthermore, the secondary data is used in strictest confidence and it is assured not to use it in any way that might cause harm to participating firms. It has also been asked to withdraw as participants and to decline to answer any particular questions. We also asked for the entrepreneurs' views on the use of their names in the dissertation and further publications. Furthermore we intend to provide a copy of any article, that I will publish in the future, to the entrepreneurs, before it goes into press.

# Part Second Empirical Part

# Part Second Empirical Part

This part is divided into two chapters as shown in figure 6. In the first chapter, we have given our findings. We have presented the case of each individual firm. Each case describes the foundation and internationalization process of each firm. We have focused on the role on networks and have described how networks facilitate the early internationalization of firms. In the second chapter, we have discussed our findings in detail and have compared our results with previous findings in literature. We have discussed in detail the origin, structure and role of networks in the early internationalization of these 10 firms. In the end, we have discussed the origin and role of networks in industrial and institutional contexts by taking the examples of born global firms from France and Pakistan.

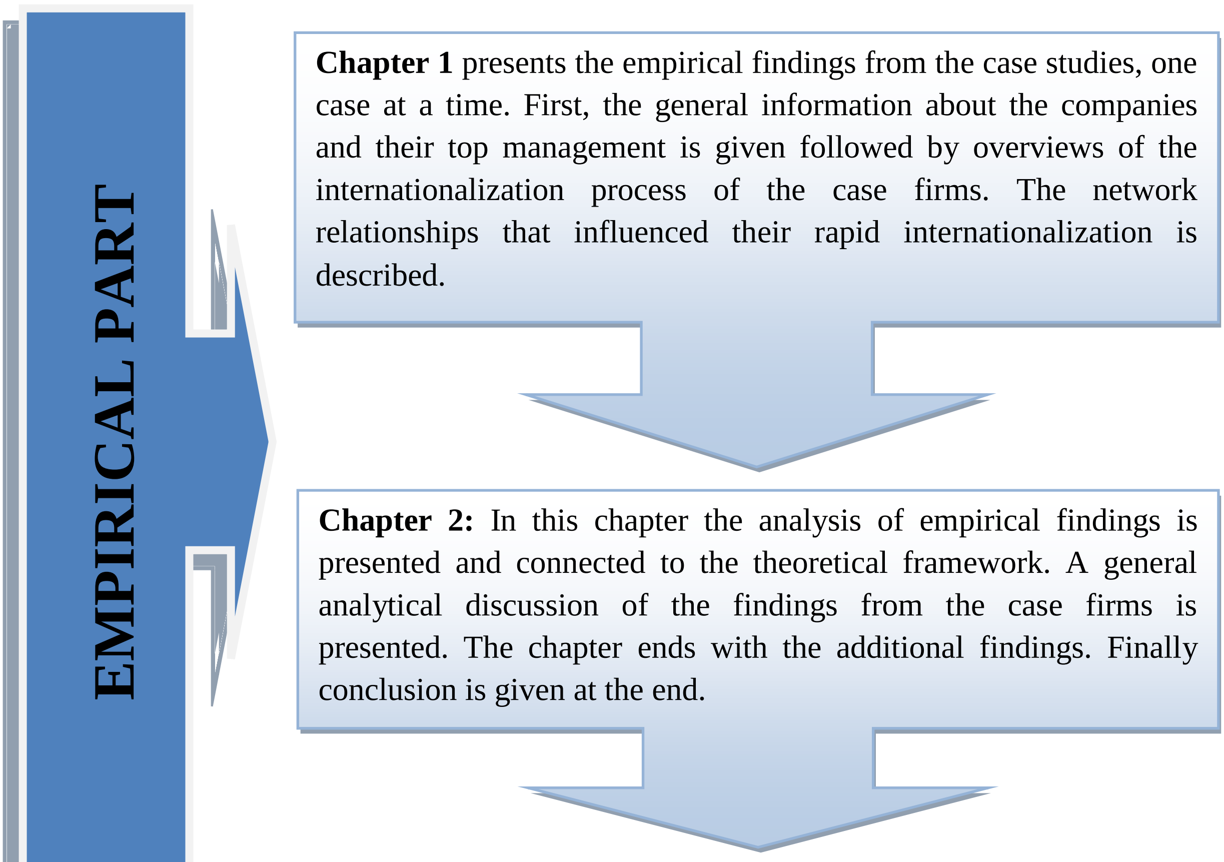


Figure 9 : Plan of Part Third

# Chapter 5: Findings

For our research, we selected 10 firms (6 from France and 4 from Pakistan). Firms were selected from both high-tech and low-tech sectors (6 from high-tech and 4 from low-tech sectors). Average age of the firms selected was 7.1 years ranging from 3 to 18 years and all selected firms were less than 20 years old as per selection criteria mentioned in previous chapter of methodology. All selected firms started export within first three years of their foundation. Average export ration was 49.08%. In the following pages, we described our findings from 10 face to face interviews conducted during our research project.

## Case 1: Ayume WINE

Ayume Wine, (AWC) a small wine exporting firm based in Bordeaux, was founded in 2009 by a young entrepreneur Mr. Aimeric Montagnac. A rigorous selection of old and fine vintages, the quality of relationships with clients and suppliers, as well as daily updated offers allowed the firm to grow successfully both in the domestic and international markets and firm achieved within a short period of two years, an export ratio of 96.44% (Figure 10). A brief profile of firm is given (Table 7) below:

| | **2009** | **2010** | **2011** |
|---|---|---|---|
| **Turn Over** | 898 | 1605 | 1911 |
| **Export Revenues** | 0.00 | 1483 | 1491 |
| **Export Ratio**<br>**(export revenues/operating revenues, %)** | 0.00 | 92.86 | 96.44 |
| **Employee Size** | 1 | 1 | 1 |

*Source: https://orbis.bvdep.com*

Table 7: Brief Profile of Ayume Wine

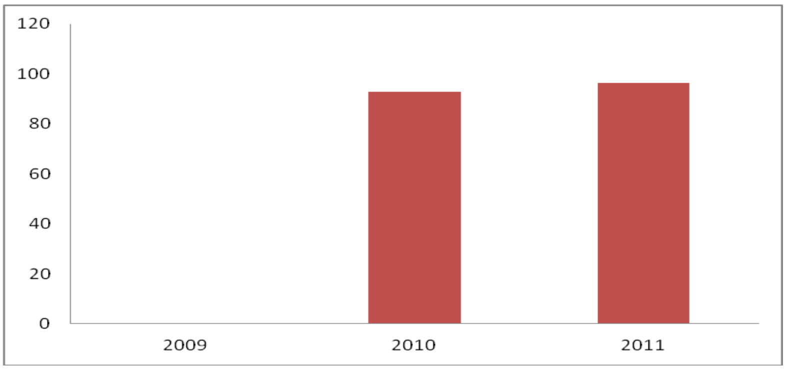


Figure 10: Export Ratio of Ayume Wine

Mr. Aimeric Montagnac after completing his master from University of Bordeaux IV in 2005, joined a local wine company as export manager where he was assigned to create export sales department. Before 2005, local market was the major focus of firm, just selling wines to customers, local wine shops and other wine negociants in France with almost negligible export sales (almost 5% of their total turnover). Mr. Aimeric worked hard to develop export business and within a short period of three years export ratio (export revenues/operating revenues) of company increased from 5 to 45%. However, his relationship with his superiors deteriorated and he was compelled to leave the company due to internal politics in 2008. He finally decided to start his own business and Ayume Wine was born in January 2009.

When AWC was founded wine industry was facing crisis. Due to his vision, knowledge, experience of industry and his networks (Figure 11), Ayume Wine started internationalization just after foundation. He took advantage his network of friends working in wine industry. Six of his classmates from University of Bordeaux IV working as wine supplier and négociants provided information/knowledge not only about local market but also about international market knowledge. His network of friends as well as small profit margins along with his knowledge about his competitors enabled him to offer good wine at competitive prices to his clients. When the company was started, it was a very small company and he faced difficulties to get financing from banks. To develop the business, financing via bank was required but bank offered only a credit of 30,000 Euros. Again his networks played a very important role. In 2010, one of his close friends (Ak) who was a loan broker, accompanied helped him to borrow more from bank. Another friend (Ag), who was a supplier, introduced him to an-other friend (Al) who was former banker running a consultancy firm. He helped him arrange loans from four different banks.

Internationalization of Ayume Wine started in 2009 with first foreign market entry in Hong Kong in 2009. Subsequently, export Japan, Singapore, and Taiwan & European markets (Netherland, Sweden, Germany, UK) was made in 2009, 2009 and 2012 respectively.

Keeping in view his previous experience and knowledge of international markets he decided first to go first to Hong Kong in 2009. Hong Kong wine market is dependent on imports due to land constraints in country and French wine has long established reputation and well received in Hong Kong market. Wine imports in Hong Kong has boosted in recent years due to recovery of local economy, zero wine import duty, no hassles and increase in customers spending on luxury items. He contacted an importer (Aa) of Hong Kong whom he knows via his previous company and informed that he will be in trade shows (Pro-wein, Germany) in 2009 and both parties had a meeting in wine fair in Germany and after negotiation reached a deal. Similarly later in 2009, export to Japan was also started via his networks from his previous company. He knew a customer (Ab) from his previous company who used to come to Bordeaux for wine tasting during 'fete de la vin'. He contacted him and offered fine wine at competitive prices and got export order. Export to Taiwan and to Singapore was started in 2011 and 2012 respectively. The customers from Singapore (Ac) and Taiwan (Ad) came in contact via CIVB. Taiwan, with small local production, is the fourth largest wine market in Asia and demand for grape wine has increased significantly in recent years. French wine has a market share of 57 percent in Taiwan. Although early entrants to the market have their labels established but still there are opportunities for more exports to diversify the range of wines available. Similarly, Singapore market was selected because of its geographic location, increase in middle to upper income consumers, enhanced consumer curiosity and growth in wine clubs, tastings and other wine events. However, Approach adapted for FME to these markets was different and it was through 'Le Conseil Interprofessionnel du Vin de Bordeaux' (CIVB). CIVB was founded in 1948 as a private association representing wine producers, growers and negociants. CIVB promotes the interests of its members by not only conducting research in production, distribution and marketing channels but also addressing technical issues of quality and environmental concerns.

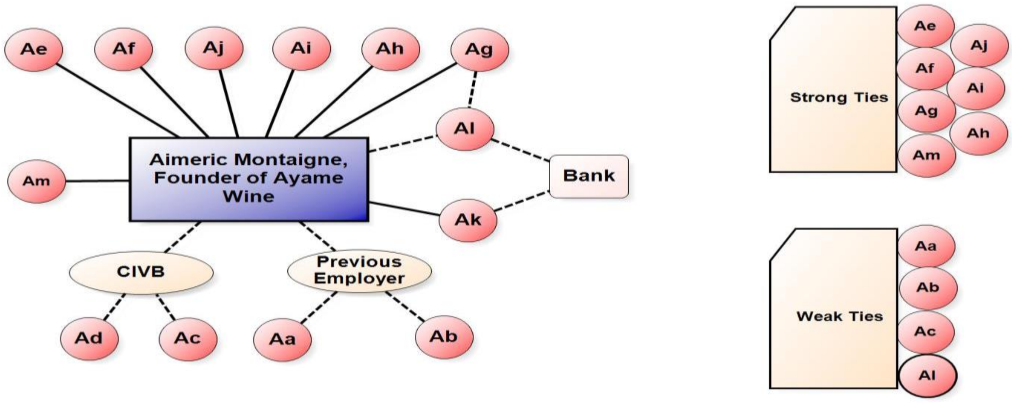


Figure 11: Network Ties of Ayume Wine

He found some customers from CIVB list and started sending offers to these customers via emails and got some responses. In 2012, export to Europe was started. For export to European countries (UK, Sweden, Swiss and Germany) his girl friend (Am) who was working in a spirit company introduced him with some of clients of her company. They visited these customers together and got some business.

Internet also played very important role for the export business development of company because he found 60% of his customers through internet. He described that "*For customers, I get information from CIVB. I contact them via email and offer them competitive prices. I also used wine website, wine researchers (www.wine-researcher.com). I usually find customers from wine researcher website".* By the end of 2011, company website was also created for online visibility which he explains in following words, "w*hen you send emails to customers, they Google your company and at least one customer contacted me through my website".*

In brief, AWC is an excellent case of born global firm which successfully started exporting wine to eight countries in Asia and Europe within a short period of two years and achieved export ratio of more than 90%.

## Case 2: Courréges Wine

Courréges Wine (CWC), a small wine exporting based in Bordeaux, was founded by Mm Akima Courréges and her husband Mr. Stephane Courréges in 2008. CWC is an-other good example of early internationalizing firm from wine industry. Now Internationalization of CWC started in 2009 and achieved export percentage of about 80% (Figure 12) within one year and firm, now, is exporting wine to six countries including Japan, China, Hong Kong, Denmark, USA and Canada. A brief profile of firm is given in table 8 below.

| | **2009** | **2010** |
|---|---|---|
| **Turn Over** | 13.00 | 121.00 |
| **Export Revenues** | 0.00 | 96.00 |
| **Export Ratio (export revenues/operating revenues, %)** | 0.00 | 79.24 |
| **Employee Size** | 02 | 02 |

Source: *https://orbis.bvdep.com*

Table 8: Brief Profile of Courreges Wine

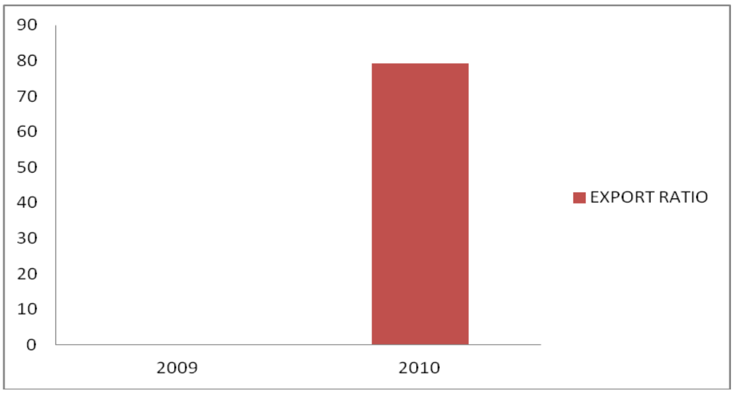


Figure 12: Export Ratio of Courreges Wine

Mr. Stephane Courréges has been working as consultant and oenologist at national and international level since last fifteen years. During his long professional experience, he realized that people are passionate about their land and craft and each grape variety has its own expression. His multicultural experiences and knowledge of wines production in different countries, enriched his ideas that he decided to bring to light. They innovated a new way of wine presentation by associating tradition and originality with pleasure and conviviality. Mm Courreges after completing her master from Ecole de Management, Bordeaux, France had been working in Xerox Born. Had grown up in Medoc, it was natural for her to has enough knowledge about wines. Five years ago, they thought that now they have enough experience and skills to start their own business. And finally laid down the foundation of Courreges Wine  in 2008. They decided to create different original wines, for example, a fleshy and fruity wine ‘Corazon’, a pauilliac offered with a piece of its soil ‘Terroir de Courrèges’, when the French make fun of the French ‘Sacrés Français’ and a rosé with French charm, ‘Sacrés Français’. The driving force behind success of Courreges Wine is original wines full of pleasure and innovative way of presenting Bordeaux wines by observing the needs and desires of wine consumers combined.

The role of ties is imminent in the creation and commercialization of Courréges Wine. When they created company, they asked their family members and friends to come and taste their wine products. Their opinion and encouragement helped them to improve their products and succeed. During the creation of company, two close friends of Mr Stephane played a very important role. Mr Ca, a close friend of Mr. Stephan since last twenty years and also owner of small chateaux was not only helpful in the creation of company but also played an important role in first step abroad. He was working in wine industry and has huge experience. He advised Mr. Stephan Ccourréges to choose worth visiting wine fairs. He provided them space in his own stall in London wine fair, 2009 and in Bordeaux wine fair 2010 that helped courréges Wine to save huge payments for stall reservation. Another friend of Mr. Stephane, Mr. Cb who was working in a famous chateaux of Bordeaux provided physical resources and logistique support. He facilitated them to conduct business meetings in his office with foreign buyers because his office’s atmosphere was pleasant to conduct meetings with clients.

Internationalization of Courréges Wine started in 2009 just after one year of creation. First export was to Japan in 2009. Now Courréges Wine is exporting to Hong Kong, China, USA and Denmark. In 2009, Mr. Ca, a close friend Mr. Stephan Courréges him to one of his customers (Cc) in Japan that led to first export. After this initial step abroad, Mr. Stephan Courréges, as he has huge international experience, adapted different strategies for subsequent foreign market entries. Keeping in view the consumption growth of wine in Canada which is the fifth largest market, they personally visited Canada in 2009 and found a customer (Cd) where no personal tie was involved. In 2010, export to USA was started when they participated in an wine exhibition and came in contact with a customer (Ce) who was interested in products of courréges wine. In 2010, one of friend (Cf) of Mm Couureges introduced her to a client (Cg) and export to Denmark was started. In May 2012, they themselves organized a trip to Hong Kong because of French wine demand in Hong Kong, where they found their client (Ch) and export to Hong Kong was started without the role of any personal tie. According to Mm Courreges, wine market in China is rapidly developing due to increase in middle class size and their incomes. Chinese people are taking more interest in wine influenced by western lifestyle. They themselves organized a wine fair in China in 2012 where they came in contact with Chinese clients (Ci) and export to China was started. The personal ties played a role in the creation and first internalization of firm but later FMEs were made by the firm itself.

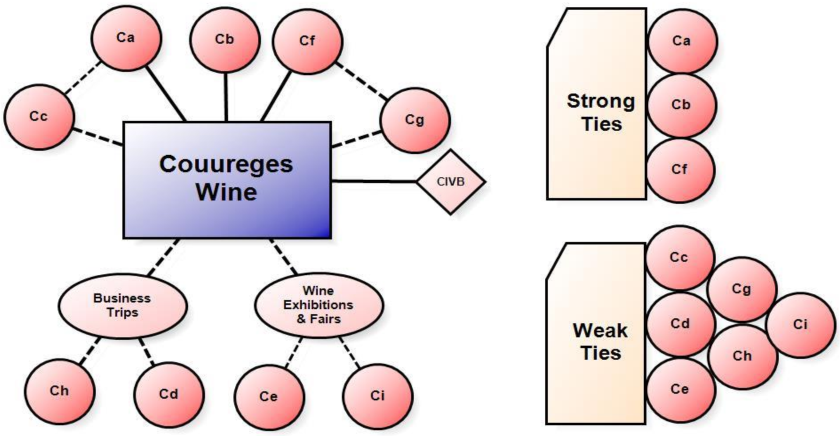


Figure 13: Network Ties of Courreges Wine

After first FME to Japan, role of CIVB (Le Conseil Interprofessionnel du Vin de Bordeaux) in the development of export market is very important. CIVB was founded in 1948 as a private association representing wine producers, growers and negociants. CIVB promotes the interests of its members by not only conducting research in production, distribution and marketing channels but also addressing technical issues of quality and environmental concerns. As she explained, "*From CIVB we receive market reports and analysis. CIVB also organize Journee d'information. We got a lot of information about Japanese and Chinese markets".*

In brief Courreges Wine is a good example of born global firms which exploit its network ties in the acquisition of resources and knowledge and also follow a traditional approach for the expansion of their export business.

## Case 3: Kaizen Marketing Group

Kaizen marketing Group (KMG) is performance based internet marketing firm located in Bordeaux and was created in 2005 as 'Affili Action' by Mr. Romain Didrich and Mr. David

Eymé as co-founders. Later on, name was changed to Kaizen Marketing Group. Kaizen is a Japanese term adapted in English and refers to a philosophy of focusing on continuous improvement in different activities ranging from business to life in general. Kaizen offers a wide range of services and products including design studio, websites look, secure hosting and bespoke user interface development. A brief profile of company (Table 9) and export ratios (Figure 14) of firm are given below:

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| **Turn Over** | 192 | 1168 | 3311 | 3813 | 3307 |
| **Export Revenues** | 106 | 865 | 1912 | 1897 | 1977 |
| **Export Ratio (export revenues/operating revenues, %)** | 55.02 | 74.12 | 57.75 | 49.75 | 51.93 |
| **Employee Size** | 0 | 0 | 4 | 4 | 4 |

*Source: Source: https://orbis.bvdep.com*

Table 9: Brief Profile of Kaizen Marketing Group

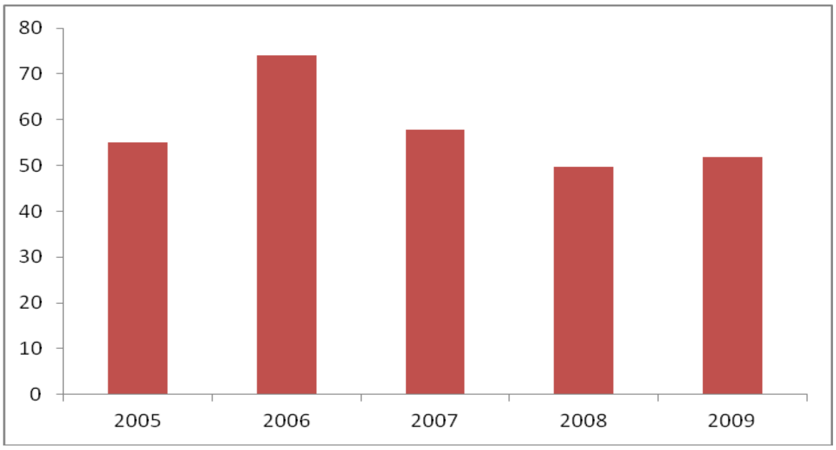


Figure 14: Export Ratio of Kaizen Marketing Group

Mr. Romain Didrich is founder and associate director of KMG. After completing his master from BeM management School, France, and Hogeschool Voor Economische Studies in Rotterdam, he started working as a corporate salesman at Otis elevator, Paris. Later on, he decided to join Affiliate network Co London as business development manager. During his experience of two years at Affiliate Windows, now Digital Windows, and having educational background from grande ecole, he developed a taste for international business. Mr. David Eymé (Ka) is co-founder and associate director of KMG. After completing his master degree from CERAM Sophia Antipolis, he started his career in medical industry and was responsible for developing foreign market. He is a born entrepreneur and has family background of entrepreneurship and has passion for starting his own business.

Idea of Kaizen Marketing Group was conceived in 2005, when Mr. Romain Didrich met Mr. David Eymé at beach during vacations who was a friend of his friend and after an informal chat realized that he wanted to start a business and was not interested in his job and Mr. Romain Didrich had business idea but was not ready to take risk. Finally they decided to take the plunge and set up Affili Action which later became Kaizen marketing Group. Now, Mr. Romain Didrich and Mr. David Eymé are partners in five firms: Kaizen Investment, Kaizen development, Kaizen Marketing, Kaizen Traffic Labs and Kaizen Email Marketing.

Kaizen was started business from home, in a small apartment with a small computer table. Mr. Romain Didrich used his contacts from his company where he was working, to take a start. Initially, they retained some of clients (Kc) from his company. Mr. Romain discussed the idea with the manager (Kb) of his company for advice and they decided to offer complementary services to the clients of company. Internationalization of Kaizen is a different phenomenon. Kaizen was incorporated in Bordeaux France in 2005 and from the very first year they started business in UK. Romain Didrich brought in the technical side and David brought in entrepreneurial passion. Romain Didrich know customers from his previous company. They retained those customers and offered them complementary services.

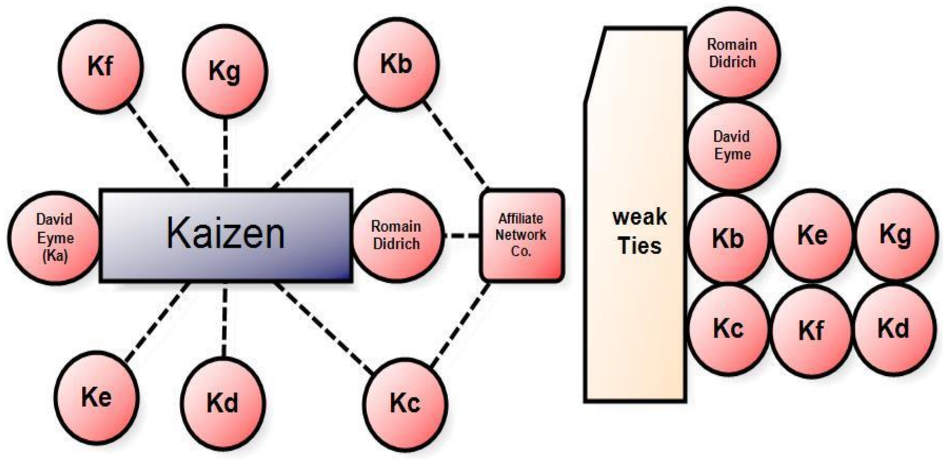


Figure 15: Network Ties of Kaizen Marketing Group

After sometime they decided to come back to Bordeaux, France, due to some personal problems where they focused on France and other neighbouring countries i.e. Germany, Spain and Italy with close psychic distance where online advertising market is growing. They retained customers from UK. In addition to this, a friend of a friend (Kd) who was working in luxury products markets. He was hired due to his dynamic and energetic qualities. Kaizen adapted a different strategy, they expanded their network by recruitment. In 2006, Kaizen decided to enter Spanish market and a spanish speaking guy (Ke) was employed and whose previous professional ties helped them to get business from Spanish market and in 2008 a German speaking employee (Kf) was recruited and who got business whose professional relationship played role in getting some clients. In 2010 they recruited an Italian speaking guy (Kg) and got business with the help of professional ties. Now their 40 % of customers are from UK and 60% are from rest of markets. While describing the location of company, Mr Romain Didrich described in his interview:

> *We have skills, no matter where we are based. Soon we are going to establish our business in Dublin and Paris. We always focus on our objective i.e. to get more partners whether they are B2Bor B2C. We are service providers and extending army and architect of market. We provide consultancy and build strategy for them. We use all our specialty to grow their business. However, we are selective with regard to our customers. We select customers with products that can create value.*

# Case 4: Edumedia

Edu-media, a small firm based in Bordeaux, France is a resource database and a multimedia scientific encyclopedia for teachers, students, libraries and the general public. Interactive resources for science learning in an innovative way are the core business of firm. Edumedia is committed to improve learning techniques through Internet-based educational methods which are available in six languages. Edu-media is market leader in the sector with about 3000 colleges and lycee using its database. A brief profile of firm (Table 10) and export ratios (Figure 16) are given in below.

| | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** |
|---|---|---|---|---|---|---|---|
| **Turn Over** | 150 | 272 | 358 | 410 | 532 | 1360 | 691 |
| **Export Revenues** | 4.00 | 30.0 | 138 | 153 | 366 | 968 | 255 |
| **Export Ratio** (export revenues/operating revenues, %) | 2.44 | 11.17 | 38.65 | 37.28 | 68.90 | 71.17 | 36.95 |
| **Employee Size** | 1 | 0 | 2 | 3 | 3 | 3 | 3 |

*Source: https://orbis.bvdep.com*

Table 10: Brief Profile of Edumedia

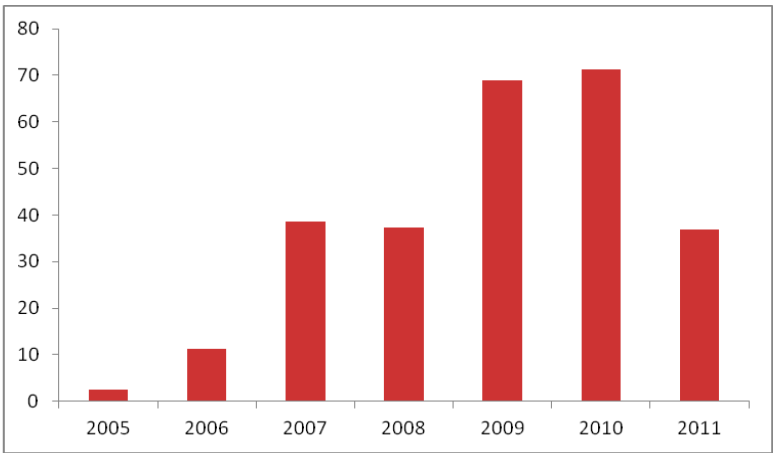


Figure 16: Export Ratio of Edu-media

Edumedia was founded in 2005 by Mr. Christophe Monnerie and Mr. Charles Sol. (Ea). Mr. Christophe had been working as multi-media in-charge in a university in Paris since last ten years. Mr. Sol, another colleague of Mr. Christophe working in university as ‘logician’ got the idea of online educational content. After a thorough discussion regarding format and distribution of online contents, they decided to work together. They worked together for two years for the development of database. However, at that time it was developed for university students. Later Mr. Sol conceived the idea of company creation. They presented their project to French Ministry of Education. However, as required by French laws, creation of company was a pre-requisite to get financing. So finally decision was taken to create a company. Another problem faced by both partners was how to create company. 'Incubateur multi-media de la belle de Mai Marsaille, France' (Eb) was found to be helpful.

Internationalization of Edumedia started in 2005 when it was contacted by a distributor (Ec) of Canada in an exhibition and showed interest in their product. Internet also played an important role in the internationalization process of Edumedia. They made them visible on internet and majority of their contacts were established via internet. In 2005, Mr Ed from Italy contacted them through their website in 2005 and later they had a meeting in Trade fair "Educatice" in Paris in December 2005. Export to USA was started in 2009 when Compass Learning (Ee) contacted Edu-media via their website in year 2009. Later Florida virtual School (Ef) showed interested in our products in 2010 and contacted us through our website. Role of Ministry of Education, France (Eg) is also highlighted in this case. Mr. CM has connaisance with Mr. GB (Ek) from SDTICE, Ministry of Education, France to present their project. Later Ministry of Education, France introduced EIC to Ministry of Education, Morroco (Eh) in the year 2010 and also to Ministry of Education, Turkey,(Ei) in the year 2011.

Now Edu-media is working with many clients, for example, Cité des Sciences et de l'Industrie, Compass Learning, Ambu.com, The Children's Museum, French Atomic Commission, Museum of Natural History, Aljazeerah.net, Universidad del valle de Matatipac, La main a la pote, National Centre for Space, De Agostini Scuola, Mérieux Foundation, Arts et Metier Museum (France), Maxicours.com, Educastur, Ministry of Education (Morroco), Ministry of Education (France), Ministry of Education (Louxemberg), Govt of New Brunswick (Canada), Bibliotheek.nl (Netherland), Canton Vaud, Ontario.

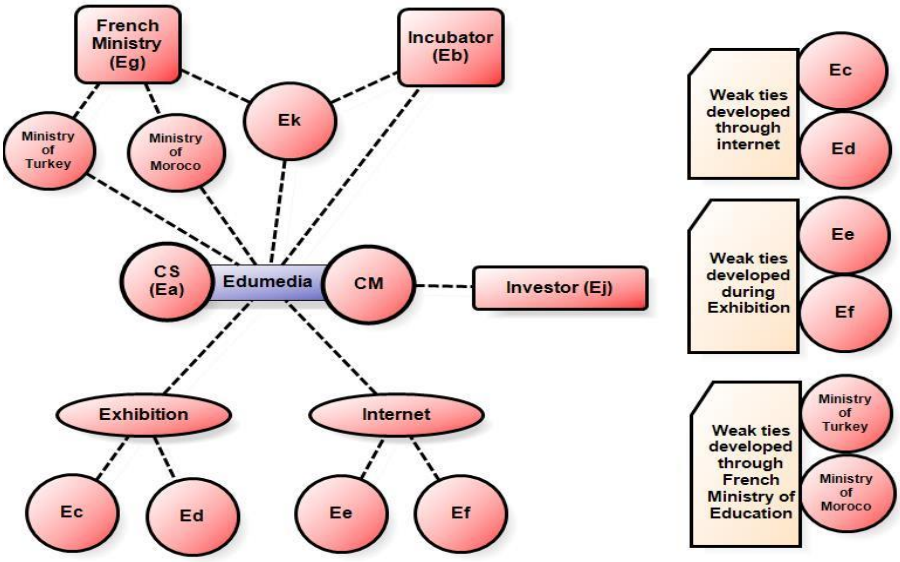


Figure 17: Network Ties of Edumedia

Edumedia is a good example of early internationalizing firm where both relationship ties and internet served an important tool to develop export business (Figure 17). They worked to be more visible on internet. Google played an important role for presence of company on internet. They got first export order via internet and later majority of clients contacted them through their website.

# Case 5: Med-Imaps

Med-Imaps is a small innovative medical technology firm founded in 2006 and is located in ‘Plateforme Technologique d'Innovation Biomédicale’ (PTIB), Xavier Arnozan Hospital, Pessac, France. Medimaps has developed market leading medical software that assesses bone texture via TBS technique (Trabecular Bone Score). The technology has been in development since 2001. An osteoporosis diagnostic product was launched on the European market in late 2009.

Med-Imaps offers quick and easy-to-use technologies for diagnosis and personalized care of patients. The product, TBS Insight is a new medical device designed for use in routine clinical practice and was patented in 2006. TBS insight is a software package installed onto densitometer’s PC and reveals the bone micro-architecture status, in addition to BMD, without requiring any additional information. Trabecular Bone Score (TBS) is a key indicator of the bone strength and is the only technology capable of assessing Trabecular Bone Score from X-ray images, used in routine clinical practice. Embedded in X-ray software, TBS insight is able, in seconds, to improve the osteoporosis diagnosis. It enables the physician to identify patients with high fracture risk and provide quantitative information on bone micro architecture and help medical practitioner not only to select the best treatment options for patients but also monitor treatment outcomes and assist in making decisions during pre-surgical analysis before implant surgery. Medimaps TBS iNsight is currently in use by more than 3’000 users in 250 different sites in Europe. A brief profile of firm (Table 11) and export ratios (Figure 18) is given below.

| | **2006** | **2007** | **2008** | **2009** | **2010** |
|---|---|---|---|---|---|
| **Turn Over** | 63 | 126 | 98 | 177 | 646 |
| **Export Revenues** | - | - | - | 23 | 336 |
| **Export Ratio** (export revenues/operating revenues, %) | - | - | - | 13 | 51.9 |
| **Employee Size** | 0 | 0 | 0 | 10 | 10 |

Source: *https://orbis.bvdep.com*

Table 11: Brief Profile of Med-Imaps

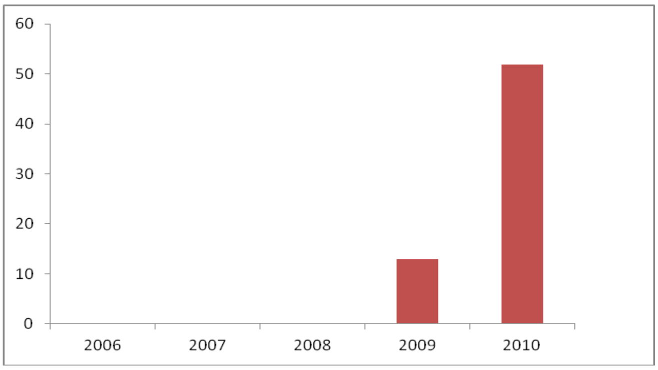


Figure 18: Export Ratio of Med-Imaps

Med-Imaps is an excellent example of born global firms where all those working for company shared the same vision of internationalization and social ties at all levels were exploited to develop the business. Mr. Christophe Lelong, COO of Med-Imaps in his interview explained, "*…… our quality control manager and IT specialists always ask and get information from their previous colleagues. Company is small and does not have experience, so social relationships are very important for our company*. He further explained that, "*As far as role of professional ties is considered, one co-founder has professional ties with Mr. DIDIER HANS developed during academic conferences. And Mr. DIDIER HANS is in several businesses………. He played a major role to develop our exports by using his network."*

Mr. Ma, an academician and researcher at INSERM working on bone diseases conceived the idea of TBS. He realized the need and scope for product in the market and involved other specialists. Firm was created by three co-founders. However, one left the company as he did not share the same vision of internationalization and unfortunately second partner died. Now, Mr Ma was looking for another guy who can manage and find funds by participating in company. The other guy was Mr. Didier Hans (Mb), head of Research and Development, Center for Bone Diseases, University Hospital, Lausanne (CH) Switzerland. Over 20 years of experience in the field of osteoporosis, Mr. Mb is specialized in diagnostic techniques in the management of osteoporosis patients. He is also co-founder of Synarc Inc (USA) and also served as President of ISCD. He is not only a leader in this field but also a serial entrepreneur. Having joined the board early in 2006, he accepted the presidency in June 2009. He brought with him technical skills, managerial competencies and a network of renowned international experts and has spurred the tremendous growth of Med-Imaps.

Medimaps' osteoporosis TBS software' addressable market is $ 20m. Medical implant markets are best served by annual subscription fees including software upgrades and maintenance. The addressable orthopedic and dental implant markets are $ 120m and $ 150m, respectively. As French market is too small and after FDA approval in France and Switzerland, MMC decided to go international and first export was made to Switzerland in 2009 to the same hospital where Mr. Mb was working as head of research center. Now the product is being exported to 20 countries including all major European countries and in middle East to Syria and Lebanon and in 2013 plan is to move to USA and Canada. First export to Center for Bone Diseases, University Hospital, Lausanne, Switzerland not only built the image of product but global networks of Mr Mb led to export to many markets. Mr. Mb led to ties with Marc Urbain (Mc) who was working at Hologic, Belgium as Sales Director since last 15 years. In 2010, Marc Urbain introduced a distributor in Italy (Md) and arranged a meeting in Brussels, Belgium. Ties with Marc Urbain not only led to export to Italy but strategic partnership with Hologic was also developed. Hologic is a leading player in developing, manufacturing and supply of premium products for diagnostic and medical imaging. In 2011, Hologic (Me) signed distribution agrrement with Med-Imaps. Mr Ma's global ties with Mr P. Sitter (Mf), working as European Marketing Manager of GE Health Care, led to strategic Partnership with GE Health Care (Mg) and distribute the product in Netherland and Austria. GE Healthcare and Hologic represent 80% of the market for osteoporosis X-ray machines. Medimaps has secured GE Healthcare and Hologic as strategic distribution partners to market and sell TBS iNsight. Both these two distributor partners pre-install TBS on their instruments. Mr P. Sitter also introduced, Tim Co, (Mt) distributor in Serbia nad Montenegro in 2011, and GCTS (Mh), distributor in Lebonan and Syria in 2010. Mr. P. Sitter later joined Med-Imaps as sales and marketing director in 2012. Due to his previous experience and relationship, he helped to grow the company and led to develop relationship with GUTTA (Mi), a distributor in Czech Republic, Solvakia and Hungary in 2012 and TIMKO (Mj), distributor in Poland in 2012.

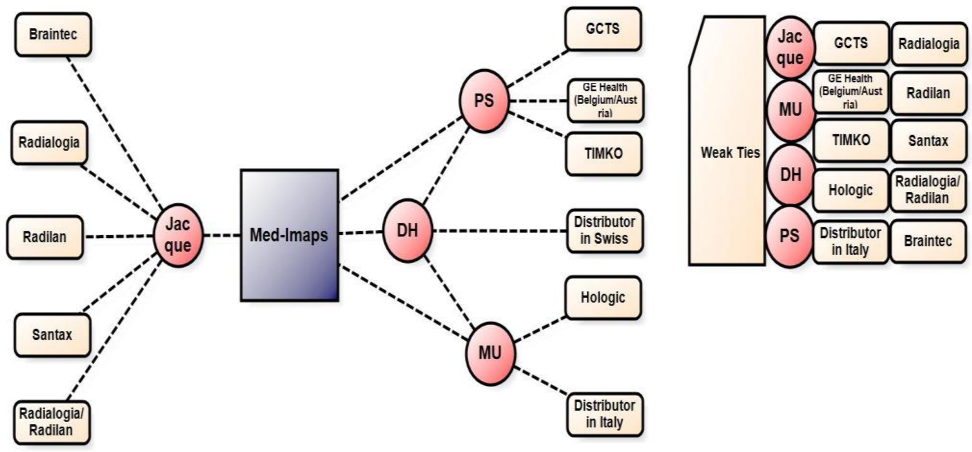


Figure 19: Network Ties of Med-Imaps

For orthopedic and dental implant markets, Medimaps planned to sign distribution agreements also with global distribution partners to enable more effective market entry across several geographies and ensure rapid sales ramp-up. Due to nature of product, MTC took a systematic approach in the development of business. They need to communicate with people. And their strategy is to hire guy who has a very good knowledge of market and they not only discuss with their distributors but also conduct research projects in different countries/markets with local researchers and practitioners to get the knowledge about existing conditions and markets. Many doctors and practitioners consider the recommendations and comments of opinion leaders while purchasing our product. And in fact MTC conducted research projects with opinion leaders of different countries. In 2011, Mr Jacques B. was recruited as Sales Manager in France but his connections helped the firm to move to other markets. In Septembet 2011, Braintec (Ml) was appointed as distributor in Solvania and Crotia and in may 2011, Radiologia (Mm) and Radilan (Mn), was appointed in Spain and Purtagal and Santax (Mo) in Denmark and Sweden and in July 2011 Tromp Medical was appointed as distributor in Netherland.

The success of company lies in common vision shared by all involved. They were doctors and believed that there is need for this product. Then there were Mr. DIDIER HANS and his colleagues/friends. They like challenge and adventure in business and early investors of company were like minded. As far as distinction between entrepreneurs and non entrepreneurs are concerned, Mr. DIDIER HANS is a serial entrepreneur and previously involved in entrepreneurs creation.

# Case 6: Creaspine

Creaspine is a small medical technology firm founded by Mr. Phillipe Jenny and Mr. Marc Bernard in 2005 and is located in PITB 'Plateforme Technologique d'Innovation Biomédicale', Pessac, France. Creaspine deals in innovative medical devices with expertise in spine surgery and spine disorders management. Creaspine is exporting three products; SupStance, L-Sense and Kira. The SupStance VBR system is a small vertebral body system used to replace a collapsed, damaged or unstable vertebral body in thoracolumbar spine (T1-T5) during tumor or trauma management procedures. L-Sense has ability to adapt to vertebral bodies and is designed to conform to endplates and to share load with homogenous stress distribution. Kira, the cervical IBD, has an open "double C" shape which is intended to increase bone contact surface area. A brief information about company (Table 12) and export ratios (Figure 20) are given below.

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| **Turn Over** | 87 | 997 | 2011 | 1413 | 1321 | 1075 |
| **Export Revenues** | - | 609 | 1150 | 508 | 584 | 347 |
| **Export Ratio** (Export revenues/operating revenues, %) | - | 61.11 | 57.17 | 35.92 | 44.18 | 32.26 |
| **Employee Size** | Na | 5 | 8 | 0 | 0 | 8 |

*Source: https://orbis.bvdep.com*

Table 12: Brief Profile of Creaspine

Creaspine used its previous business ties for company creation and commercialization. Marc Bernard and Phillip Jenny were working together in Stryker, which is a leading US based company dealing in medical devices. In 2005, they decided to start their own company with two other leading neurosurgeons, each from France and Germany. Phillip Jenny, founder of Creaspine, brought in company his strong entrepreneurial experience and particularly his experience in medical device industry. He has more than 22 years of experience in senior management positions from SMEs to MNCs and currently heading many organizations, including 2ACBI and Jenny Consulting & Financing, where he is promoting and coordinating professionals involved in the design use and marketing of bio-material and medical devices and helps academic teams to manage research projects providing business insights and management solutions for innovative materials and devices.

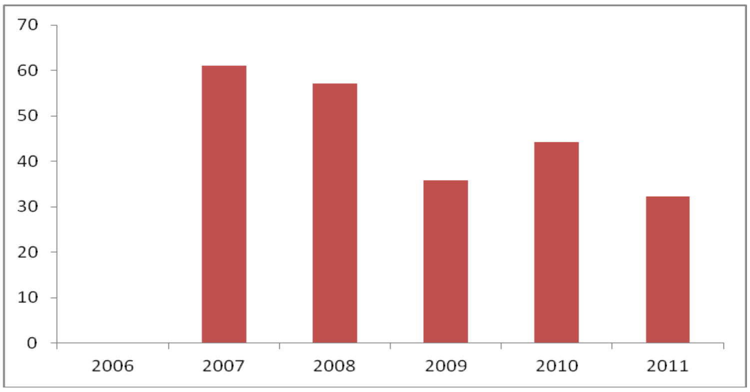


Figure 20: Export Ratio of Creaspine

Marc Bernard, is currently CEO of creaspine. Previously he has been working in 'Stryker Inc.' from 2003 to 2006 as technical director. In 2006, he decided to join Creaspine as technical director where he served for five years when he was promoted to the position of CEO in October 2011. Creaspine is a knowledge intensive firm requiring skills and sophistication in this particular sector. Therefore Professor Jean Charles LeHuec (Jc) and Professor Hans Joerg Miesel (Hc) joined Creaspine as technical advisors, members of Scientific Committee and shareholders. Professor Jean Charles LeHuec is chief of Spine Unit and chairman of orthopedic department, University Bordeaux Hospital, France and also vice president of Spine Society of Europe. He has been heading numerous research projects about spine pathologies, bio-materials and computer assisted surgery. Professor Hans Joerg Miesel has more than 25 years of experience of in Neurosurgery especially on clinical implantation of fusion devices for stabilization of cervical and lumbar spine, promotion of bone fusion between vertebra. He is also chairman of 'Regenerate' a European network for regenerative medicine. Both professors have longstanding academic relationship and well known neuro surgeons and opinion leaders.

Internationalization of Creaspine started in 2007 just within two years of company's foundation. First export was to USA in 2007 and now Creaspine is exporting it's product to UK, Spain, Portugal, Netherland and Belgium. Creaspine started export to USA via a distributor 'SpineSource' (SC), in 2007. SpineSource Inc., a proven leader in spine fusion technology had been in contact since both founders, Marc Bernard and Phillip Jenny, had been working in Stryker which is one of the global leading player in medical technology sector.

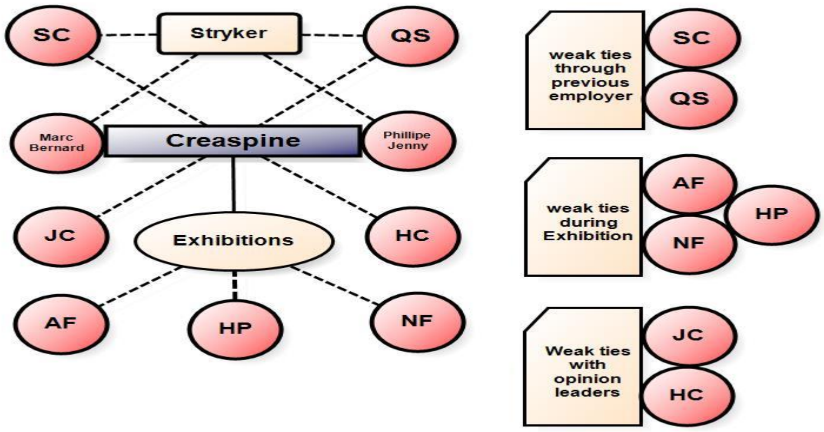


Figure 21: Network Ties of Creaspine

Next step was to UK in 2009 and it was again through a distributor, Q-Spine (QS). Again founders used their previous contacts with Q-Spine since the times when they working in Stryker. In 2009, export was started to Spain and Portugal. During 'EuroSpine Exhibition 2009' in Warsaw, Poland, they came in contact with 'Acuña Fombona' (AF) which is one of the best companies in the world specializing hospital maxillofacial, neurosurgery, pediatrics, orthopedics, etc. Creaspine decided that 'Acuña Fombona' will distribute their products in Spain and Portugal. Creaspine came in contact with 'Hospithera' and 'NF Medical (NF)' during 'EuroSpine Exhibition 2011', Milan Italy. Hospithera (HP) has more than 50 years of experience of distributing medical equipments in Belgium and 'NF Medical' is a young company in Netherland. Creaspine decided that Hospithera and NF Medical will distribute their products in Belgium and Netherland respectively. Creaspine has distributors in all markets but they did not take systematic approach in the selection of distributors and distributors were selected randomly, however, they were selective in exhibition participation. They know from their previous experience which exhibition is worth participating.

# Case 7: KPK Carpets

KPK Carpets, a small carpet exporting company based in Islamabad Pakistan can be quoted as a good example of born global firms. Carpet industry in Pakistan is basically cottage industry spread all over the country especially in rural areas and in contrast to other industries requires a little infrastructural facilities which include only wooden loom, tarn and knotting skills. Carpets made in Indo-Pak sub continent are famous since the times of Mughal Empire. According to reports of Pakistan Carpets Manufacturers and Exporters Associations (PCMEA, 2003), total number of weavers in country are 200000-250000 and total number of looms is 150000-200000 and 99% carpets made in country are export with negligible local production.

KPK Carpets was created by Mr Abdul Rehman in 2007 and just within first six months of its foundation succeeded in procuring first export order. Company can be seen as a good example of networking where founder exploits his social ties to get international advantage. A brief profile of company (Table 13) and export ratios (Figure 22) are given below.

| | 2008 | 2009 | 2010 |
|---|---|---|---|
| Export Ratio (export revenues/operating revenues, %) | 5 | 10 | 27 |
| Employee Size | 20 | 20 | 25 |

Table 13: Brief profile of KPK Carpets

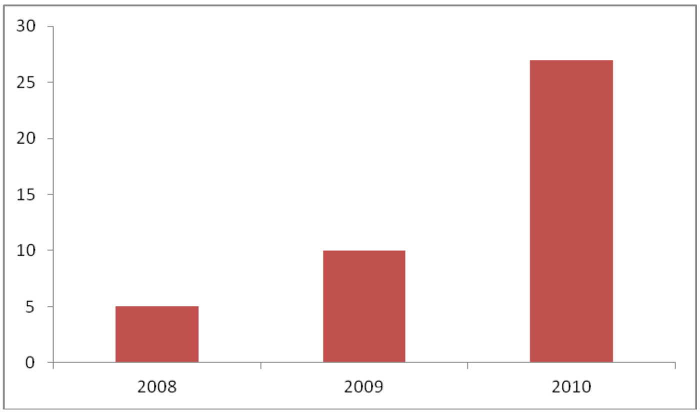


Figure 22: Export Ratio of KPK Carpets

Mr Abdul Rehman before starting his own business had been working in carpet exporting firm since last 17 years. He had good experience of carpet trade and had contacts with some carpet manufacturing facilities in KPK province of Pakistan, from where he belonged to (Mansehra city, about 135 kms from Islamabad). In 2007, when he had gathered start-up capital, he believed that he could start his own business since he had enough experience in trade of carpets and also knew some contacts in Gulf countries and Far east (Malaysia, Thailand) who were importing carpets from Pakistan. He created 3 hand-made carpet manufacturing facilities (called khaddi locally) in his village near Mansehra. At each manufacturing facility 7-10 people work. Depending on the quality (choices of material such as New Zealand/Australian/Pakistani etc wool, colours, designs and knots per inch in the carpet) as desired by a customer, a carpet can take upto 2 years to complete from the date of start. At this stage, one of his uncle (Pa) helped him to raise start-up capital which he used to buy and set up the hand-made carpet manufacturing facilities. As usually happens in rural areas of Pakistan, his relatives were conservative and did not support entrepreneurship. However, his uncle was an exception who helped to raise the start-up capital. His own family (Pb) did not encourage him initially in internationalizing, believing that he will make losses. However, his uncle helped him to raise money to start the businesses and his father also helped him in a way because he gave him the land to set up the facilities.

Internationalization of KPK was started in 2008. He had 4 contacts in UAE and other gulf countries and one each in Malaysia and Thailand. Story of network building in this case is very interesting in case of developing countries which demonstrate the entrepreneurial vision. Two of the contacts (Pc & Pd) in UAE came to his network in 1988, when they were on a visit to Karachi as sailors on a ship. At that time he did not have the idea of exporting carpets to them. Previously he used to send carpets to his contacts but it was not formal business. Eventually, when he started his own business, his network in UAE and gulf expanded through these two contacts. They not only gave him import orders but also introduced him to two other buyers (Pe & Pf) in UAE. The contacts in Malaysia (Pg) and Thailand (Ph) are both sellers of carpets; came as a deliberate effort in 2010, when he traveled to both these countries for the purpose of finding bulk-buyers of my products. He visited many markets there and spoke to carpet dealers, showing them carpet samples and delivery capacity.

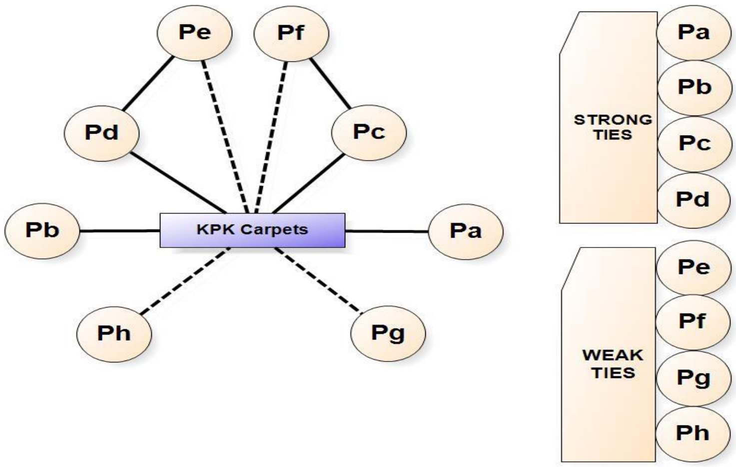


Figure 23: Networks ties of KPK Carpets

Initially his approach was not systematic, as his network ties in UAE started accidentally by meeting some sailors in a market in Karachi. However, the contacts in Far-East were developed systematically, by visiting the target markets and selecting those whom he considered most reliable.

# Case 8: Evamp Saanga

Evamp Saanga, a small software developer company based in Islamabad, Pakistan was established in 2002 by a young entrepreneur Mr. Muhammad Anwar Khan. Products and services offered include leading solutions in Voice and VR services, telecom and mobile applications and interactive digital web and mobile content. With a team of people full with passion to test the boundaries, innovative approach in technology and business, networking with leading ICT companies and exceeding their expectation by delivering quality solutions, Evamp Saanga succeeding in achieving early internationalization and higher growth rate and has become not only as a leading developer of web, mobile and telecom related applications but also a leading provider of telecom value added services. A brief profile of company (Table 14) and export ratios (Figure 17) are given below.

| | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|
| Export ratio (%) | - | 20 | 86 | 50 |
| Employee Size | 5 | 8 | 15 | 30 |

Table 14: Brief Profile of Evamp Saanga

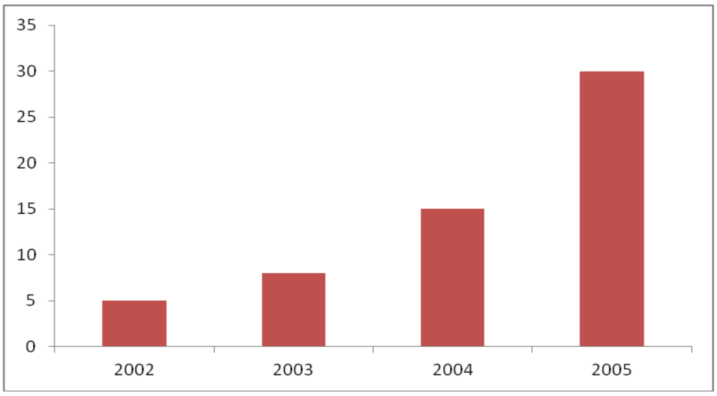


Figure 17: Export Ratio of Evamp Saanga

Mr. Anwar Khan a young graduate, after completing his master in software engineering decided to start his own business. As belonged to an entrepreneur family, he developed his passion for business as a student of software engineer during his studies. At the initial stages of business, one of his professors (Sa) from the university from where he graduated helped him a lot. The said professor has much knowledge of software industry and is well known in university for case studies of smaller firms from India and Pakistan and Mr. Anwar Khan got much knowledge about business and industry while having formal and informal discussions with the said professor. Similarly with the help of his professor he developed contacts with two senior students (Sb & Sc) of same university who were running their own software firms. These two guys shared with him their own experience of running business in IT sector and guided him how to use internet to develop business. His father (Sd) who himself was entrepreneur not only encouraged and helped him a lot but also provided capital to start a new business.

Internationalization of Evamp Saanga started in 2003 just after one year of foundation when they got their first order from Telecom UAE via internet (Sf). Although it was for smaller IT solution but it helped in image building of Evamp Saanga. This first contact was made by email. Use of emails for marketing played a very important role because email is a low cost and high return way to enhance customer relationships and increase sales. They found majority of customers via our knowledge of market and later internet search about them and contacted them via emails. Once they had one or 2 clients, they added their references to our portfolio and shared with new/prospect customers to develop their image. In 2004, they worked together with Ericsson (Sg) in Middle-East on a project which included both a Web as well as WAP site for Wataniya, Kuwait (Sh). First they were contacted by email then they sent their representative for a formal meeting. Wataniya was looking for a new web interface to satisfy the needs of its enthusiastic fan base who were interested in VAS services including videos, music and games. Evamp Saanga designed a user friendly and easy to navigate interface where any information was no more than two clicks away. The improved design and functionality of the site gave visitors the best possible user experience. In 2005, they provided web solution to Dreshak International (www.hitchesandglitches.com) (Si) which is a fast growing international company based in Dubai dealing in international trade, facilities management, provision of specialized manpower recruitment and management. Again their client came in our contact via internet. Later in 2005, they worked with a leading the Syrian mobile telecommunication company Syriatel (Sj) (www.syriatel.sy). Now they have become a leading player having clientele portfolio of not only local leading players including Telenor Pakistan, Mobilink GSM, Ufone, SME Bank, PSEB IT Portal, Zong Pakistan, Hashoo Group and Pakistan Tobacco etc but also leading international players including Mobilink World, Unilver, Baby Its Yours UK, Airtel India etc.

The years 2003/4/5 were very good for internationalization of software industry when all leading manufacturer were looking for small software firms for out sourcing. Internet played very important role in the internationalization of Evamp Saanga. After founding the firm, they started sending emails and offering their services and started winning contracts via internet. Majority of their networks were developed via emails

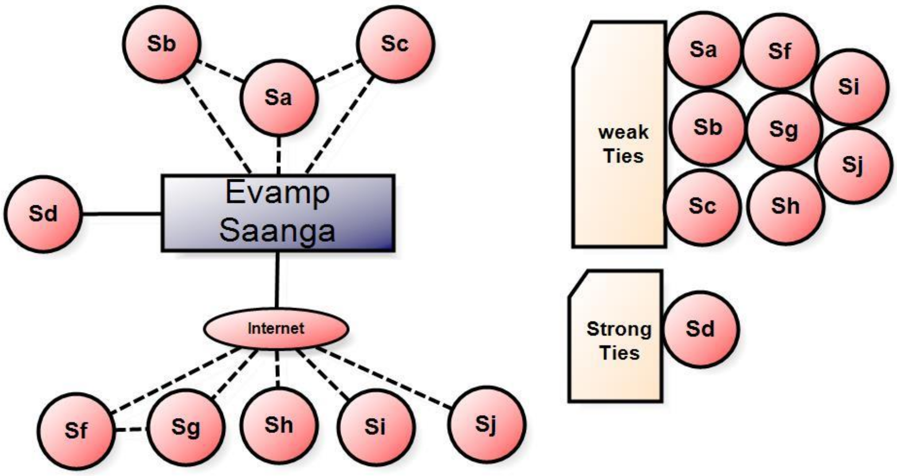


Figure 18: Network ties of Evamp Saanga

And other internet tools. Internet search played a very important role. Companies looking for software solutions, even if not looking for solutions, can judge their software/IT requirement by studying their business process. They increased their visibility on internet by using headers, tags, social sites etc. Majority of their partners contacted us via email.  And first contact was almost always made by Evamp Saanga, giving a proposal. After email contact, for smaller solutions, physical contact is not required. One of customers sent their representative after asking to give presentation via web conferencing. Role of Software technology Park (STP) Islamabad Pakistan in business creation and internationalization is very critical. Most entrepreneurial firms started working in STP because they provided business solutions like Web conferencing, meeting rooms, power, internet, offices etc at very low cost for first year. (5000 Pak Rs per month, equivalent to 50 euro for everything, including an office).

# Case 9: MN Fabrics

MN fabric is a medium sized enterprise based in Lahore, Pakistan. Company is specialized in textile Industry and Trade and is manufacturing premium quality textile products. With a continuous improvement of processes and systems and implementation of state of the art computer reporting module company has achieved a niche in textile manufacturing. Products offered include bed linen, curtains, institutional textiles and table Linen. A brief profile of company (Table 15) and export ratios (Figure 24) are given below.

| | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|
| Export ratio (%) | | | 27 | 31 |
| Employee Size | 80 | 80 | 100+ | 100+ |

Table 15: Brief Profile of MN Fabrics

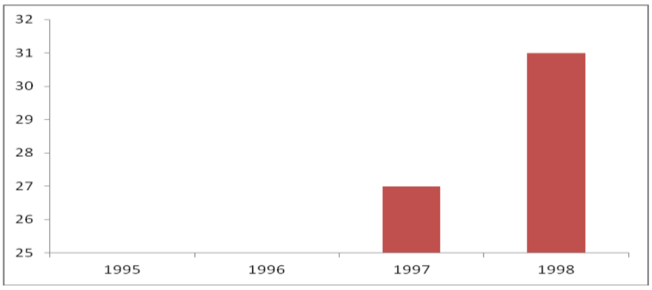


Figure 24 : Export Ratio of MN Fabrics

Mr Irfan explained that company was created by my father who has a long experience in textile industry. He had a good network with buyer and suppliers and has developed a good reputation in local industry. He decided to create his own manufacturing unit in 1994. Internationalization of company was started in 1997 to USA. Now, we are dealing with 20 customers which are mostly from UK and USA. Some are from Scandinavian countries.

First step abroad was to USA in 1997, when one of local large textile manufacturing company (Na) with whom his father has relationship since last 15 years, introduced us to one of their customer (Nb). They were not able to meet the requirements of their

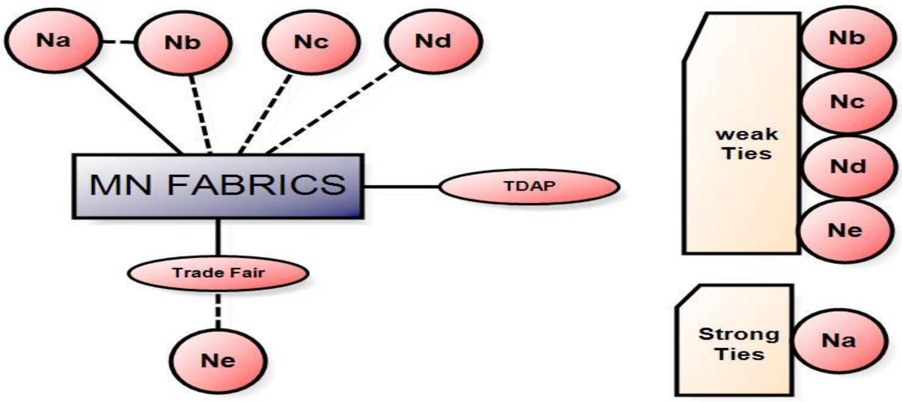


Figure 25: Network Ties of MN Fabrics

client, so they forwarded the client to MN us. Later in 1997, a Swedish company (Nc) contacted them. They got an inquiry from a customer via telephone. They got our contact number from Internet and yellow pages. Later client visited our facility and we got an export order. Later in 1998, they were contacted by an-other customer (Nd) from UK. It was again via telephone. Initially telephone and emails played a very important role. Generally large clients after their first contact via email and telephone visit our factory. After first export in 1997, the next steps abroad in subsequent years were the customers including large stores in Europe, UK and USA. After first step abroad, Mr Irfan took a systematic approach in the selection of customers and visited Europe to participate in exhibitions. In 1998, MN fabric participated in one of the big textile trade fair in UK where they became in contact with one of the leading store (Ne) and got export order. Since 1996-97 onwards, he attend exhibitions almost every major exhibition in Europe. Role of exhibitions is also very important attended where they displayed their capacity and ability. Usually, there are hundreds of potential customers that we meet in exhibitions, and varying number develop into actual customers and after every exhibition he was contacted by 3-4 clients. Some of them later became good partners.

The company adopted both reactive and proactive approach in their internationalization. Initially, it was reactive, many of their customers approached them first but now it is proactive, now MN Fabric is confident and try to access other markets. And in almost all cases, no third party is involved. Role of Trade Development Authority of Pakistan (TDAP) is also worth mentioning which helped in participating local exhibitions and trade expos.

# Case 10: Kinverg

Kinverg, a small IT management consultancy and training organization, was created in 2009 and is located Arfa Software Technology Park, Lahore Pakistan. Kinverg has three core values i.e. value driven, self-accountability and embracing human asset. Client-centric approach to deliver the value in all monetary and non-monetary terms, accountability to clients, environment, society and ethical conduct are values of Kinverg. Firms treat its resources as the most valuable assets and continuously work for their professional development, growth health and safety. A brief profile of company (Table 16) and export ratios (Figure 26) are given below.

| | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Employee Size | 8 | 8 | 8 | 8 |
| Export Ratio (%) | - | 10 | 24 | 31 |

Table 16: Brief Profile of Kinverg

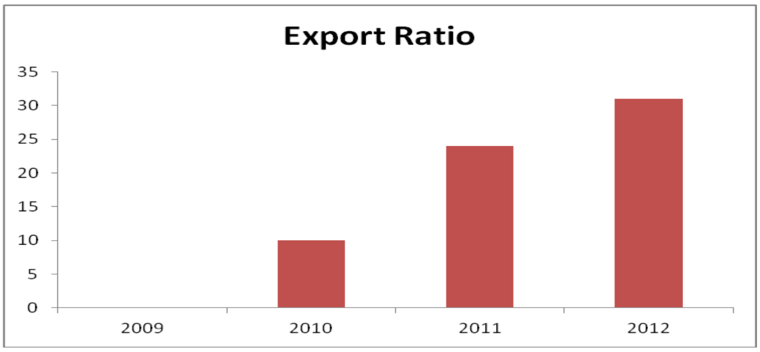


Figure 26: Export Ratio of kinverg

Kinverg was created by Mr. Muhammad Ali in 2009. After completing his graduation, he has worked as IT governance consultancy and training for more than seven years. During his career, he has delivered many complex IT management and governance projects both in public and private sector. Zafar Inayat (Ga) is a director of Kinverg Canada office and joined the firm in 2012. After completing his master from Keneth Graduate School of Business, Alberta, Canada and bachelor from John Molson School of Business montreal, he has worked at various positions in automotive, pharmaceutical, supply chain management, higher education and not for profit sectors. He has 20 years of experience in managing complex programs and projects. He has worked in Asia and North America and has capability to respond to cultural and learning norms. He has leadership skills, effective communication, business acumen, project management skills and technical attitude. Ayeza Abid (Gb) is Vice President, human development at kinverg and has huge experience in oil and gas, recruitment process outsourcing, HR analytics, performance management and career development. She has worked for reputed corporate names of Pakistan UK and Middle-East.

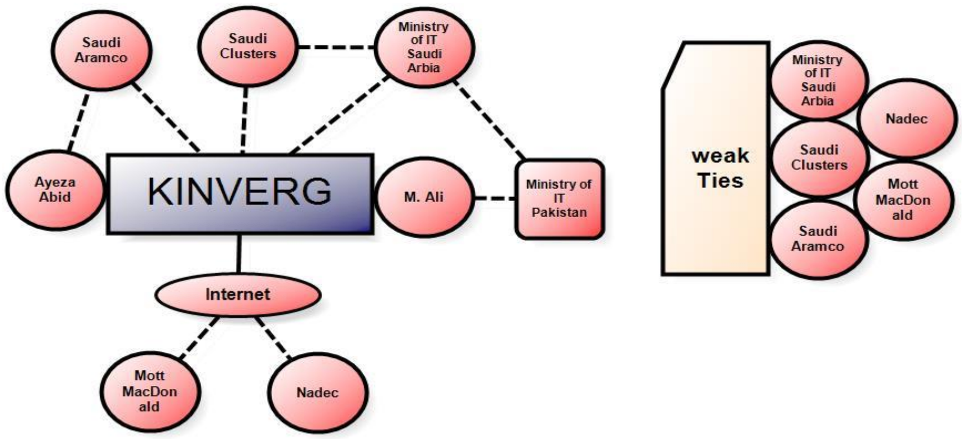


Figure 27: Network Ties of Kinverg

Internationalization of firm started in 2010 when company provided its services to Saudi Aramco (Gc). Ayeza Abid Vice President of company has worked in middle east and has some connections in Saudi Aramco. In 2011, company worked for Saudi Clusters Program (Gd). Mr. Muhammad Ali has worked in public sector of Pakistan and some connections with Ministry of Information Technology (Ge) Pakistan. Kinverg was introduced to Ministry of Saudi Arabia (Gf) by Ministry of Information Technology Pakistan. Later in 2012, due to image build by hard work, Kinverg was contacted by Saudi Air Force (Gg) for training and consultancy of IT services. Nadec Saudi Arabia is the first and biggest agricultural in Kingdom. Nadec to remain competitive and maintain its position as the leader in the agricultural and dairy food processing industry was looking for to develop working systems and procedures using the available information technology. Nadec (Gh) contacted Kinverg in 2012 to develop computer systems and applications in different business and to start with the automation project aiming to link and integrate all company's systems in order to run the work automatically. Kinverg provided its services to Nadec. In 2012, Kinverg came in contact with Mott MacDonald (Gh) which is a management, engineering and development consultancy delivering solutions for public and private clients world-wide.Mott MacDonald was looking for IT training for one of their project. This contact was made via internet.

# Chapter 6 Discussion

The purpose of this section is to explain and interpret the findings of our research and connect these findings with the previous research in this domain of research. The discussion chapter is divided into different sections according to our conceptual framework that describe the origin, structure and role of various network ties in the early internationalization of firms. Our findings show that small firms make use of various network ties to speed up their internationalization process as suggested by (Andersson and Helander, 2009). Ties originate from social, business and non-business social networking. Both strong and weak ties play critical role in resource acquisition and early internationalization, however, relative strength of these ties varies from industry to industry. We have presented graphical presentation of our findings in figure  In the following sections, we will focus on each issue one by one.

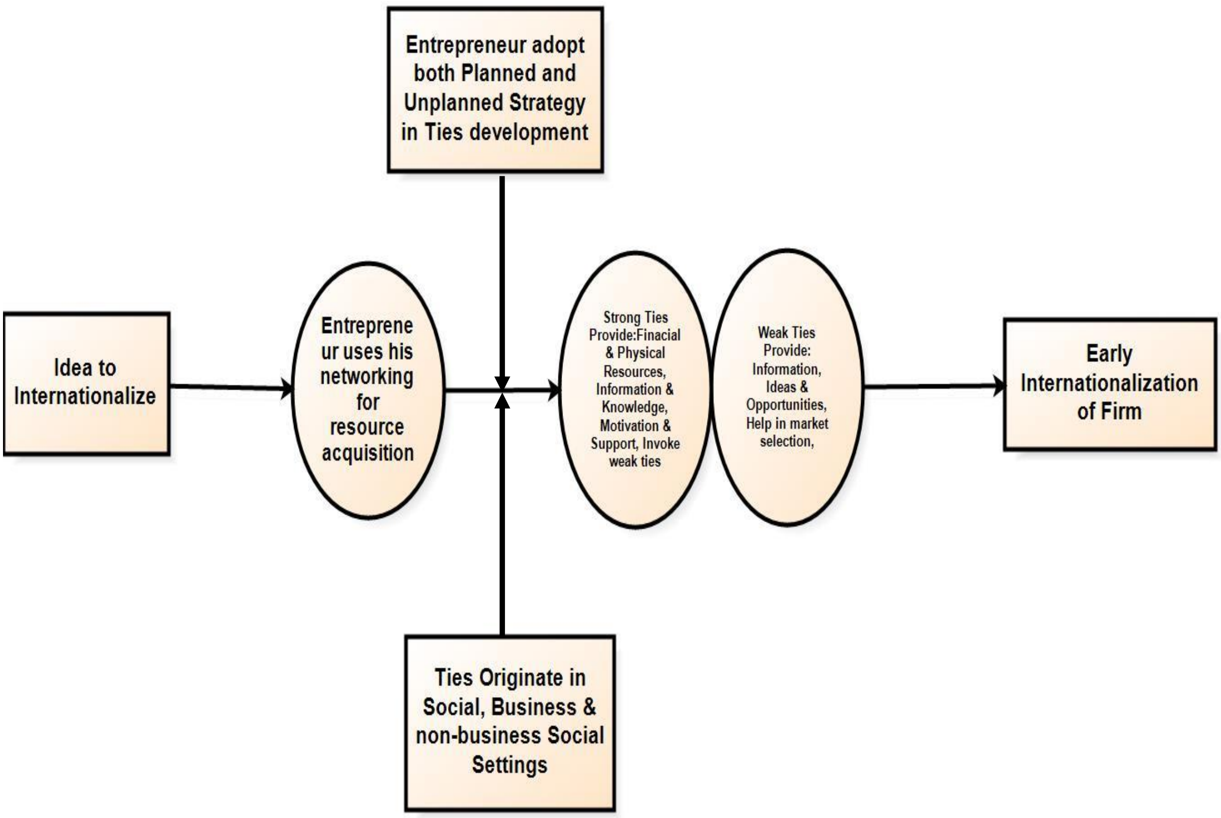


Figure 28 : Role of Ties in early internationalization of Firms

## Section 1. Origin of relationship

To investigate the origin of case entrepreneur's ties, framework suggested by Ellis (2000) which classifies origin as either business-social, non-business social, or social is used for analysis in our cases under investigation. Appendix 15 presents the data regarding the origin of ties. We have discussed below in detail 95 ties in 10 cases under our investigation.

### 1.1. Non-Business Social Networking

Twenty Seven (27) out of ninety five (95) ties investigated have their origin in non-business, social world (figure 29). Majority of these relationships have their origin in family, friends, university and school friends which is a non-business social and personal relationship. Out of these 27 non-business social origin ties, 22 ties are direct and 5 are indirect (Figure 30), similarly 18 ties are unplanned and 9 are planned.

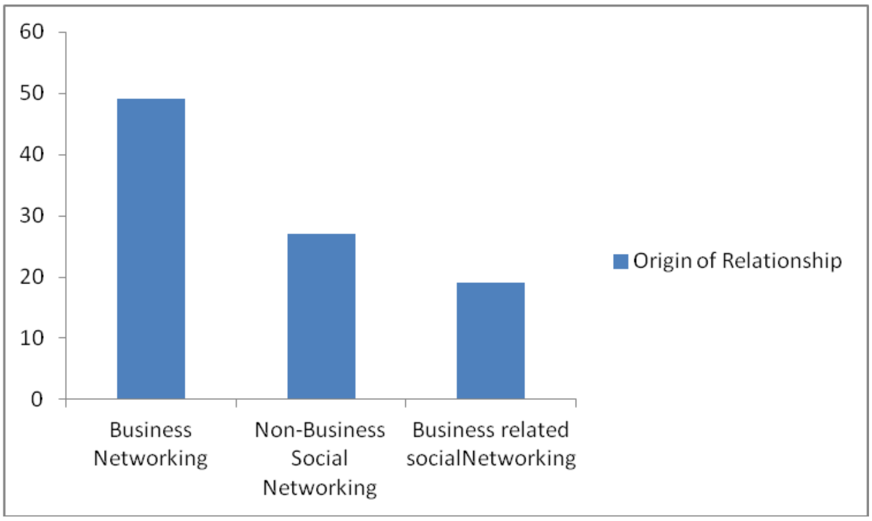


Figure 29**:** Origin of relationship

The eighteen (18) ties have their origin in social-unplanned activity because majority of these relationships start long before the business idea is conceived and entrepreneur has come in contact with these actors in social gatherings. The nine (9) ties have their origin in social-planned activity. Out of these 9 planned ties, four ties (Al, Kd, Sb,Sc) in case of Ayume Wine, Kaizen marketing and Evamp Saanga are planned because Mr. Aimeric of Ayume Wine contacted Al through a friend for bank loan. In case of

Kaizen marketing Dd, a friend of friend, is purposefully contacted because they wanted to recruit him. Similarly two ties (Sb, Sc) in case of Evamp Saanga are alumini of same university and are contacted via professor to get their

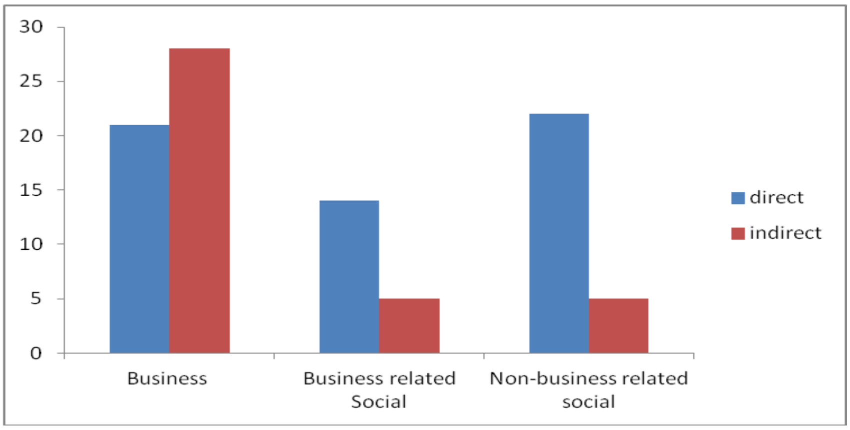


Figure 30**:** Proportion of Direct and indirect Ties in Business & Social Networking

experience about industry. Out of 9 ties having origin in social-planned activity, five (Ma, Mb, Jc, Hc and Sa) in case of Med-Imaps, Creaspine and EvampSaanga are direct relationship without any third party and are well known names and opinion builders and are contacted to build the image of company and product.

Out of 18 social-unplanned relationships, 17 ties are social-unplanned-direct relationship. These ties are social-unplanned-direct because they have their origin as "classmates" or "childhood friends", "family" and "social events" and are in relationship since long before the start of business. Only one ties i.e. Ka in case of Kaizen marketing Group is, is social-unplanned-indirect. This ties is social, unplanned and indirect because Mr Ka is a friend of friend and they decide to start business during summer vacations at beach by chance. As Mr Romain Dildrich of Kaizen Marketing explained in his interview:

> *Da was friend of a friend………We met a beach and after an informal chat realized that he wanted to start a business and was not interested in job and I had business idea but was not ready to take risk. I invited him to come to UK and to start business together. He decided to take the plunge and partnered with me to set up Affili Action which then became Kaizen marketing Group.*

Among these non-business social ties, 9 ties have their origin in planned activity. The origin of these ties is planned because the relationship is purposefully started, for example in case of Aimeric Wine, relationship with Al is planned to access financial and organizational resources. Similarly Aj is introduced by his girl friend who has been working in a spirit company and she introduces him with some customers of her company that leads to export in European countries. The five ties (Mb, JC, HC, Sa, Sb and Sc) in case of Med-Imaps, Creasepine and Evamp Saanga are contacted either to build the image of company or to get knowledge about industry. As Mr. Christophe Lelonge of Med-Imaps explains in his interview:

> *"In 2006, one of our Co-founder working as researcher at INSERM got the idea to design a medical tool to assist in the collection of quantitative information on bone micro architecture, and developed TBS-iNsight. He realized that there is a need and scope in market for product. After he was looking for another guy who can manage and find funds by participating in meetings for creation of company and market the product. The other guy was Didier Han because was a serial entrepreneur and involved in many businesses".*

## 1.2. Business Related Social Networking

Nineteen (19) out of 95 ties investigated have their origin in business related social activity (figure 29). Majority of these relationships (Ce, Ci, Ec, Ed, Af, Nf, Hp, Ne) are developed during trade fairs and/or exhibitions. For example, in case of Courreges wine, two ties Ce & Ci have their origin in wine fairs. In case of Creasepine, three ties Af, Nf & Hp have their origin in Eurospine trade fair. And in case of MN Fabrics, Ne has also its origin trade fair. All these ties can be categorized as business related social and planned networking.

Out of these 19 ties, sixteen (16) are planned because these were developed during trade fairs and exhibitions where entrepreneur has took part after thorough planning or their customers of customers. Out of these sixteen (16) ties, ten (10) ties are direct where no third party is involved and remaining six (6) are indirect where third part is found to be involved.

On the other hand, only three ties (PJ, Na, Ge) out of 19 are unplanned. These ties are unplanned because these were originated before the business idea is conceived. For example, PJ in case of Creasepine has been in contact long before the company is started. Same is the case with Na who is in relationship with MN Fabrics long before the firm is founded. In case of Kinverg, founder has professional relationship with Ge before the foundation of company.

## 1.3. Business Networking

Forty nine (49) out of 95 ties have their origin in business networks (figure 28). Twenty one (21) out of 49 ties start directly which means no third party is involved in the origin of relationship and twenty eight (28) start indirectly where a third party is involved (figure 30). The relationship of entrepreneurs with these indirect ties starts via other actors which included previous employer, friends, present customers and government agencies.

Out of these 49 ties, thirty eight (38) have their origin in planned activity where relationship of entrepreneur with actors starts via a planned activity where as eleven (11) ties are found to be unplanned. These ties are unplanned because entrepreneur is contacted and is offered an opportunity. These unplanned relationship starts via internet or present customers where customer itself has contacted the entrepreneur and offered a business opportunity.

From our above discussion, we can see that relationships/ties in our cases under investigation, have their origin in social and business activity. Social activity can be business or non-business related. Many of these relationships develop over a time of long period without exchange of business idea. These relationships play a very critical role in internationalization and are based on familiarity and trust having their roots in social settings. Our results are in line with Haris and Wheeler (2005) who identify the origin of the relationships "wide spanning 'social/personal' and 'business' situations (p. 187)". This has also been confirmed by Ellis (2000) that all relationships have strong personal and social elements.

Holemen et al (2005) in their study 'how do relationships begin' develop two dimensions of firms relationship initiation i.e. 1) direct vs network-mediated opportunity, 2). active vs reactive dimension. Firms have direct relationships with those firms with which they interact directly e.g. with customers, distributors and suppliers. Firms also have indirect or latent relationships with, for example their customer's customer and supplier's supplier. Thus an indirect relationship is a relationship a firm has through an-other firm (Agndal and Elbe, 2007).

In our analysis, although both direct and indirect ties are present (figure 31). Out of 95 ties under investigation, 57 are direct and 52 are indirect ties. Our results are in line with Agndal et al (2008) who has suggested that in early phase of internationalization, foreign market entries are more likely to be associated with social

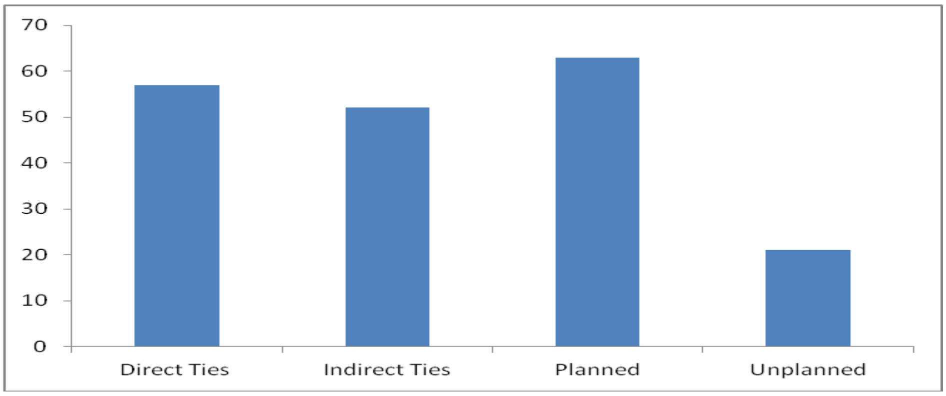


Figure 31: Direct/indirect and planned/unplanned Ties

capital residing in direct rather than indirect relationships. In almost all our cases initial internationalization is started via direct ties. They further explain that both direct and indirect relationships dominate, however, in early phase because initially firms exploit the social capital residing in relationships with well known partners. Our results confirm their findings. Our results are also consistent with Wong and Ellis (2002) who report that formal search procedures are really used in identifying opportunities for foreign market entry. They conclude that information about foreign markets is required through firm's social networks as is evident in our cases.

Our results are also in consistent with Ellis (2000) and Rauch (2001) who highlight the role of local agents in connecting the foreign firm to domestic networks and informing them about opportunities in market as is evident in case of Ayume Wine, and Courreges Wine, who get information about opportunities via CIVB.

In a nut shell, our findings show that relationships originate both in business and social networking. Majority of ties (49 out of 95) have their origin in business networking. Ties also originate from non-business social (27out of 95) and business related social networking (19 out of 95). Both direct and indirect are present. In case of business networking indirect ties (28 out of 49) are dominant as compared to direct ties (21 out of 49). However, in case of ties originating from social networking direct ties are dominant. For example, out of 27 ties originating from non-business social networking 22 ties are direct and 5 are indirect. Similarly out of 19 ties having origin in business related social networking, 13 are direct as compared to 3 indirect ties.

## Section 2. Planned and Unplanned Strategy

The question whether entrepreneurs take planned or un-planned approach approach in their network building and purposefully select their networks gives us a mixed response. Majority of firms, for example, MN Fabrics, Evan Saanga, Kinverg, Ayume wine, Courrges Wine, Creasepine & Med-Imaps, took systematic approach in developing their networks. If we extend our discussion to planned or planned ties, we come to know that sixety three (63) ties out of ninety five are planned and remaining twenty two (22) are unplanned (figure 30). Current literature suggests that there is positive effect of managing relationships and developing external networks on firm performance (Zou and Stan, 1998, Leonidou et al., 2002). Firms with excellent relationship skills are more likely to gain exporting success. These relationships also include interaction within promotional and market visits. This has been found in technology businesses (Coviello and Munro, 1997) and in other industries (Crick and Bradshaw, 1999; Hellman, 1996). But literature gives little guidance on how to build relationships (Styles and Amber, 2000). Here we are interested in the kinds of strategies that successful international entrepreneurs might pursue in forming and developing their relationships. Leonidou (2003) and Turnbell et al. (1996) suggest that planning relationship development through 'networking' is likely to be a useful exercise for firms in general.

In case of Med-Imaps, co-founder is academician and has conceived the idea of TBS-iNsight in 2006, and purposefully contacted Mr. Didier Hans for technical advice, business creation and commercialization of product. There are two objectives, first is to get feed-back regarding clinical trials and second is to use his networks because he is well known guy in industry and was serial entrepreneur. Mr. Dedier Hans not only introduces several new ties who help in the development of business particularly from marketing point of view and also give technical advice. Mr Christophe Lelonge of Med-Imaps also explains in his interview that they take a systematic and planned approach in the development of our business but it is due to the nature of product. For their product, they have to conduct different experiments with researchers in different countries to acquire knowledge under local conditions and to get market knowledge of different countries and they purposefully contact researchers in different countries, in fact, they contact opinion leaders of industry because opinion leaders are very important for their product because general practitioners and doctors consider the recommendations of opinion leaders while purchasing the product. Similarly, in case of Creaspine, for marketing of their products, they also conduct research projects with various neurosurgeons as was the case of Med-Imaps who use their products and after give conducting some procedures give feedback and publish their results. However, for their internationalization, they have distributors in all markets but have not taken systematic approach in the selection of distributors and selected their distributors randomly. They have been selective in exhibition participation and they know from their previous experience which exhibition is worth participating. Same is the case for Courrges wine who is selective in exhibition participation. As Mrs Courrges explain that one of their friends gave them information regarding which trade fairs are worth visiting. In case of MN Fabrics too, they purposefully select their customers. After first step abroad, Mr Irfan takes a systematic and planned approach in the selection of customers and visits Europe to participate in exhibitions. Five out of 10 firms investigated explain that their firm has partly internationalized through participation in trade shows and our findings show that international trade shows are good opportunity for seeking and finding new partners. Trade shows help in the internationalization as they are a good networking tool and are a great opening to establish new business ties which consequently can provide an in-road into foreign markets. Research shows that trade shows are one of the most important marketing tools for a firm and considered as a cost effective way of meeting many potential buyers and suppliers in a short period of time (Ling-Yee, 2006). In our cases under investigation, trade shows abroad according to Mr Marc Bernard of Creaspine are a great opportunity for networking due to that new contacts are made and new customers are found. Similarly Mr. M. Irfan of MN Fabrics describes that the role of trade fairs is very important in their internationalization as they can display their capacity and ability. Usually, there are hundreds of potential customers that come in contact in exhibitions and varying number develop into actual customers and after every exhibition, they are contacted by 3-4 clients. Some of them later became good partners.

In case of Creasepine, out of six foreign market entries, four entries are influenced by contacts made through trade fairs. For example, in Euro-Spine Exhibition 2009 Warsaw, Poland, they come in contact with ‘Acuña Fombona’ (AF) and decide that ‘Acuña Fombona’ will distribute their products in Spain and Portugal. Similary, Creaspine come in contact with ‘Hospithera’ and ‘NF Medical (NF)’ during ‘EuroSpine Exhibition 2011’, Milan Italy and decide that Hospithera and NF Medical will distribute their products in Belgium and Netherland respectively. Trade show participation has been part of their strategy. For Creasepine, trade fairs offer a good platform to distribute their products in other markets. In case of Edu-media, network building has also occurred during trade shows as Mr Christophe Monnerie describes that Edu-media is contacted by a distributor of Canada in an exhibition. Later, he sends us email describing that he is interested in their product. Again in 2005 Mr. DeAgostini contacts them through their website in 2005 and shows interest in their contents and later they have a meeting in Trade fair “Educatice” in Paris in December 2005. In case of wine firms, trade fairs have partly eased the process of their internationalization. As in case of Ayume wine, he just sends some offers to importers of Hong Kong via email and informs that he will be in trade shows (Pro-wein, Germany) in 2009 and both parties have a meeting in wine fair in Germany and after negotiation reach a deal. Similarly, in case of Courreges Wine, their first customer is introduced by in a trade fair by a friend and in 2010, export to USA is started when they participate in a wine exhibition and came in contact with a customer who is interested in products of Courréges wine. Again in 2012 they themselves organize a fair in China, where they come in contact with some clients and export to China is started. In case on MN Fabrics, Mr. M Irfan explain that since 1996-97 onwards, he attend exhibitions almost every major exhibition in Europe. After first step abroad, Mr. Irfan takes a systematic approach in the selection of customers and visited Europe to participate in exhibitions. In 1998, MN fabric participates in one of the big textile trade fair in UK where they become in contact with one of the leading store and gets export order.

According to Hansen (1995), firms participating in trade shows have selling (identifying new customers, serving current customers and testing/introducing their products) and non-selling (Building of relationship with new partners) motives. And relationship building is recognized as non-selling motive (Hollensen, 2007). In all above cases described firms have both selling and non selling motives for participation in trade shows. Hansen (1999) describes relationship building activities as one dimension among four behavior based dimensions of trade fairs which include; to maintain relationship with current customers, to develop relationship with new customers, to meet important actors within industry and to personally get in touch with the clients. However, trade fairs have both strengths and weaknesses. These are not only a great market place with potential buyer and sellers and excellent marketing tool but are costly and difficult to decide which one is worth visiting (Stevens, 2005). Firms under investigation not only used trade fairs for easing the process of internationalization but also use the previous ties to identify in their decision making, for example, Mrs Akima Courreges, explain that one of our friends has advised us which wine fairs are worth visiting. Similarly Mr. Marc Bernard of Creaspine describe that they are selective in exhibition participation and they know from their previous experience which exhibition is worth participating.

In brief we can conclude that trade fairs offers a good opportunity for these firms in building new ties and in identifying new customers. All gained relationships are crucial for firms (Evers and Knight, 2008) and networks have a great effect on SMEs' internationalization.

However, three of our cases that belong to IT industry contend our findings regarding the systematic approach. For example, Kaizen, Edu-media and Kinverg. In case of Kaizen Marketing Group, Mr RD explains in his interview dated Nov 6, 2012 that he has business idea but has not been not ready to take risk. David, a friend of friend, meets me at beach and we decide to start our own business. He further explains that they start business from home and retained customers from my previous company and provide contemporary services. For internationalization, they adopt a different approach i.e. recruitment of persons having knowledge about targeted market. In case of Edumedia, they do not adopt any systematic approach to develop their ties. However, they have worked hard to be more and more visible on net. Majority of their clients contact them through their website. All firms in IT sector are using emails and internet as communication and marketing medium. For IT based firms Internet is also acting as resource and knowledge building toll thus reducing the barriers for internationalization (Loane, 2005). Our results show that five firms out of ten use internet in different ways as a tool in their internationalization process. As we mention in our previous discussion (see chapter, Conceptual Framework) that smaller firms face human and financial resource limitation, lack of knowledge and international experience. Current literature argue that information communication technologies (ICT) and particularly internet can provide small firms with novel ways to conduct business and to exchange ideas and information (Gilmore and Pine, 2000). Internet helps in removing international barriers (Singh and Kundu, 2002) and has potential role in reducing the liability of foreignness (Kotha et al., 2001), obtaining substantial revenues and cash flows rapidly (Gabrielsson and Kirpalani, 2004), plays a role as knowledge building tool in marketing, distribution, business processes, market intelligence and competitor analysis (Loane, 2005) and compress the pace of internationalization (Vermeulen and Barkema, 2002), thus resulting in faster internationalization (Arenius et al., 2005). Our findings show that ICT is not necessarily a source of competitive advantage in itself but it is complimentarily with other strategic resources as argued by Sinkovics and Bell (2006). For example, gaining an online reputation produces competitive advantage (Reuber and Fischer, 2011) and for online reputation firms need to be both being visible online and being seen as providing high quality goods and services particularly in new industries because of herding behavior where buyer imitate the purchasing behavior of previous buyer (Duan et al., 2009). Three firms in our study, Edu-media, Evamp Saanga and Ayume Wine, under investigation emphasize the importance of internet in their internationalization. Mr. M. Anwar Khan of Evamp Saanga explains in his interview that they use different tools to increase their visibility on internet. Same was described by Mr. Christophe, director Edu-media in his interview. Many authors argue that internet is an invaluable resource for small firms in international activities, as smaller firms may have global reach via their website (Poon and Jevons, 1997; Samiee, 1998). Smaller firms use internet for gathering market intelligence, promoting themselves, servicing customers in new markets (Quelch and Klein, 1996; Chattell, 1998), maintaining and developing relationship with clients and network partners (Coltman et al., 2001). All three firms, Edu-media, Evamp Saanga and Ayume Wine use internet to promote their firms, reach their customers while reducing their costs. Edu-media uses internet for all marketing type things i.e. advertising, promotion, contact, communication and also demos of their product as virtual catalogue. In case of MN Fabrics one of their customers from UK contacts them via telephone and emails play a very important role. In case of Evamp Saanga they get their first export order from Telecom UAE via internet and contact is made by email. Later they are also contacted by Ericsson Middle-East and Dreshak International Dubai via internet and emails. In case of Kinverg relationship with two of their customers, Nadec and Mott MacDonald, starts via internet. For Edu-media internet is also distribution channel as their online contents can be downloaded directly their website thus reducing layers of intermediaries.Our findings from the case Edu-media are in line with (Gabrielsson and Gabrielsson, 2011). Edu-media has adopted the dual channel strategy where Edu-media promoted their products, generated customers and handled product fulfillment via internet. Our finding from Ayume Wine are in consistent with Buskely, Pass and Prescott (1994) who suggest that internet covers important functions in international sales strategy including promotion, customer generation and product fulfillment.

In a nut-shell we have discussed in this part that entrepreneur ties originate from both business and social settings and we have found presence of direct and indirect ties. Majority of entrepreneurs plan the establishment and development of ties and adapt a systematic and purposeful approach. However, in case of IT based firms role of internet is evident in our cases which requires further research as suggested by (Borghoff, 2011) who also emphasized to further investigate the assumption that ICT facilitate faster internationalization.

## Section 3. Structure of Ties

In previous literature, many scholars, for example, Greve (1995), Aldrich & Zimmer (1986), Birley (1985) have studied the structural dimension of networks. Although structure of ties is not major focus of our study but it is considered as a prerequisite to investigate the other dimensions of networks. In the following paragraphs we will focus on size and strength of networks.

### 3.1. Size of Ties

As we have discussed in our review of literature that total network size refers to all first order contacts in network (Greve and Salaff, 2003). Earlier Tichy et al. (1979) also suggests that network size is the actual number of people participating in the network. In our study, ninety five ties in ten (10) cases are investigated. The average network size is 9.5 ranging from 05 to 17. The smallest network size is 5 in case of MN Fabrics and largest network size is 17 as in case of Med-Imaps (figure 32).

In all of cases under investigation in our research, network size is found to be small which is in line with findings of Hansen (1991, 1995) who suggests an entrepreneurial pre-organization network as including from 2 to 19. However findings in previous literature regarding the network size are contrary, for example, Larson (1992) reports that a greater number of links lead to a more extensive network and is advantageous for organization. During the creation phase, the network size is limited to close ties and ranges from 1 to 4. Greve (1995) also finds that prospective entrepreneurs in the early phase would keep informed a much smaller network about their plans than in later phases of the establishing process. However firms increase their network size during internationalization as is evident in our cases where firms expand the number of valuable network relationships in order to obtain sufficient assets to gain access to supply channels, to develop after sales service and to deal with regulations in foreign markets (Bell et al., 2004). More network relationship are used as international activities increase to gain knowledge about matter such as technology to meet the demands of foreign markets, market intelligence about various international markets in which firms operate and product development to effectively supply competitive international markets (Chetty and Campbell-Hunt, 2003). Hence, the value of networks is likely to be positively associated with the number networks, especially as the volume of international business increases and the number of countries supplied grows.

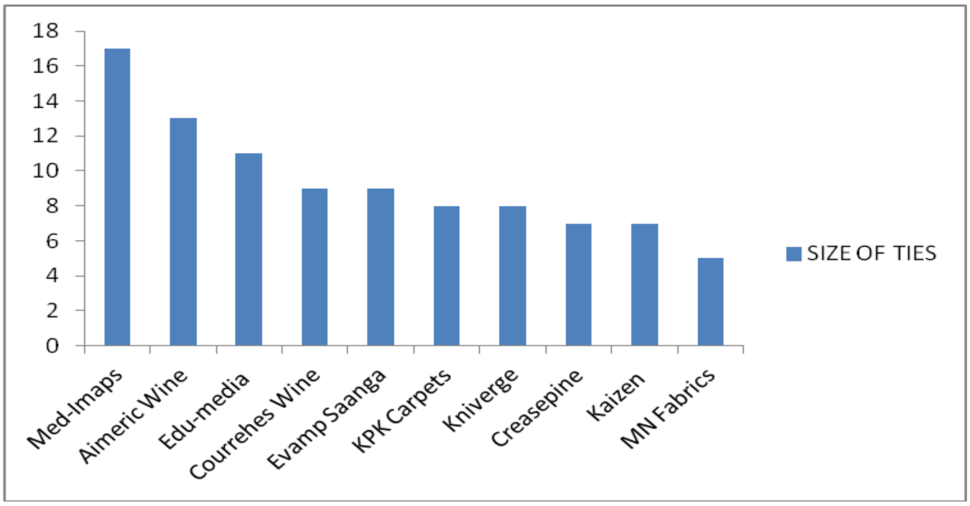


Figure 32: Size of network

A large section of literature argues that SMEs need networks in a number of areas to engage in international business activities (Johanson and Mattsson, 1988; Rugman, 1986) which is in line with our findings where entrepreneurs acquire a variety of valuable resources, knowledge and competences from their ties. As firms develop networks they seek to establish trust based relationships with those partners that deliver the most benefits (Uzzi, 1996; Granovetter, 1973). This exerts an important influence on number of networks that are developed and retained. In other words as SMEs increase their foreign business activities, it is likely that the need for more networks that offer valuable services grows. Hansen (1995) reports that network size is positively related to an organization's initial performance. Although we cannot draw any correlation from our qualitative study, however if we make a comparison between network size and export ratio, we come to know that we can generalize from our findings as Med-Imaps with largest network (17) ties does not have highest export ratio. However our results confirm the findings of Preece et al. (1999) who find that business networks are significantly associated with neither international sales volume nor the number of foreign markets supplied. As is evident in our study that size of network is not associated with sales volume, MN Fabrics with smallest network size

(5 ties) has export ratio of 31% which is equivalent to export ratio of Kinverg and Creaspine with relatively larger network size (8 ties). These findings reinforce the idea that a network well built may not be a sufficient condition for superior performance of early internationalization SMEs (Zahra et al., 2000). In our analysis, it is true in case of medical technology Firm, Med-Imaps with largest network size (17 ties) but export ratio of 52% as compared to wine firms Ayume Wine And Courreges Wine with export ratio of 96 & 79% but network size is 13 & 09 respectively which is smaller than Med-Imaps.

Although developed network relationships irrespective of number of networks and the value of networks may be beneficial to SMEs in internationalization process (Larson and Starr, 1993) the link between the value of networks and number of networks is crucial for effective engagement in international business activities. Not all networks are necessarily beneficial to international operations and strategies of SMEs and are less valuable for SMEs foreign activities. Thus networks that provide valuable assets and knowledge are likely to be expanded in number as SMEs internationalize (Morgan and Hunt, 1994).

In brief network size is found to be small (average size 9.5) in all our cases under-investigation. However firms increase their network size during internationalization in order to gain access to other foreign markets. Although networks are valuable in internationalization process but network size does not influence export ratio.

## 3.2. Strength of ties

Granovetter's (1973) idea of weak vs. strong ties has remained the focus in many studies. According to Granovetter family and friends can be classified as strong ties, however, whether professional ties should be classified as weak or strong ties is a question mark, for example, Kapler (2008) questions whether the polarization of strong vs. weal ties is justified? She further explains that in a number of cases ties are classified by a multiplex character of being friends, anciens and former colleagues. In our analysis of ties under investigation entrepreneur are not able to distinguish between personal vs. professional ties, for example, in case of Ayume wine, Mr. Aimeric described:

*"It is difficult to distinguish between friends and professional relationship relationships. I have a huge networks supplier and I can say we are all friends. I know their families and we go to restaurant together.*

Similarly, in case of Med-Imaps, Mr. Christophe Lelonge explained:

*"Friendship and professional relationship cannot be clearly distinguished……….we met in different meetings and friendship started………."*

In our investigation, both weak and strong ties are found (figure 33), however weak ties are dominant (72 weak ties as compared to 23 strong ties). Strong ties in our cases

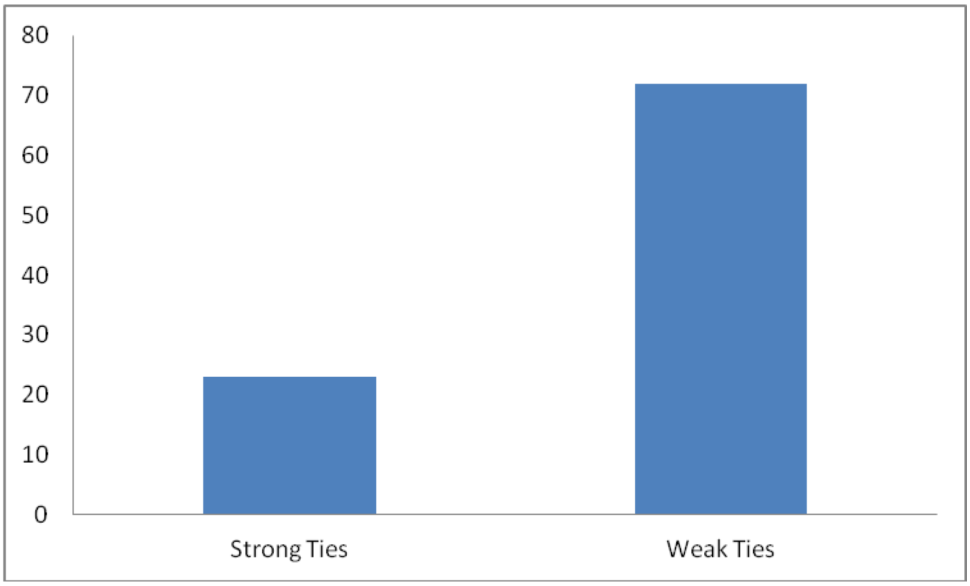


Figure 33: Strong and Weak Ties

are constituted by family members and close friends. As we have mentioned in our previous chapter that international entrepreneur literature argues the more weak ties abroad increase the likelihood of increased international opportunities and eventually will lead to more speedier internationalization (Oviatt and McDougall, 2005a). Our results confirm this finding. These strong and weak ties perform different functions which we will elaborate later in the next section of this chapter. However, our results also confirm that the effectiveness of network depend upon the presence of strong and weak ties because different types of ties provide different resources as suggested by Uzzi (1996,1997).

We can extend our discussion to the quality of ties where our findings show that quality of ties is high in our cases under investigation. Borgotti et al (1998) emphasize the importance of compositional quality. However, little research has been conducted to date to actually define the quality of ties. The analysis of different ties under investigation clearly shows that professional background is an important indicator of the quality of ties involved in the entrepreneurial networks. Almost all entrepreneurs, for example, Aimeric Wine, Courreges Wine, Med-Imaps, Creasepine, Edumedia, Kaizen and KPK Carpets involve fomer colleagues and friends. Klapper (2008) has well said that entrepreneurs surround themselves with the right amount of human capital to succeed in the early stages of entrepreneur start ups. Almost all entrepreneurs posses a very high level of human capital in terms of professional and educational background experience. Majority of entrepreneurs have significant professional experience. Three cases Aimeric wine, Courreges Wine ans Evamp Saanga involve alumni students from their university. Another important finding is that almost all ties are entrepreneurs and these findings also show that high quality of entrepreneurs's human capital is also reflected in the equally high quality of network ties.

Dubini and Aldrich (1991) emphasize the importance of diversity. Similarly, O'Donnell et al (2001) also report that it is not size alone but also diversity that may influence the network configuration. Stier and Greenwood (2000) further argue that network management is about how to achieve network diversity without suffering network overload. This raises the question of how best to use the advantages of an extensive array of diverse ties without having to nurture too many ties successfully at the same time. Earlier Johannisson (1998) add a further element that the ideal network consists of both strong and weak ties. However, Baum et al (2000) and Greve (1995) insist that it is not question of strong vs. weak ties and diversity but also quality of ties that need to be investigated. Wellman and Wortley (1990) also point out that not all ties are supportive and not all supportive ties provide the same resources. To date, little research seems to have explored the quality of ties in detail. A number of quantitative studies, for example, Greve & Salaff (2003), Schutjens & Stam (2003) and Greve (1995) have explored the different variables such as size, density and time. However, (2008) argue that the quantitative side of entrepreneurial network dynamics fails to pick up on the softer qualitative aspects inherent in the nature of entrepreneurial networks. Witt (2004) also critically comment that one limitation of all network research is the fact that empirical studies employ quantitative measures to obtain information which is essentially qualitative in nature.

Thematic analysis of our cases under study shows that two types of ties are motivated i.e. friendship ties and professional ties. The professional ties can again be differentiated into 1) ties related to entrepreneurial human capital e.g. former colleagues and former employers and 2) ties completely divorced from entrepreneurial human capital which include IT consultants, bankers, and friends of friends and sometimes found through incubators and other organizations. Our analysis shows that majority of ties are related to entrepreneur social capital as is evident in case of Aimeric, Courreges, Med-Imaps. However ties completely detached from human capital e.g. Al in case of Ayume Wine who was a banking consultant, Ka and Kd in Case of Kaizen Marketing who are friends of friends and Eb, Ek & Ge are examples of incubator and government organization in case of Edumedia and Kinverg respectively which provide needs of entrepreneur which cannot be satisfied by family, friends or former colleagues.

From our analysis, it is evident that both strong and weak ties are present however weak ties are dominant. The quality of ties in our cases in high as networks involved entrepreneurs but diversity of ties in cases under investigation is very limited which is in line with Hite and Hesterly (2001) who suggest that entrepreneurs surrounds himself with identity based ties in early stages of venture.

## Section 4. Role of networks

Out of 10 cases under investigation in our research, six firms are operating in high-tech sector (IT & medical technology) and four are operating in low-tech sector (wine & textile). For all our cases under study, internationalization has been the focus of entrepreneurs since the inception of firm. Firms in the high-tech sector have the high potential to go global due to the nature of product. For example, Mr. Christophe Lelong of Med-Imaps explains in his interview that *"French market is too small, so from the very first day we decided to go international"*. Low-tech firms in our sample also show their vision to go global from the beginning of their foundation and aim to operate internationally. For example, In case of KPK Carpets, Mr Abdul Rehman explained that *"I always had an eye on international market since late 80s (probably 1988), when I started working in carpet industry".* Oviatt and McDougal (1995) argue that the born global firms, in order to be successful, need to have vision of becoming global player. However, internationalization is a risky operation and small firms face constraints like lack of resources including knowledge and capital for internationalization operations. In our literature review we have discussed that networks are the medium through which entrepreneurs gain access to a variety of resources held by other actors. Our results verify the previous findings of Karra et al. (2008) that it is the experience, skills and networks of the entrepreneur that allow firms to skip the phases of internationalization and to be born global. These small born global firms use their networks to overcome the constraints as identified in previous literature e.g. lack of economies of scale (Welch and Luostarinen, 1988), lack of financial and knowledge resources (Karlsen et al., 2003) and risk aversion (Dimitratos and Plakoyiannaki, 2003). Our results are in line with Freeman et al. (2006) that these small firms overcome key constraints by using their networking competencies. To overcome severely limited financial resources and market knowledge managers focus on multiple tasks including carefully selecting foreign customers using personal networks, developing strong ties with key local suppliers and also use their networks to connect to lead markets.

As mentioned earlier, we have also chosen the Grant's resource profile (1991) for our analysis in which he categorize resources into financial resources, physical resources, human resources, organizational resources, technical resources and reputation resources. In the previous section, our result has revealed the presence of both strong and weak ties. Strength of ties affect the resource access (Jenssen and Koenig, 2002) and effectiveness of the network seems to depend upon the presence of both strong and weak ties since different forms of ties provide distinct and different resources

(Uzzi, 1996, 1997). Therefore in the following paragraphs, we focus on the role of strong and weak ties in resource acquisition for a better understanding.

## 4.1. Role of Strong Ties

Strong ties are normally constituted by family and close friends. A good deal of empirical research emphasizes the importance of strong ties in both resource mobilization and acquisition (Starr and Macmillan, 1990; Jarillo, 1989). However, our investigation reveals the presence of strong ties in all our cases under investigation especially in emergence phase as identified by Greve and Salaff (2003). Strong ties provide access to financial capital as identified by Larson and Star (1993), motivation (Jenssen and Koenig, 2002) and support (Birley, 1985, Greve, 1995). However, in contrast to findings of (Elfring and Hulsink, 2003; Uzzi, 1997; Hansen, 1995), the role of strong ties in the provision of fine grained and tacit information is only evident in case of low-tech firms (wine and textile firms). In addition to this our findings also reveal that strong ties provide mechanism to invoke weak ties and act as a bridge.

The disadvantages involved in small business due to its size can be off-set by a supportive environment consisting of family and friends (Szarka, 1990) because networks are reciprocal and mutually supportive actions (Powell, 1990) and may be necessary for building the self-confidence of entrepreneur (Johannisson et al., 1994). Major role of family found in our cases is emotional, supportive and motivational which is evident in case of Courreges Wine, Kaizen Marketing, Evamp Saanga and Kinverg. In case of Courreges Wine, Mrs Courreges described in her interview that the supportive role of his family:

> *When we created our company, we asked our family members and friends to come and taste our wine products. They came and gave their opinion. That helped us improve our products. Friends really encouraged us because in the beginning we thought either we could not be able to do but their encouragement made it possible for us………..*

In case of Kaizen Marketing, Mr Romain Dildrich described that:

*Family does not have any direct role in the creation of business. However, we cannot ignore the supportive role of family. My wife always supported me. She always helped me in decision making and to coup with business stress. Same is the case of my mother who has played emotional and supportive role and always encouraged me and supported me. Role of family in stress relief, advice and decision making is important.*

Beside this supportive and emotional role, family ties also have dark ties which act as deterrent to entrepreneurship. For example in three of cases, KPK Carpets, Courreges Wine Mrs. Courréges decribed "*But our parents not really wanted us to create business and take risk. I have two kids. My mother was worried and said "it will be too much for you". Same was the opinion of my mother-in-law who was also worried and thought it will be difficult for us".* Similary In case of KPK Carpets, Mr Abdul Rehman explained *"My family did not encourage me initially in internationalizing, believing that I will make losses".*

In addition to moral support and encouragement, our findings also reveal that strong ties are source of physical and financial resources. For example, in case of Correges Wine, Ayume Wine, Med-Imaps, KPK Carpets and Evamp Saanga, close ties constituted by family and friends provided capital and physical resources. Mrs Courreges of Courreges Wine while describing the supporting role of family described that:

*One friend of my husband is owner of small chateaux. He also provided us With his own stall in London wine fairand also in Bordeaux wine fair because charges were very high and usually ranges from three to four thousands. It was also kind of financial help……………*

She further described about another close friend that:

*He provided us logistique support. He facilitated us and provided his office to* *conduct meetings with importers because his office was big and pleasant atmosphere to conduct meetings with importers. He also printed labels for our products.*

Role of strong ties is also evident in the acquisition of financial resources which Mr. Aimeric describe that one of his close friend in 2010 who is a loan broker, accompanied him to bank, he explained to bank that helped him to borrow more from bank. Close ties in his case not only helps in getting financing but also acts as bridge and invoke weak ties for financial resources acquisition, for example, another close friend who is a supplier, he introduced him to one of his friend who was a former banker. He is running a consultancy firm. He helps him to open four accounts in four different banks and borrow more from banks. The role of strong ties in invoking weak ties or acting as a bridge with other ties is also evident in case of KPK Carpets and MN Carpets where, Entrepreneurs are introduced to new customers via their friends. Similarly the role of strong ties (family) in the provision of capital is also evident in case, Med-Imaps, KPK Carpets and Evamp Saanga where entrepreneur got capital to start their business from his uncle and father respectively. In case of KPK Carpets, entrepreneur also gets land (physical resource) from his father.

The role of strong ties in the provision of fine grained and tacit information is evident only in case of Wine and textile firms. For example, Mr. Aimeric of Ayume Wine described that six of his classmates from University have been working as wine supplier and négociants who provide him knowledge about local market, international market knowledge but also about customer's reputation. For export to European countries (UK, Sweden, Swiss and Germany), his girl friend who has been working in a spirit company, introduces him to some of clients working with her company. In case of Courreges Wine, a friend introduces them to one of his customers in Japan that leads to first export and another friend in 2011 introduces to a customer in Denmark that leads us to export to Denamrk. Similarly, her husband (Stéphane Courréges) has been a consultant oenologist for fifteen years and has made wine in Australia and Chile and for the last twelve years, and has been advising winemakers from Bordeaux. In case of KPK Carpets, first internationalization started with the help of two close ties in UAE, similarly in case of MN Fabrics first step abroad to USA was due to one of close ties with whom his father has long standing relationship since last fifteen years.

In brief our above discussion of role of strong ties reveals that our findings are in line with previous literature which confirms that role of strong ties is not only limited to social support and motivation as argued by Jenssen and Koenig (2002), Greve (1995), Birley (1985) but strong ties also provide financial resources. Strong ties not only provide physical and financial resources but also act as bridge to invoke other weak ties for the provision of financial resources. Strong ties also provide fine grained information as reported by Elfring and Hulsink (2003), Hansen (1995) and Larson & Starr (1993) respectively, however the role of strong ties in the provision of fine grained information and internationalization is only evident in case of low technology (wine & textile) firms.

## 4.2. Role of Weak Ties

A key benefit of weak ties for the case study firms is the access they provide to information. Our analysis shows that all case study firms are getting information and advice from their weak relationships. In case of Courreges wine, Mrs Akima Courreges explains the role of weak ties in getting information about foreign market when in 2009, they develop a weak tie with a client during their business trip to Canada, similarly in 2012, trip to Hong Kong and again in 2012, organized by a wine exhibition in China where we came in contact with some customers. In all these three incidents export is started via a weak tie and without the role of any personal friend. Similarly, Mr. Aimeric Montaigne of Ayaume wine explained: the internationalization process of Ayume wine to Hong Kong, Japan, Taiwan and Singapore was started via weak ties. Small companies also get public assistance as is evident in wine and IT firms. In both Cases of Courreges and Ayume wine role of CIVB is also worth mentioning which we also describe as weak ties as per definition adopted. Thus we argue that weak ties are also involved in invoking other weak ties as revealed in cases of Edumedia nd Kinverg. Kinverge is introduced to Ministry of IT Saudi Arabia by Pakistan’s Ministry of IT. In case of Edumedia Mr Christophe Monnerie emphasizs the role his weak ties in knowledge and information provision. Role of French Ministry in business creation and role of French Ministry of education in internationalization is evident. He and his co-founder do not have any previous experience of entrepreneurship. They are looking for how to create a company. They know Mr GB in French Ministry who provided them information which he explained:

> *Mr Gille Braun who was working in STDICE French Ministry of Education. We know him and requested for rdv. He gave us information regarding how to start a company and advised us to contact Incubator at Marsaille……….*

The internationalization process of Edumedia also reveals the role of weak ties. First foreign market entry is to Canada in 2005. Edu-media is contacted by a distributor of Canada in an exhibition. Later, he sends email that he is interested in our product. Similar is the case to export to Italy when Mr. DeAgostini contacts them through their website in 2005. First he sends them email and shows interest in their contents and later they have a meeting in Trade fair "Educatice" in Paris in December 2005. Also in case of USA, Compass Learning has contacted them via our website. Internationalization process of Creasepine also reveals the presence of weak ties. However, majority of weak relationship that initiated internationalization are developed in trade fairs except the first two step abroad where SpineSource, their distributor in USA, has been in their contact since they are working in Stryker, their previous employer and same in UK , Q-Spine, has also been in their contact since Stryker times. For next Steps abroad, to Spain and Portugal, in EuroSpine Exhibition 2009, they establish weak ties with 'Acuña Fombona' to represent their product in Spain and Portugal. Similarly in EuroSpine Exhibition 2011, they establish weak contact with 'Hospithera' to distribute their products in Belgium and 'NF Medical' in Netherland.

Role of weak ties in reputation and image building is also evident in our findings. For example, Mr. Christophe of Med-Imaps explains that co-founder of our firm was an academician. He gets the idea of Med-Imaps. He contacts Mr. Dedier Hans who later becomes the chairman of Med-Imaps because Dedier Hans is a serial entrepreneur and involve in many businesses. He not only provides them feedback by using the product and also publishes results to help in opinion building. Later on Didier Hans becomes Chairman of Company. And plays very important role in the commercialization of our product. In case of Creasepine, Mr. Marc Bernard emphasizes the role of Prof Jean Charles LeHuec, Chief of Spine unit and chairman of Orthopedic department, University Bordeaux Hospital, France and also vice president of Spine Society of Europe and Professor Hans Joerg Miesel who has more than 25 years of experience of in Neurosurgery especially on clinical implantation of fusion devices for stabilization of cervical and lumbar spine, promotion of bone fusion between vertebra and also chairman of 'Regenerate' a European network for regenerative medicine. In case of medical technology firms, role of opinion leaders who are well known in industry is very important for product image and reputation. Association with well-regarded individuals and organizations provides legitimacy to entrepreneurs reducing the perceived risk and positive perception based on a firm's network linkages leads to subsequent beneficial resource exchanges. In this regard, Stuart et al. (1999) find that private biotechnology firms having prominent strategic alliance partners are able to go public faster. When such relationships occur widely at the sector level, it can ameliorate entrepreneurial environment thereby spurring start-up activity (Calabrese et al., 2000).

Ties to venture capitalists and professional service organizations are also a means of tapping into key talent and market information (Freeman, 1999). Role of professional service organizations is also identified in our findings. For example in case of Courreges wine, Mrs Courreges described in her interview that:

> *I would like to mention the CIVB (* Conseil Interprofessionnel du Vin de *Bordeaux). We receive market reports and analysis from CIVB on regular basis. CIVB also organize "Journee d' information" which is helpful. As far as development of business in China and Japan is concerned we got a lot of information regarding these two markets from CIVB reports.*

Similarly, Mr Aimeric of Ayame Wine described:

> *CIVB* (*Conseil Interprofessionnel du Vin de Bordeaux) also played an important role in the development of my business. I receive market reports and analysis from CIVB on regular basis. Export to Taiwan and Singapore in 2011*

*and 2012 respectively was with the help information provided by CIVB. I got list of importers from CIVB and started sending them offers and got response.*

In case of Edu-media, Mr Christophe emphasized the role of incubator:

*Me and my co-founder, did not have any previous experience of business. 'Incubateur multi-media de la belle de Mai Marsaille, France' was found to be helpful which can provide us with required information and training for creation of company. It really helped us.*

In case of Creasepine and Med-Imaps, role of PITB is identified, as Mr Marc Barnard described that:

*Role of PITB 'Plateforme Technologique d'Innovation Biomédicale' can be mentioned where we can easily access to different labs. We have been provided with offices. However, PITB does not have any role in commercialization of our product.*

In case of Evamp Saanga

*Role of Software technology Park (STP) Islamabad Pakistan in business creation and internationalization is very critical. Most entrepreneurial firms started working in STP because they provided business solutions like Web conferencing, meeting rooms, power, internet, offices etc at very low cost for first year. (5000 Pak Rs per month, equivalent to 50 euro for everything, including an office).*

A number of studies document that entrepreneurs consistently use networks to get ideas and gather information to recognize entrepreneurial opportunities (Hoang and Antoncic, 2003, Singh et al., 1999, Birley, 1985). In our cases under investigation, firms use their weak ties to recognize international opportunities. Managers are limited by a lack of knowledge about reliable and trustworthy foreign partners as suppliers and customers, and they use their local networks to get information about customer's reputation as is evident in case of Ayame Wine.

The key constraint faced by the case-study firms as newcomers is a lack of knowledge about potential customers. Although these firms need market knowledge to facilitate their participation in foreign markets, they also need to create a level of visibility so that key foreign players can learn about the services they may obtain from these small firms. The rapid entry into many foreign markets throughout Western Europe, Eastern Europe, the Middle East, and the United States can be attributed primarily to their foreign networks. They achieve this market coverage initially through their extensive network contacts. Such firms also lack expertise to identify opportunities to export and may not have the specialist executives to manage international operations (Johnson, 2004). The use of multiple entry modes by our born-global firms, along with exclusive partnerships, when appropriate, enables rapid foreign expansion and penetration, thus enabling the firms to realize economies of scale.

Starting a business requires more knowledge and economic resources than entrepreneurs' control. The lacking resources called as complementary assets (Teece, 1987) are not readily available. To acquire these complementary resources the entrepreneur must know where they are available. Knowledge about complementary assets is not readily available. They have to be accessed actively by entrepreneurs using their networks. In the stages model of internationalization firms focus on internal development of resources to develop their international efforts and this gradual accumulation of resources leads to increasing international commitments as suggested by Johanson and Vahlne (1977). However, networks are a means of overcoming resource constraints. The partners in a business relationship are not independent units but are directly tied to each other and indirectly tied to, and embedded in, a wider network of business relationships (Anderson et al., 1994; Granovetter, 1985). Firms acquire knowledge through their networks by becoming committed to these relationships and by exchanging information. Resources that are not internal to the firm may be purchased on the market. However, Hart et al. (1995) conclude from their empirical study that some resources, especially industry-specific knowledge and reputation resources are not readily tradable or accessible in the marketplace. According to Madhok (1997), collaboration enables a firm to acquire a large amount of knowledge quickly and at a low cost. He goes on to say that as firms gain experience in international networks they are able to choose the right partners and leverage off their strengths to develop their resources and capabilities. Benito and Welch (1994) argue that the main dynamic forces in internationalization are learning and related changes. Thus, it is possible to argue that a focus on accessing external resources may be the means to supporting more rapid internationalization.

The reliance on networks is not constrained to the start-up stage. Entrepreneurs continue to rely on networks for business information, advice, and problem solving, with some contacts providing multiple resources (Johannisson et al., 1994). During the founding process an entrepreneur will need different resources, which can be accessed through a social network. An entrepreneur's position in social networks may determine the outcome of the founding process (Aldrich and Zimmer, 1986) and it may determine the resources that may be available in social networks in entrepreneurial contexts (Johanson and Mattsson, 1988).

In brief weak ties are found to be dominant in our analysis and their major role is in getting knowledge and information about foreign markets. Entrepreneurs also use weak ties to get business ideas and recognize opportunities. Role of weak ties in our cases is also evident not in reputation and image building of firm but also in getting information about customer’s reputation. In addition to this weak ties also act as a bridge and invoke other weak ties leading to access to various resources.

## Section 5. Role of Networks in Industry and Institutional Context

As we have identified in our conceptual framework part that much of the literature connects phenomenon of early internationalization hi-tech industries (Crick and Jones, 2002), however we contend this finding and agree with the findings of McAuley (1999) and Madsen & Servais (1997) who report that born global come from many industries. In our sample we have taken examples from both high-tech industries (IT, and medical technology) and low-tech industries (Wine & textile) and our findings confirm the presence of phenomenon of early internationalization in both sectors. In the paragraphs below, we will discuss how origin, structure and role of networks differ in low and high tech industries.

First we focus on the structure of network ties in low-tech and high-tech sectors. As far as the network size is concerned we cannot draw any significant difference. The average network size in case of firms from low-tech sector is 8.75 ranging from 5 to 13 and average size in case of high-tech sector is 9.83 ranging from 7 to 17. However if we extend our discussion to strength of ties, we can observe some differences. For example, both strong and weak ties are present in low-tech firms through creation to internationalization as compared to high-tech firms where weak ties are predominantly present. In high tech-firms we find the presence of only three strong ties as compared to 58 weak ties, i.e., Ea in case of Edu-media, PJ in case of Creasepine and Sd in case Evamp Saanga during creation, however, strong ties are not involved in internationalization of high-tech firms. On the other hand, strong ties in low tech firms are present in both creation and internationalization stage. In three (Courreges Wine, KPK Carpets and MN Fabrics) out of four case firms, first step abroad is made possible with the help of strong ties. The reason is high level of stability in low-tech sector where firms exploit their existing capabilities in the pursuit of efficiency as compared to high-tech sector where high levels of uncertainty and dynamism demands exploring new opportunities for building new competencies. As far as diversity of ties is concerned differences have been found in low and high tech industries. In case of low tech industries, network ties are less diverse limited to family and friends in contrast to high tech firms where networks are more diverse including relationship with colleagues, academics, industry, GOs and distributors.

As far as the origin of network is concerned, in high-tech firms, ties having their origin in business related activities are dominant as compared to ties having origin in social and business related social activities. In six firms selected from high tech sector in our sample, 36 ties out of 60 have their origin in business related activities, 11 ties have origin in social activities and 13 ties have their origin in business related social activities. In contrast, in case of low-tech firms, ties having their origin in social and business related social activities are dominant. Out of 36 ties investigated in four low-tech firms in our sample, 23 ties have their origin in social and business related social activity as compared to 13 ties having origin in business activity. The reason as we already have explained is the presence of strong ties (normally close friends) in the internationalization of low-tech firms which is not the case in high (tech sector). Another difference in both low-tech and high-tech sector is presence of direct and indirect ties. About one third of ties (10 out of 36) in low-tech firms are indirect as compared to about half ties (28 out of 60) in high-tech sectors. However in both sectors the third parties involved are friends, colleagues and previous employer. If we extend our discussion to systematic approach adopted by entrepreneur, we come to know that firms in high-tech sector as compared to low-tech firms adopt more systematic approach in the development of their relations, for example, 47 ties out of 60 are planned in case of high-tech firms as compared to 18 planned ties out of 36 in case of low-tech firms. The majority of ties out of 13 unplanned ties in case of high-tech firms are originated from internet where clients made their first contact via email or website or customer or previous employer act as bridge. In case of low-tech firms, 19 ties are unplanned because they are either old friends or family members. As far as planned ties are concerned majority of ties in both high-tech and low-tech sector are planned in business related activities.

If we focus on comparing the role of weak and strong ties in low and high technology sector, we find that both strong and weak ties are present through creation to internationalization of low-tech firms as compared to high-tech firms where only weak ties are present. For example in three (Courreges Wine, MN Fabrics and KPK Carpets) out of four low-tech firms, strong ties provide physical and financial resources. However, in case of high-tech firms, role of strong ties (family) is limited to moral support and encouragement which is also evident in almost all our cases except in two cases of KPK Carpets and Courreges Wine where owner of KPK Carpets describe that his family has not been willing in starting his own business because of fear of risk involved but he gets financial resources (capital) from his uncle and physical resources (land) from his father. Similarly Mrs. Courreges describe that her mother and mother-in- law have been against their decision of starting own company because their kids are too little but they also get moral support and encouragement from other family members. Similarly, in case of three low tech firms (Courreges Wine, KPK Carpets and MN Fabrics) first step abroad is made with the help of strong ties in contrast to high-tech firms where only weak ties are involved throughout early internationalization. After first step abroad, the commonality find in resource and knowledge acquisition by high-tech and low-tech firms via weak ties.

Now focusing on institutional context, Kiss and Dannis (2008) in their conceptual model for country's level of institutional development, social networks and new venture internationalization speed, suggest that to study this moderating effect, entrepreneurs from two different types of environment (from two countries, each from low level and high level of institutional development) can be interviewed. Low level of institutional development means turbulent environment and scarce resources and we have taken the example of Pakistan in this scenario. High level of institutional development where environment is stable and certain and we have taken the example of France. As we have selected firms from both low technology (Wine and Textile) and high technology sectors (IT and Medical Technology), we agree with the arguments given by Kiss and Danis (2008) that both weak and strong ties are present (figure 34) and have positive and direct effect on internationalization. However, we contend with their arguments that the composition of entrepreneurial networks depends upon level of institutional development in country. They argue that entrepreneurs from country with low level of institutional development may find strong ties more beneficial in contrast to countries with high level of institutional development where entrepreneurs may find weak ties more beneficial. However, we find different results in case of high-tech sector; both in France and Pakistan where weak ties are dominant and play a critical role in resource acquisition (figure 35).

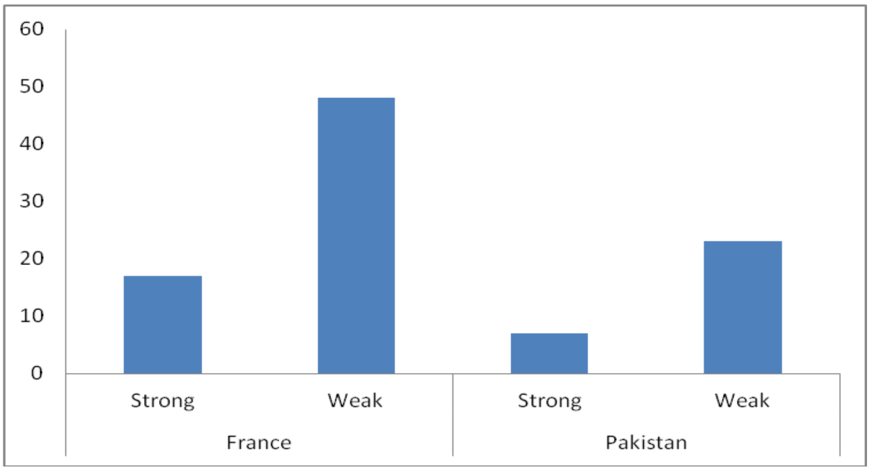

Figure 34: Strong and Weak Ties in Country's Level of Institutional Development

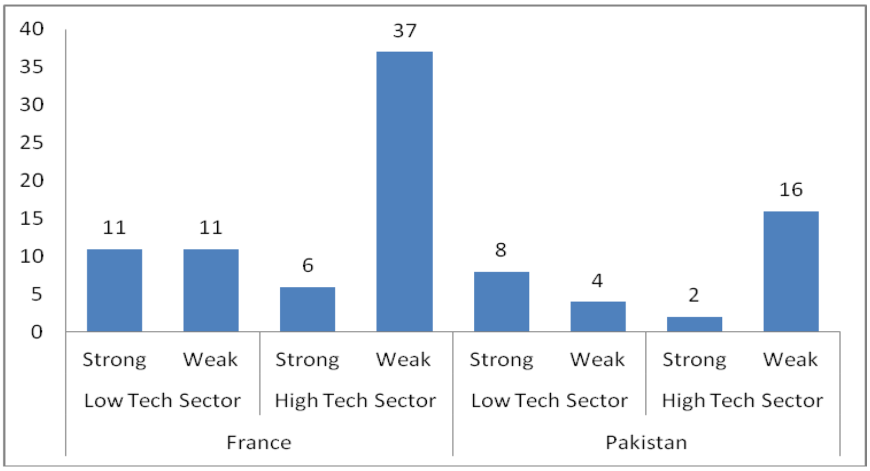


Figure 35: Strong and Weak Ties of low and tech-firms in Pakistan and France

However, if we further analyze and divide the firms selected from France and Pakistan, we reach an interesting finding. In case of traditional sector in Pakistan i.e. Textile industry, role of strong ties is dominant in resource acquisition and early internationalization. However, in case of low-tech sector of France both strong and weak ties are equally present. And an interesting finding is that in case of high-tech sector of both France and Pakistan, weak ties are dominantly present. Thus we can argue that instead of focusing only on country's level of institutional development, Kiss and Dannis (2008) can be better understood if we add moderating effect of industry (as shown in figure 36)

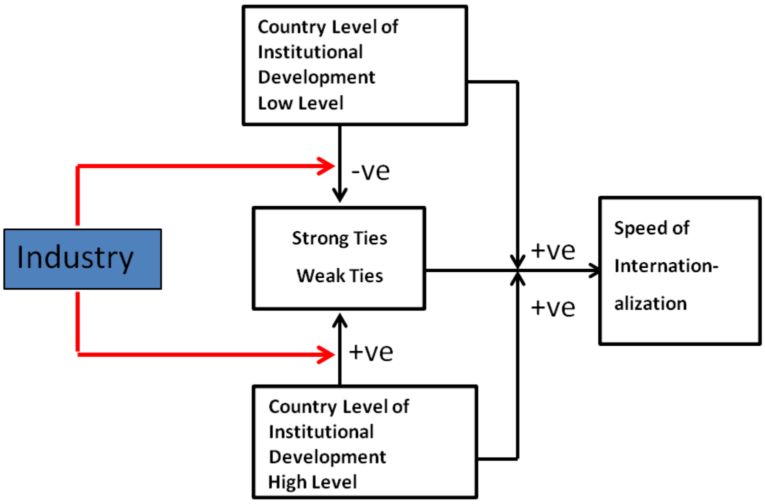


Figure 36 : Impact of Strong and Weak ties in country's level of institutional development

In summary network size of both high-tech and low-tech sector is not significantly different. But relative strength of networks differs in both sectors. Weak ties are predominantly present in high-tech firms, however, in low-tech firms both weak and strong ties are present. As far origin of ties is concerned, ties having origin in business related networking are dominant in high-tech sector as compared to ties having origin in social and business related social networking which are dominant in low-tech sector. An-other difference is that firms in high-tech sector adapt more systematic approach in the development of their ties. Similarly high-tech firms are dependent upon their weak ties for resource acquisition and internationalization in contrast to low-tech firms which acquire necessary resources via both weak and strong ties and first step abroad is made with the help of strong ties. In case of low-tech firms, first step abroad is always with the help of strong ties in contrast to high-tech firms where weak ties are dominant throughout the internationalization process. However, after first step abroad one commonality between high-tech and low-tech firms is resource and knowledge acquisition via weak ties. We contend with the argument that the composition of entrepreneurial networks depends upon level of institutional development in country. We argue that instead of focusing only on country's level of institutional development, Kiss and Dannis (2008) model can be better understood if we add moderating effect of industry.

# Conclusion

Findings in our research show that network size of small born global firms is found to be small which is in line with findings of Hansen (1991, 1995). However firms increase their network size during internationalization. Firms will expand the number of valuable network relationships in order to obtain sufficient assets to gain access to supply channels, to develop after sales service and to deal with regulations in foreign markets (Bell et al. 1994). More network relationship will be used as international activities increase to gain knowledge. Our findings reinforce the idea that a network well built may not be a sufficient condition for superior and enhanced performance of early internationalization SMEs (Zahra et al., 2000). In our analysis, it is true in case of medical technology Firm, Med-Imaps with largest network size but export ratio of 52% as compared to wine firms Ayume Wine And Courreges Wine with export ratio of 96 & 79% but network size is 13 & 09 respectively which is smaller than Med-Imaps. The results also reveal that the quality of ties is high in our cases under investigation. Borgotti et al (1998) emphasized the importance of ties quality for firm outcomes. However, little research has been conducted to date to actually define the ties quality. After analysis of different ties under investigation clealry shows that professional background is an important indicator of the quality of ties involved in the entrepreneurial networks. Almost all entrepreneurs, for example, Aimeric Wine, Courreges Wine, Med-Imaps, Creasepine, Edumedia, Kaizen and KPK Carpets involved fomer colleagues and friends. Klapper (2008) has well said that entrepreneurs surround themselves with the right amount of human capital to be successful in the early stages of entrepreneur start ups. Almost all entrepreneurs posses a very high level of human capital in terms of professional and educational background experience. Majority of entrepreneurs have significant professional experience. Three cases Aimeric wine, Courreges Wine and Evamp Saanga involved alumini students from their university. Another important finding is that almost all ties are entrepreneurs and these findings also show that high quality of entrepreneurs's human capital also find a reflection in the equally high quality of network ties.

Thematic analysis of our cases under study shows that two types of ties are involved i.e. friendship ties and professional ties. The professional ties include two types of ties including ties related to entrepreneurial human capital e.g. former colleagues and former employers as is evident in case of Aimeric, Courreges, Med-Imaps & Creasepine and second, ties completely divorced from entrepreneurial human capital e.g. IT consultants, bankers, friends of friends and sometimes found through incubators and other organizations e.g. Al in case of Ayume Wine who is a banking consultant, Ka and Kd in Case of Kaizen Marketing who are friends of friends and Eb, Ek & Ge are examples of incubator and govt organization in case of Edumedia and Kinverg respectively which provide needs of entrepreneur that cannot be satisfied by family, friends or former colleagues. From our analysis, it is also evident that diversity of ties in our cases under investigation is very limited which is in line with Hite and Hesterly (2001) who suggested that entrepreneurs surrounds himself with identity based ties in early stages of venture.

In our investigation, both weak ties and strong ties are found, however weak ties are dominant. Strong ties in our cases constitute by family members and close friends. Our results confirm the finding that more weak ties increase the likelihood of international opportunities abroad. These strong and weak ties perform different functions. However, our results also confirm that the effectiveness of network depend upon both strong ties and weak ties because different types of ties provide different resources as suggested by Uzzi (1996,1997).

The results also reveal that origin of ties is in both business-social or non-business social activities. We can see that relationships/ties in our cases under investigation, have their origin in social and business activity. Social activity can be business or non-business related. Many of these relationships developed over a time of long period without any idea of business exchange. As far as internationalization is concerned, these relationships play a very critical role in internationalization. These relationships are based on familiarity and trust having their roots and origin in social contact. Our results are in line with Haris and Wheeler (2005) who identify the origin of the relationships "wide spanning 'social/personal' and 'business' situations (p. 187)". This has also been confirmed by Ellis (2000) that all relationship had strong personal and social elements. In our analysis, although both direct and indirect ties are present. Out of 95 ties under investigation, 57 are direct and 52 are indirect ties. Our results are in contrast to findings of Agndal et al (2008) who suggested that in early phase of internationalization, FMEs are more likely to be associated with social capital residing in direct rather than indirect relationships. In almost all our cases initial internationalization was started via direct ties. They further explained that both direct and indirect relationships dominate, however, in early phase because initially firms exploit the social capital residing in relationships with well known partners. Our results confirm their findings. Our results are consistent with Wong and Ellis (2002) who report that formal search procedures are really used in identifying opportunities for FME. They conclude that information about foreign markets is required through firms social networks as is evident in our cases. The question whether some entrepreneurs take systematic approach in their network building and purposefully select their networks gives a mixed response. Majority of firms, for example, MN Fabrics, Evan Saanga, Kinverg, Ayume wine, Courrges Wine, Creasepine & Med-Imaps, took systematic approach in developing their networks.

To investigate the role of networks we have used the resource categorization given by Grant (1991). Our results reveal that these small born global firms use their network ties to overcome the constraints to rapid internationalization as identified in previous literature e.g. lack of economies of scale (Welch and Luostarinen, 1988), lack of financial and knowledge resources (Karlsen et al., 2003) and risk aversion (Dimitratos and Plakoyiannaki, 2003). Our results are in line with Freeman et al. (2006) that these small firms overcome key constraints by using their networking competencies. To overcome severely limited financial resources and market knowledge managers focus on multiple tasks including carefully selecting foreign customers using personal networks, developing strong ties with key local suppliers and also use their network ties to connect to lead markets through large key foreign customers and suppliers and, thus, to participate rapidly in those markets with large orders from inception. Our results also verify the findings of Karra et al. (2008) that that it is the experience, skills and networks of the entrepreneur that allow firms to develop the resources that enable them to be ‘born global’, and appear to skip the phases of internationalization that the early international business literature predicts. Our results also reveal the presence of both strong ties and weak ties (see the previous section). As far as strong ties are concerned our investigation reveals that strong ties provide access to financial capital as identified by Larson and Star (1993), motivation (Jenssen and Koenig, 2002) and support (Birley, 1985, Greve, 1995). However, in contrast to findings of (Hansen, 1995, Uzzi, 1997, Elfring and Hulsink, 2003), the role of strong ties in the provision of fine grained and tacit information is only evident in case of wine firms. Our findings show that strong ties also provide mechanism to invoke other weak ties.

However, the role of weak ties is more important in the provision of knowledge about international opportunities.

An important aspect of our study is to make a comparision between hi-tech and low-tech industries. As far as the network size is concerned we cannot draw any significant difference. The average network size in case of firms from low-tech sector is 8.75 ranging from 5 to 13 and average size in case of high-tech sector is 9.83 ranging from 7 to 17. However in case of strength of ties, we can observe some differences. For example, both strong and weak ties are present in low-tech firms through creation to internationalization as compared to high-tech firms where weak ties are predominantly present. In high tech-firms we found the presence of only three strong ties as compared to 58 weak ties. On the other hand, strong ties in low tech firms are present in both creation and internationalization stage. In three (Courreges Wine, KPK Carpets and MN Fabrics) out of four case firms, first step abroad was made possible with the help of strong ties. The reason is high level of stability in low-tech sector where firms exploit their existing capabilities in the pursuit of efficiency as compared to high-tech sector where high levels of uncertainty and dynamism demands exploring new opportunities for building new competencies. As far as the origin of network is concerned, in high-tech firms, ties having their origin in business related activities are dominant as compared to ties having origin in social and business related social activities. The reason as we already explained is the presence of strong ties (normally close friends) in the internationalization of low-tech firms which is not the case in high (tech sector). Another difference in both low-tech and high-tech sector is presence of direct and indirect ties. However in both sectors the third parties involved are friends, colleagues and previous employer. If we extend our discussion to systematic approach adopted by entrepreneur, we come to know that firms in high-tech sector as compared to low-tech firms adopt more systematic approach in the development of their relations.

If we focus on comparing the role of weak ties and strong ties in low and high technology sector, we find that both strong ties and weak ties are present through creation to internationalization of low-tech firms as compared to high-tech firms where only weak ties are present. However, in case of high-tech firms, role of strong ties (family) is limited to moral support and encouragement which is also evident in almost all our cases. After first step abroad, the commonality found in resource and knowledge acquisition by high-tech and low-tech firms via weak ties.

The important finding of our study regarding country‘s level of institutional development is that we contend the arguments given by Kiss and Danis (2008). Our findings reveal that if we further analyze and divide the firms selected from France and Pakistan, we reach an interesting finding. In case of traditional sector in Pakistan i.e. Textile industry strong ties are dominant in early internationalization. However, in case of high tech sector i.e. IT firms, only weak ties are present. But in case of France, both in high-tech and low-tech firms, weak ties are dominant. Thus we can argue that instead of focusing only on country’s level of institutional development, Kiss and Dannis (2008) can be better understood if we add moderating effect of industry.

**LIMITATION**

Limitations are those factors that are not under the control of researchers and may affect the results of study and interpretation of results. The research conducted although carefully carried out but involves certain limitations. There are a number of factors that can affect the study; however we have only considered only those factors affecting significantly our study. As our research is a multiple case study based on ten cases from France and Pakistan, the results of our study cannot be generalized to the entire population of born global firms from developed and developing economies. The firms were chosen for our research taking into consideration the age, export ratio and year of starting export and industry. Other factors, for example, product or service offered, company’s financial resources, international presence in more than a specific number of countries were not taken into consideration. Therefore the results may vary if the above mentioned aspects are taken into consideration in future research. The case studies gives us insight on how born global internationalize by exploiting their networks. We have tried our best to keep the validity and reliability factor in our mind during the interview and analysis. However, it is inevitable that we might have implemented our own interpretations which could have influenced the results of our thesis. Similarly, the outcome can be different when same questions are asked to the same persons again. We have tried our best to keep an open-minded view. In addition to this, we have used only four cases from Pakistan which can be a weak base for the generalization of our conclusion. The most significant might be the limited possibility to make generalizations from the findings, due to the chosen case study strategy. We are aware of this issue from the beginning and the objective of the thesis is not to generalize from the findings outside the cases. However, ten cases in different industries are selected, but still limited findings may not be applicable to other industries. We suggest that more research should be done, as dynamics of internationalization may differ from industry to industry. Born global is an interesting topic and this study investigated solely on influences of network relationships. This may be a limitation because of rival explanations for what affected the foreign market selection and the market entry mode chosen. Also the concept of network has been interpreted differently in earlier studies. It can be questioned if these concepts are the most relevant. We have chosen to include the most relevant concepts to answer the research questions. To measure the strength of the network relationships, as either strong or weak, is not a straightforward concept. By relying on concept we were able to divide the relationships appropriately, however, polarization of strong vs. weak ties was a problem in the division of relationship. We suggest that a complete mapping of the networks can give an even more precise picture. This was not possible in our research due to the limited available time and relatively low number of case firms however, we still ensured that data collection was satisfactory in order to answer the research questions. We have tried our best and have been able to get a comprehensive view of the issue by in-depth investigation of 10 case firms and complementing the interviews with secondary data.

**Manzoom AKHTER**

**ORIGIN AND ROLE OF SOCIAL NETWORKS**

A Comparative study of Born Global Firms
of France and Pakistan


# Résumé

L'augmentation du nombre des entreprises qui s'internationalisent très tôt après leur création au travers d'un processus accéléré a attiré l'attention des chercheurs au cours des deux dernières décennies. Plusieurs explications souvent partielles ont été avancées par les chercheurs sur les raisons de l'internationalisation précoce des entreprises « nées globales ». Différents auteurs suggèrent que l'approche réseau serait plus appropriée pour décrire ce phénomène précoce de ces petites entreprises. L'objectif de notre recherche est d'étudier l'origine, la structure et le rôle des réseaux sociaux dans l'internationalisation précoce des entreprises nées globales.

Nous étudierons la structure des réseaux, considérée comme un prérequis pour aborder les autres dimensions du réseau, bien que de nombreux chercheurs soient passés directement à l'étude du jeu de rôle des réseaux sans prêter attention à l'origine de ces liens. En outre, une grande partie de la littérature a relié les entreprises nées globales au secteur de la haute technologie, alors qu'il existe de nombreux exemples de sociétés mondiales issues de secteurs traditionnels. De la même façon, l'influence des divers contextes nationaux sur le processus d'internationalisation des entreprises est peu connue. Par conséquent, nous nous intéresserons également aux liens du réseau dans le cadre de plusieurs secteurs industriels d'une part, et aux différents niveaux de développement institutionnel du pays en comparant des firmes nées globales françaises et pakistanaises d'autre part.

Nos résultats révèlent que es petites entreprises nées globales utilisent leurs réseaux pour surmonter les obstacles liés à l'internationalisation rapide, ce que les précédents résultats empiriques avaient pris en compte. Ils soutiennent également que l'origine des réseaux se trouve dans deux paramètres relatifs aux relations affaires et sociales ou hors activités affaires. Des liens, à la fois faibles et forts, ont un impact positif sur l'internationalisation précoce, mais leur composition diffère dans les entreprises de faible technicité et dans celles de haute technologie. Nous soutenons également que la composition des liens est animée par le secteur industriel dans lequel l'entreprise opère plus que par le niveau de développement institutionnel du pays.

**Mots clés:** née mondiale, internationalisation précoce, liens sociaux, réseaux, entrepreneuriat international

# Résumé en Anglais

Network approach is more appropriate measure to describe the early internationalization of born global firms. The focus of our research is to investigate the origin, structure and role of social networks in the early internationalization of born global firms. We intend to investigate the structure of networks which is considered pre-requisite to study the other dimensions of network ties. Many researchers directly jump to study the role networks play without paying any attention from where these ties originate. Furthermore, much of the literature has connected the born global firms with high technology sector however, there are many examples of born global firms in traditional sectors. Similarly, very little is known about how various national context influence the internationalization process of firms. Therefore, we also intend to investigate network ties in the context of different industrial sectors and different level of country's institutional development by comparing born global firms from France and Pakistan.

Our results reveal that these small born global firms use their networks to overcome the constraints to rapid internationalization which has been supported by previous empirical findings. The results also reveal that origin of ties is in both business-social or non-business social settings. Both weak and strong ties are found to have positive impact on the early internationalization; however composition of ties is different in low-tech and high-tech firms. We also argue that instead of country's level of institutional development, composition of ties is moderated by the industrial sector in which firm is operating.

**Key words:** Born global, early internationalization, social ties, networks, international entrepreneurship.

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# Appendix

Appendix 1 : Interview Guide

## Interview Guide

**<u>Basic Information</u>**

- **Name of Respondent: ................................................................**
- **Date of Interview: ..........................................................................**
- **Place of Interview: .......................................................................**
- **Time: ...........................................................................................**

**<u>Information about Respondent</u>**

- **Age: .............................................................................................**
- **Education: ...................................................................................**
- **Status: .........................................................................................**
- **Personal Experience: ...............................................................**
- **Since how long have you been working in the company?**

  **..................................................................................................**
- **Since how long have you been working in the Industry?**
  **..................................................................................................**

**<u>Information about Company</u>**

- **Name of Firm: ............................................................................**
- **Address: ……………………………………………………………**
- **Web address : …………………………………………………..**
- **No of Employees: ....................................................................**
- **Activity (Manufacturing/Services/trade): .............................**
- **Main Products: ........................................................................**
- **When the company was founded? ......................................**
- **Date when first international activity was made? OR First step abroad?**

  **................................................................................................**

Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?

Q 2: How was Internationalization started?

Q 3: .How many contacts did you have i.e. actual number of people involved in network? Who were they? How did you know that person i.e. how that person came into your network?

Q 4: Do you think there have been other people important to you who played an important role in the development of your business?

Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?

Q 6: What was the role of family?

Q 7: Do you distinguish between people who could advance your entrepreneurial venture and those who could not?

Q 8: What do you think whether people are helpful most of the time or they are mostly looking for themselves?

Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?

Appendix 2 : Empty Sheet Technique

## Empty Sheet Technique

- Please indicate the person involved
- Asses the contribution of each person on a scale of 1 out of 5. Where 1 refers to the lowest and 5 refers to the highest.

**For example**

| | **Name of Person** (*Real name is not required*) | **Lowest…………………………………………………..Highest** | | | | |
|---|---|---|---|---|---|---|
| 1. | M. ABC | 1 | 2 | 3 | 4 | 5 |

Appendix 3 : Transcription of Interview # 1

# Courréges Wine

**Basic Information**

- **Name of Respondent:** Akima Courréges
- **Date of Interview:** 07 September 2012
- **Place of Interview:** Meriadeck Centre Commerçial
- **Time:** one hour (12:00 pm to 13:00pm)

**Information about Respondent**

- **Age:** 30 years
- **Education:** Master in International business
- **Status:** Co-founder /Director
- **Personal Experience:** 10 years
- **Since how long have you been working in the company?** Since 2008
- **Since how long have you been working in the Industry?** Since 2008, previously working in Xerox

**Information about Company**

- **Name of Firm:** Courréges Wine
- **Address:** 108 bis Av. J.J. Rousseau - 33160 Saint-Médard en Jalles – France
- **Web address :** www.courreges-wines.com
- **No of Employees:** 02
- **Activity (Manufacturing/Services/trade):** Trade
- **Main Products:** Corazon wine
- **When the company was founded?** 2008
- **Date when first international activity was made? OR First step abroad?** In 2009 export was started to Japan, currently exporting to USA, Canada, Denmark, Hong Kong and China.

**Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?**

Courréges wine was created by me (Akima Courréges) and my husband (Stéphane Courréges) in 2008. My husband has been working as consultant and oenologist since last fifteen years Australia and Chile and advising winemakers in Bordeaux since last 12 years. Five years ago, we decided to start our own business. We thought now we have enough experience and skills to start our own business. We laid down the foundation of our own company in 2008. My husband has plenty of ideas which can be realized. Ha had a huge experience of wine industry. I have also been working in Xerox since I got my master from école de management. Although I did not have working experience of wine industry but I have been living in Medoc region since my childhood so it was natural that I have enough knowledge about wine. We introduced a new way of presenting Bordeaux wines after conducting market research regarding the needs and desires of wine consumers and combined our respective skills to propose to clients, thanks to innovative and original creations. The driving force behind our success is original and convivial wines full of pleasure.

**Q 2: How was Internationalization started?**

Our first step abroad was in 2009 when we entered export to Japan. Now we are exporting wine to Hong Kong, China, USA, Canada and Denmark. A friend of Stephane introduced us to one of his customers in Japan that led us to our first export after it became easier for us to enter other markets. In the initial stages two of our contacts helped us a lot. Now we are strong enough to help anyone in our networks to start business and I would like to help others because I was helped. In 2009, we organized a business trip to Canada and in 2010, we participated in a wine exhibition and export was started respectively in these countries without the role of any personal friend. However, in 2011 one of my friend introduced us to a customer in Denmark that led us to export our wine. In 2012, we organized a personal trip to Hong Kong and found one customer there. Similarly in 2012, we organized by ourselves a wine exhibition in China where we came in contact with some customers.

**Q 3: .How many contacts did you have i.e. actual number of people involved in network? Who were they? How did you know that person i.e. how that person came into your network?**

As I already told that two of our contacts were very important and helped us a lot. They helped us because they really wanted to do so. They were our best friends. They have been our friends since long. They provided us every kind of help. One of them was friend of my husband since last twenty years. He is owner of small chateaux. He gave us advice to start our own company. He helped us to choose worth visiting wine fair and advised us where we should go or which vine fair are more helpful. He also provided us with his own stall in London wine fair and also in Bordeaux wine fair because charges were very high and usually ranges from three to four thousands. It was also kind of financial help. He encouraged us and was happy to help us. Our other relation, again a friend of my husband since childhood helped us. He was working in a famous chateaux. He provided us logistique support. He facilitated us and provided his office to conduct meetings with importers because his office was big and pleasant atmosphere to conduct meetings with importers. He also printed labels for our products.

**Q 4: Do you think there have been other people important to you who played an important role in the development of your business?**

Yes, I would like to mention the CIVB ( Conseil Interprofessionnel du Vin de Bordeaux). We receive market reports and analysis from CIVB on regular basis. CIVB also organize “Journee d’ information” which is helpful. As far as development of business in China and Japan is concerned we got a lot of information regarding these two markets from CIVB reports**.**

**Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?**

As I already told you about two of our friends who helped us a lot. But both these were friends of my husband since long. They helped us because they wanted to help us and there was no planned approach in the development of these relations because they were already in contact. However, regarding our internationalization I can say that we took a planned approach. Our first customer who was introduced by one of these friends. Later we organized a business trip to Hong Kong and organized a wine fairs in China.

**Q 6: What was the role of family?**

When we created our company, we asked our family members and friends to come and taste our wine products. They came and gave their opinion. That helped us improve our products. Friends really encouraged us because in the beginning we thought either we could not be able to do but their encouragement made it possible for us. And as I already told you one of friend provided his stall in wine fair, we saved a lot of money and other friend printed labels for us. But our parents not really wanted us to create business and take risk. I have two kids. My mother was worried and said "*it will be too much for you*". Same was the opinion of my mother-in-law who was also worried and thought it will be difficult for us.

**Q 7: Do you distinguish between people who could advance your entrepreneurial venture and those who could not?**

Both of our friends those I mentioned earlier have a huge experience of business particularly in wine industry. They not only provided us knowledge about wine fairs but also about other markets and clients. There are a lot of organizations sending invitations to attend wine fairs but we saved a lot of money and time when they told us which wine fairs are helpful for the development of our business and where we should not go.

**Q 8: What do you think whether people are helpful most of the time or they are mostly looking for themselves?**

Yes Off course, we got a lot of help from our ties. Actually they really wanted to help us because they are our best friends. Now I would also like to help anyone in my network.

**Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?**

Both were having huge experience of entrepreneurship. One was owner of small chateaux and other was working in a famous chateaux.

Appendix 4 : Transcription of Interview # 2

# Ayamé Wine

**Basic Information**

- **Name of Respondent:** Aimeric Montagnac
- **Date of Interview:** 08 October 2012
- **Place of Interview:** BeM Management School
- **Time:** one and half hour (13:30 pm to 15:00pm)

**Information about Respondent**

- **Age:** 30 years
- **Education:** Master in Business
- **Status:** Founder /Director
- **Personal Experience:** 07 years
- **Since how long have you been working in the company?** Since last 7 years
- **Since how long have you been working in the Industry?** Since last 4 years

**Information about Company**

- **Name of Firm:** Ayamé Wine
- **Address:** 20 Rue Victor Billon, 33110 Le Bouscate, Bordeaux
- **Web address :** http://www.ayame-bdx.fr
- **No of Employees:** one man company
- **Activity (Manufacturing/Services/trade):** Trade
- **Main Products:** Wine
- **When the company was founded?** 2009
- **Date when first international activity was made? OR First step abroad?** In 2009 export was started to Hong Kong

**Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?**

After completing my master from University of Bordeaux IV in 2005, I joined a local wine company as export manager where I was assigned to create export sales. Before 2005, company was majorly focused on local market company just selling wines to customers, local wine shops and other wine negoçiants in France. Although company was involved in export business but export sales were almost negligible (almost 5% of their total turnover). I really worked very hard to develop export business and within a short period of three years export ratio (export revenues/operating revenues) of company increased from 5 to 45%. Due to my hard work and great performance in developing export business which I achieved during a short period of time, my relationship with my boss deteriorated and actually boss started disliking my visits to customers, I was not allowed to see customers and compelled to always stay in my office and just working on my laptop. In 2008, I finally decided to resign from that company when export sales were 45% of total turnover. I decided to start his own company. In January 2009 Ayamé Wine was founded.

**Q 2: How was Internationalization started?**

First foreign market entry was in Hong Kong in 2009. Subsequently, entry to markets of Japan, Singapore, and Taiwan & European markets (Netherland, Sweden, Germany, UK) was made in 2009, 2009 and 2012 respectively. When Ayamé Wine founded wine industry was facing crisis and it was a difficult period. Due to my vision, knowledge of industry and his networks, I took a great start. I had huge networks of suppliers, and I was able to find wine at competitive prices. Wine industry during those years was in crisis. I took advantage of that crisis. Huge quantities of wines were stored in UK and Switzerland. I took advantage of exchange rate (Euro/British pound) and starting selling wine in UK and Swiss. Secondly, I offered competitive process. I knew my competitors and what they were doing. I was working from home, so I do not need many profit margins and was able to offer competitive prices.

Taking advantage of my previous experience and knowledge of international markets I decided to go first to Hong Kong in 2009. As I know from my previous experience that it is easier to work with people from Hong Kong because they are different from Chinese. I just sent some offers to importers of Hong Kong via email and informed that I will be in trade show (Pro-wein 2009, Germany) and we had a meeting in wine fair in Germany and after negotiation reached a deal. Similarly later in 2009, export to Japan was started via my networks from my previous company. I knew a few of my customers from my previous company, they used to come to Bordeaux for wine tasting and attend ‘fete de la vin’. I contacted them and offered fine wine at competitive prices and deal was reached. Export to Taiwan and to Singapore was started in 2011and 2012 respectively. But it was through information provided by CIVB. I got customers list from CIVB and offered them competitive prices. Export to European countries started with help of my girl friend who was working in a spirit company. She introduced me to some of her clients.

**Q 3: .How many contacts did you have i.e. actual number of people involved in network? Who were they? How did you know that person i.e. how that person came into your network?**

I had a huge network of suppliers that I knew from previous experience and education. To be successful, I need to find fine wine and sell at competitive prices. I used my previous networks. I took advantage of my network of friends working in wine industry. Six of my classmates from University of BordeauxIV working as wine supplier and négociants provided information/knowledge not only about local market but also about international market knowledge.

**Q 4: Do you think there have been other people important to you who played an important role in the development of your business?**

When the company was started, it was a very small company. I started business with my own money because I could not borrow from bank. I started my company with a very little amount and I needed finance. To develop the business, financing via bank was required but bank offered only a credit of 30,000 euro. In 2010, a close friend of mine who was a loan broker, acompanied me to bank, he explained to bank that helped me to borrow more from bank. I talked with another friend who was a supplier, he introduced me to one of his friend who was a former banker. He was running a consultancy firm. He helped me to open four accounts in four different banks and borrow more from banks.

CIVB ( Conseil Interprofessionnel du Vin de Bordeaux) also played an important role in the development of my business. I receive market reports and analysis from CIVB on regular basis. Export to Taiwan and Singapore in 2011 and 2012 respectively was with the help information provided by CIVB. I got list of importers from CIVB and started sending them offers and got response.

For customers, I get information from CIVB. I contact them and offer them competitive prices. I also used wine website, wine researchers (www.wine-researcher.com). I usually find customers from wine researcher.com. Role of CIVB is very important. UBi France a national company also provides same information but it is costly. I got information about clients from CIVB. I usually go there and get information. If you are negociant, CIVB can give you access country by country buyers' list. It was easy for me to go to CIVB and check the customers.

Internet also played very important role for the export business development of company because I found 60% of his customers through internet. By the end of 2011, company website was also created because When you send emails to customers, they Google your company and at least one customer contacted me through my website. I also used wine website (www.wine- searcher.com) to find customers.

**Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?**

My firms was very small when it was founded, I started from home. I need to find fine wine and sell at competitive prices. I used my network. Although many of my classmates from University of Bordeaux 4 working as wine supplier and négociants but six among them were closer to me and provided information/knowledge not only about local market but also about international market knowledge. They provided me knowledge about customer's reputation and sometimes accepted delayed payments.

**Q 6: What was the role of family?**

For export to European countries (UK, Sweden, Swiss and Germany), my girl friend who was working in a spirit company, introduced me to some of clients working with her company. We visited these customers together and got some business. As far as my parents are concerned, they encouraged me. When decided to start my own company, I discussed the idea with them, they motivated me, however, I did not get any financial help or advice from my parents.

**Q 7: Do you distinguish between people who could advance your entrepreneurial venture and those who could not?**

I think my suppliers were very important because they can supply wine at competitive prices. I knew some of my classmates who were working as suppliers. Now I know a lot of suppliers and all are my friends.

**Q 8: What do you think whether people are helpful most of the time or they are mostly looking for themselves?**

Help?? No, I can say that many people did not help me. Actually for me it is not issue of help but support. It is a win-win situation for all of us and off course I can say that many people supported me. For example, my suppliers supported me and accepted delayed payments.

**Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?**

Majority of my contacts were entrepreneurs. They were doing business in wine industry. Six of my friends (three suppliers & three negociants) in wine industry, they worked only with me. They Trusted me. And Also my girls friend is working in a spirit company.

Appendix 5 : Transcription of Interview # 3

# Kaizen Marketing Group

**Basic Information**

- **Name of Respondent:** Romain Didrich
- **Date of Interview:** 06 November 2012
- **Place of Interview:** Kaizen Office
- **Time:** one and Forty five minutes (11:00 am to 12:45 pm)

**Information about Respondent**

- **Age:** 35 years
- **Education:** Master in Business
- **Status:** Co-founder /Associate Director
- **Personal Experience:** 12 years
- **Since how long have you been working in the company?** Since 2005
- **Since how long have you been working in the Industry?** Since 2000

**Information about Company**

- **Name of Firm:** Kaizen Marketing Group
- **Address:** 9 Rue André Darbon, 33000, Bordeaux
- **Web address :** www.kaizen-marketing.fr
- **No of Employees:** 25
- **Activity (Manufacturing/Services/trade):** Services
- **Main Products:** Performance based internet marketing
- **When the company was founded?** 2009
- **Date when first international activity was made? OR First step abroad?** In 2005, entered UK market, currently exporting to Spain, Germany, Italy, Portugal and Denmark.

**Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?**

We started our business in 2005 as Affili Action and later name was changed to Kaizen Marketing Group (KMG). We aimed to help our clients grow revenues from their online business and offered a wide range of services and products ranging from design studio and websites look and technical integration for secure hosting and bespoke user interface development.

After having Master from BeM management School, France, and Hogeschool Voor Economische Studies in Rotterdam, I worked as a corporate salesman at Otis, Paris then I joined Affiliate network Co London as business development manager after two years at Affiliate Windows (Digital Windows) as sales manager and key account manager, I then decided to use my experience to start my own business and co-founded KMG David Eymé. I was working in industry before starting this company. I have idea but was not ready to take risk. David Eymé, who is also co-founder and associate director, was friend of a friend. He had his master degree from CERAM Sophia Antipolis. David is born entrepreneur. He joined a company in medical industry with the task of developing foreign market. He is a natural born entrepreneur and his father was also a businessman. He has a passion to create a new business. We met a beach and after an informal chat realized that he wanted to start a business and was not interested in job and I had business idea but was not ready to take risk. I invited him to come to UK and to start business together. David decided to take the plunge and co-founded with me to set up Affili Action which then became Kaizen marketing Group.

He came to UK and we started our company from home. I had a small apartment which we shared and David started working at home with a small computer table and was sleeping on floor at mattress. I retained some customers from the company I was working but it does not mean we stole customers but we provided complementary services. I also discussed the idea with the manager of my company and gave a three month notice to leave company. Now, David and me are equal shareholders in five companies (Kaizen Investment, Kaizen development, Kaizen Marketing, Traffic Labs, Email Marketing).

**Q 2: How was Internationalization started?**

Internationalization of Kaizen is a different phenomenon. Kaizen was incorporated in Bordeaux France in 2005 and from the very first year we started business in UK. I brought in company the technical side and David brought in entrepreneurial passion. I know customers from my previous company. I retained these customers and offered them complementary services. But one should not take impression that we stole customers from my previous company. I discussed the idea with my manager and also submitted my resignation with three month notice.

After sometime we decided to come back to Bordeaux, France, due to some personal problems. We retained our customers from UK and also focused on French market. In 2006, we decided to enter in Spanish market. We recruited a Spanish peaking guy and our previous professional ties helped us to get business from Spanish market and in 2008 we recruited a German speaking employee and got business where again our professional relationship played role in getting some clients. In 2010 we recruited an Italian speaking guy and got business with the help of professional ties. Now our 40 % of customers are from UK and 60% are from rest of markets. We have skills, no matter we are based. Soon we are going to establish our business in Dublin and Paris.

**Q 3: .How many contacts did you have i.e. actual number of people involved in network? Who were they? How did you know that person i.e. how that person came into your network?**

David Eymé: Is co-founder and associate director. David is natural born entrepreneur and has language skills in Spain and UK.

Mr. Ka: He was also friend of a friend and was working as salesman in luxury business. We wanted to hire him. We have two interviews with him which lasts for six hours. He was highly motivated and told us that he wanted to join to get more and more business which he later proved by achieving six times more than his target. After he wanted to hire sales team because it was almost impossible to go beyond alone without a sales team.

**Q 4: Do you think there have been other people important to you who played an important role in the development of your business?**

Mr Kb; business in Spanish market

Mr Kc business in German Market

Mr Kd business in Italian market

**Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?**

No actually we do not have enough systematic approach.

**Q 6: What was the role of family?**

Family does not have any direct role in the creation of business. However, we cannot ignore the supportive role of family. My wife always supported me. She always helped me in decision making and to coup with business stress. Same is the case of my mother who has played emotional and supportive role and always encouraged me and supported me. Role of family in stress relief, advice and decision making is important.

**Q 7: Do you distinguish between people who could advance your entrepreneurial venture and those who could not?**

**Q 8: What do you think whether people are helpful most of the time or they are mostly looking for themselves?**

Human nature cannot be ignored. All humans are not same. Some people look for themselves but some people prefer values. But there is no doubt that majority seek for their own success but I think there is nothing wrong with this behavior. People are not running business for charity, if people are seeking for profit, it is just and fair.

**Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?**

Our purpose and logic is to get more business partners whether they are B2B or B2C. We are service providers and extended army and architect of market. We provide consultancy and build strategy for our customers and we use all our speciality to grow their business. However, we are selective with regard to our customers. We select customers having products that can create value.

Appendix 6 : Transcription of Interview # 4

# Edu-media

**Basic Information**

- **Name of Respondent:** Christophe Monnerie
- **Date of Interview:** 06 August 2012
- **Place of Interview:** Edu-mudia Office (Bordeaux)
- **Time:** 50 minutes (14:40 pm to 15:30 pm)

**Information about Respondent**

- **Age:** 40
- **Education:** Master
- **Status:** Co-founder & Director European Business
- **Personal Experience:** 10 years
- **Since how long have you been working in the company?** 10 years
- **Since how long have you been working in the Industry?** 16 years

**Information about Company**

- **Name of Firm:** Edu-media
- **Address:** 8 Rue Bonerie, Bordeaux 33000
- **Web address :** www.edumedia-sciences.com
- **No of Employees:** 05
- **Activity (Manufacturing/Services/trade):**
- **Main Products:** Educational Resource Database
- **When the company was founded?** 2005
- **Date when first international activity was made? OR First step abroad?**

**Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?**

I had been working as multi-media in-charge in a university in Paris since last ten years. One of my colleague in university who was working in same university as 'logician' got the idea of online educational content. After a thorough discussion regarding format and distribution of online contents, we decided to work together. We worked together for two years for the development of database. However, at that time it was developed for university students. Later my colleague conceived the idea of company creation. I never thought to create my own company. We decided to present our project to French Ministry of Education. However, as required by French laws, creation of company was a pre-requisite to get financing. So finally we decided to create a company. Another problem faced by both of us was how to create company. Me and my co-founder, did not have any previous experience of business. 'Incubateur multi- media de la belle de Mai Marsaille, France' was found to be helpful which can provide us with required information and training for creation of company. It really helped us.

**Q 2: How was Internationalization started?**

First foreign market entry was to Canada in 2005. Edu-media was contacted by a distributor of Canada in an exhibition. Later, he sent email that he is interested in our product. Internet played very important tool to develop export business. We worked to be more visible on internet. Google also played an important role for presence of company on internet. We got first export order via internet. Similar was the case to export to Italy when Mr DeAgostini contacted us through our website in 2005. First he sent us email and showed interest in our contents and later we had a meeting in Trade fair "Educatice" in Paris in December 2005 and also in case of USA, Compass Learning contacted us via our website in year 2009. Now we are working with many national and international clients, for example, Cité des Sciences et de l'Industrie, Compass Learning, Ambu.com, The Children's Museum, French Atomic Commission, Museum of Natural History, Aljazeerah.net, Universidad del valle de Matatipac, La main a la pote, National Centre for Space, De Agostini Scuola, Mérieux Foundation, Arts et Metier Museum (France), Maxicours.com, Educastur, Ministry of

Education (Morroco), Ministry of Education (France), Ministry of Education (Louxemberg), Govt of New Brunswick (Canada), Bibliotheek.nl (Netherland), Canton Vaud, Ontario. We are internationally recognized market leader in this innovative sector with about 3000 colleges and lycee using our database resources which are available in six languages.

**Q 3: .How many contacts did you have i.e. actual number of people involved in network? Who were they? How did you know that person i.e. how that person came into your network?**

As I already mentioned, my colleague in university is one of the most important person. He actually conceived the idea of company creation. I never thought about business. We first just developed online educational content for university students. Later my colleague got the idea that we can develop educational database for teachers, students and libraries.

Second one is Mr Gille Braun who was working in STDICE French Ministry of Education. We wanted to presented our project, we were looking for someone in ministry, we know him and requested for rdv. Later French Ministry of Education introduced us to ministry of Education Moroco and recently French Ministry of Education also made made our contact with Turkish ministry of Education.

**Q 4: Do you think there have been other people important to you who played an important role in the development of your business?**

One invester who made investment in our company. We came in contact via web. He was interested in our company but first he wanted to merge our company with his company but later he agreed to invest in our company. And secondly, the role of incubator in Marseille, my colleague and me, did not have any experience of business. We got help from incubator.

**Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?**

We did not adopt any systematic approach to develop our business. Majority of our clients contacted us through our website. However, we worked hard to be more and more visible on net.

**Q 6: What was the role of family?**

No family or friend was involved in the creation of our business.

**Q 7: Do you distinguish between people who could advance your entrepreneurial venture and those who could not?**

Our company creation was just an co-incident. My colleague and me were working in a university. We neither had any idea of business nor any experience. After developing online educational database, my colleague conceived that we can create a company.

**Q 8: What do you think whether people are helpful most of the time or they are mostly looking for themselves?**

**Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?**

Appendix 7 : Transcription of Interview # 5

# Med-Imaps

**Basic Information**

- **Name of Respondent:** Christophe Lelong
- **Date of Interview:** 25 July 2012
- **Place of Interview:** PTIB, Hopital Xavier Arnozon, Pessac
- **Time:** 50 minutes (18:30pm to 19:20 pm)

**Information about Respondent**

- **Age:**
- **Education:** Engineering Degree (ENAC)
- **Status:** COO
- **Personal Experience:** 15 years
- **Since how long have you been working in the company?** Since 2010
- **Since how long have you been working in the Industry?** 15 years

**Information about Company**

- **Name of Firm:** Med-Imaps
- **Address:** PTIB, Hopital Xavier Arnozan, 33600 Pessac
- **No of Employees:** 12 (8 in France & 4 in Switzerland)
- **Activity (Manufacturing/Services/trade):** Manufacturing
- **Main Products:** TBS Insight
- **When the company was founded?** 2006
- **Date when first international activity was made? OR First step abroad?** First export to Switzerland in 2009

**Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?**

In 2006, one of our Co-founder working as researcher at INSERM got the idea of designing a medical tool for the collection of quantitative information on bone micro architecture for routine clinical practice which can help MDs not only to select the best treatment options for their patients but also monitor treatment outcomes and make decisions during pre-surgical analysis. He was academician and working on bone diseases. He realized that there is a need and scope in market for product. He involved other specialists and the product, TBS iNsight was developed. TBS iNsight is a software package installed onto your densitometer's PC and reveals the bone micro-architecture status, in addition to BMD, withour requiring any additional information.

After he was looking for another guy who can manage and find funds by participating in meetings for creation of company and market the product. The other guy was Didier Han because was a serial entrepreneur and involved in many businesses. Didier Hans was working as an academic position and holding a position of head of Research & Development, Center for Bone Diseases, University Hospital, Lausanne (CH) Switzerland. He has also served as President of ISCD. He is a serial entrepreneur and co-founder of Synarc Inc (USA). He is French but living in Switzerland. He has professional relationship with one of co-founder developed during conferences. He used our software, provided us feedback and also published results. Later on Didier Hans became Chairman of Company.

**Q 2: How was Internationalization started?**

French market is too small, so from the very we decided to go international. Our first export was to Switzerland. After FDA approval in France and Switzerland, first export was to Switzerland in 2009 to University Hospital, Lausanne (CH), Switzerland where Didier Hans was head of Research and Development.and it was direct export. Then in 2010, Didier Hans brought in Marc Urbain, he already knows customers in Italy, we had a meeting in Brussels and export to Italy started. But it was through distributor. Marc knows distributor in Italy. Now the product is being exported to 20 countries including all major European countries, middle east, Syria and Lebanon and in 2013 plan to move to USA and Canada. And we have distributor everywhere.

**Q 4: Do you think there have been other people important to you who played an important role in the development of your business?**

Actually we used our social ties at all levels, for example, our quality control manager, our IT specialists and all others always ask and get information from their previous colleagues. Company is small and does not have experience. So social ties are very important for our company.

**Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?**

Yes we took a systematic approach in the development of our business but it was due to nature of product. We conduct different research projects in different markets with local researchers to get the knowledge about existing conditions and markets. And opinion leaders are also very important for our product. Many practitioners and doctors consider the recommendations and comments of opinion leaders while purchasing the product. And actually we conduct research projects with opinion leaders of different countries.

**Q 6: What was the role of family?**

Wife of one co-founder and wife of an-other investor are shareholder, otherwise no family member was involved.

**Q 7: Do you distinguish between people who could advance your entrepreneurial venture and those who could not?**

Yes off-course, Didier Hans was involved in company creation. He has previous experience of entrepreneurship. Later on many of our key ties introduced by Didier Hans were strategically brought in company to develop our business.

**Q 8: What do you think whether people are helpful most of the time or they are mostly looking for themselves?**

**Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?**

In the beginning, three co-founders were involved but one left because he does not have international vision and unfortunately third one died. However, all other employees who worked for company shared the same vision for the company i.e. international vision. Many of us involved have same interest. They were doctors and believed that there is need for this product. Then there was Didier Hans and his colleagues and friends. They like challenge and adventure in business and early investors of company were all like. They met in different conferences and meetings and friendship started. Actually it is very difficult to distinguish between friendship and professional ties.

Appendix 8 : Transcription of Interview # 6

# Creaspine

**Basic Information**

- **Name of Respondent:** Marc Bernard
- **Date of Interview:** 17 December 2012
- **Place of Interview:** PITB, Pessac
- **Time:** 9:15 am to 9:55 am

**Information about Entrepreneurs**

- **Age:** 48
- **Education:** Chemical Engineer
- **Status:** CEO & Technology Leader
- **Personal Experience:**
- **Since how long have you been working in the company?** 06 years
- **Since how long have you been working in the Industry?** 12 years

**Information about Company**

- **Name of Firm:** Creaspine
- **Address:** PTIB, Hôpital Xavier Arnozan Avenue du Haut Lévèque, 33600 Pessac
- **Web address :** www.creaspine.com
- **No of Employees:** 04
- **Activity (Manufacturing/Services/trade):** Manufacturing
- **Main Products:** SupStance (large & small), L-sense and Kira
- **When the company was founded?** 2005
- **Date when first international activity was made? OR First step abroad?** USA 2007, currently exporting to UK, Spain, Portugal, Netherland, and Belgium.

**Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?**

Creaspine was founded by Phillipe Jenny and me in 2005. We know each other since 2003 when we were working together in Stryker which is a leading US based company in this sector. In 2005, we decided to start our own company with two other leading and well known neurosurgeons, one from France and other from Germany. Our first export was to USA in 2007. We started export via distributor, SpineSource who had been in our contact since Stryker times. Now we are exporting to UK, Spain, Portugal, Netherland and Belgium.

**Q 2: How was Internationalization started?**

As I already told you, we started our export via distributor, SpineSource, in USA in 2007. SpineSource Inc., a proven leader in spine fusion technology, had been in our contact since we had been working in Stryker which is one of the world's leading player in medical technology sector and offers a diverse range of innovative technologies and products in medical, surgical, and neuro-technology sector. Our next step was to UK in 2009 and it was gain through a distributor, Q-Spine, who was in our contact since Stryker times. Again in 2009, we started exporting our product to Spain and Portugal. We participated in EuroSpine Exhibition 2009 organized in Warsaw, Poland where we came in contact with 'Acuña Fombona' one of the best companies in the world specializing hospital Maxillofacial, Neurosurgery, Pediatrics, Orthopedics, Plastic, etc. We decided that 'Acuña Fombona' will represent our product in Spain and Portugal. In 2011 'EuroSpine Exhibition, we came in contact with 'Hospithera' which has more than 50 years of experience of distributing medical equipments in Belgium and 'NF Medical' which is a young company in Netherland. We decided that Hospithera and NF Medical will distribute our products in their respective countries.

**Q 3: .How many contacts did you have i.e. actual number of people involved in network? Who were they? How did you know that person i.e. how that person came into your network?**

Key persons involved in Creaspine foundation were:

**Phillip Jenny** who is founder of Creaspine and has more than 22 years of experience in senior management positions from SMEs to MNCs. Currently he is heading many organizations. He is also president of 2ACBI and Jenny Consulting and Financing where he is promoting and coordinating professionals involved in the design use and marketing of bio-material and medical devices and helps academic teams to manage research projects providing business insights and management solutions for innovative materials and devices. Me and Phillip Jenny know each other when we were working together in Stryker Inc.

**Professor Jean Charles LeHuec** is technical advisor, member of Scientific Committee and shareholder of Creaspine. He is also Chief of Spine unit and chairman of Orthopedic department, University Bordeaux Hospital, France and also vice president of Spine Society of Europe. He has been heading numerous research projects about spine pathologies, bio-materials and computer assisted surgery.

**Professor Hans Joerg Miesel** is also technical advisor, member of scientific committee and shareholder of Creaspine. He has more than 25 years of experience of in Neurosurgery especially on clinical implantation of fusion devices for stabilization of cervical and lumbar spine, promotion of bone fusion between vertebra. He is also chairman of ‘Regenerate’ a European network for regenerative medicine.

Both professors have longstanding academic relationship.

**Q 4: Do you think there have been other people important to you who played an important role in the development of your business?**

Role of PITB ‘Plateforme Technologique d'Innovation Biomédicale’ can be mentioned where we can easily access to different labs. We have been provided with offices. However, PITB does not have any role in commercialization of our product.

**Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?**

As I already told you that we have distributors in all our markets. We did not take systematic approach in the selection of distributors. We selected our distributors randomly, however, we are selective in exhibition participation. We know from our previous experience which exhibition is worth participating.

For marketing of our products, we conduct projects with neurosurgeons who use our products and after conducting some procedures publish case about our products.

**Q 6: What was the role of family?**

None of our family relative is actively involved in our company. However family has a supportive role.

**Q 7: Do you distinguish between people who could advance your entrepreneurial venture and those who could not?**

It was very important for us to distinguish people who can advance our business because we are working in a industry which requires sophistication. We distinguished people depending upon their knowledge, what they have and what they do not have.

**Q 8: What do you think whether people are helpful most of the time or they are mostly looking for themselves?**

Yes off course, people are helpful most of the time but it depends upon your relationship with the concerned person and also depends upon what are you looking for. Also depends upon what he wants………

**Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?**

All of our business ties have long experience in spine industry. I have been working in Stryker which is a leading company in this sector. Phillip Jenny has 22 years of experience of management including his expertise in medical industry. Prof Jean Charles and Prof Hans Joerg Miesel are well known neuro surgeon and long standing relationship.

Appendix 9 : Transcription of Interview # 7

# KPK CARPETS

**Basic Information**

- **Name of Respondent:** Abdul Rehman
- **Date of Interview:** 2 December 2012
- **Place of Interview:** Islamabad, Pakistan
- **Time:** 9:00 pm

**Information about Entrepreneurs**

- **Age:** 43
- **Education:** FSc (Bac)
- **Status:** Owner
- **Personal Experience:** 17 years
- **Since how long have you been working in the company?** 06 years
- **Since how long have you been working in the Industry?** 17 years

**Information about Company**

- **Name of Firm:** KPK CARPETS
- **Address:** Jinnah Super Market, Sector F-7, Islamabad, Pakistan
- **Web address :** nil
- **No of Employees:** 27
- **Activity (Manufacturing/Services/trade):** Manufacturing
- **Main Products:** Woollen and Silk Carpets
- **When the company was founded?** 2007
- **Date when first international activity was made? OR First step abroad?** 2008 UAE, now the firm is exporting to Malaysia and Thailand also

**Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?**

I worked with a major carpet trader in Jinnah Super Market Islamabad for more than a decade before starting my own business. Before this job, I had some experience of carpet trade and had contacts with some carpet manufacturing facilities in KPK province of Pakistan, from where I belong to (Mansehra city, about 135 kms from Islamabad). In 2007, when I had gathered start-up capital, I believed I could start my own business since I had enough experience in trade of carpets and also knew some contacts in gulf countries and far east (Malaysia, Thailand) who export carpets from Pakistan. I opened 3 hand-made carpet manufacturing facilities (called khaddi locally) in my village near Mansehra. 7-10 people work on each facility. Depending on the quality (choices of material such as New Zealand/Australian/Pakistani etc wool, colours, designs and knots per inch in the carpet) desired by a customer, a carpet can take upto 2 years to complete from the date of start.

**Q 2: How was Internationalization started?**

In a way, I always had an eye on international market since in late 80s (probably 1988), when I started working in carpet industry, I met some arab sailors on a cruise in Karachi who were looking for Pakistani carpets in the market. I discussed with them and discovered that there is a high demand of Pakistani carpets in the entire gulf area. Since then, I have contacts with those sailors, who are friends now.

The first internationalization of my own company came in March 2008, less than an year after starting the business. The sale was made through the same friends whom I met about 20 years back in Karachi. Though I first exported from my own company's platform in 2008, I had send carpets to them before a few times, from the carpet seller for which I worked.

**Q 3: .How many contacts did you have i.e. actual number of people involved in network? Who were they? How did you know that person i.e. how that person came into your network?**

I have 4-5 contacts in UAE and other gulf countries and one each in Malaysia and Thailand. 2 of the contacts in UAE came to my network in 1988, when they were on a visit to Karachi as sailors on a ship. Eventually, my network in UAE and gulf expanded through them.

My contacts in Malaysia and Thailand are both sellers of carpets; came as a deliberate effort in 2010, when I traveled to both these countries for the purpose of finding bulk-buyers of my products. I visited many markets there and spoke to carpet dealers, showing them my carpet samples and delivery capacity.

**Q 4: Are there or have there been other people important to you in development of your business?**

Yes. One of the most important people is my uncle, who helped me raise start up capital which I used to buy and set up the hand-made carpet manufacturing facilities.

**Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?**

Not really. As described earlier, my network ties in UAE started accidentally by meeting some sailors in a market. However, the contacts in far east were developed systematically, by visiting the target markets and selecting those whom I considered most reliable.

**Q 6: What was the role of family?**

My family did not encourage me initially in internationalizing, believing that I will make losses. However, my uncle helped me raise money to start the businesses. My father also helped me in a way because he gave me the land to set up the facilities.

**Q 7: Do you distinguish between people who could advance your entrepreneurial venture and those who could not?**

Mostly, my relatives are conservative and do not support entrepreneurship. However, my uncle was an exception who helped me raise the start-up capital.

**Q 8: What do you say that most of the time people are helpful or that they are mostly looking for themselves?**

I found people helpful mostly, mainly because I share gains with them. I think it is not fair to expect one sided help from anybody. You have to create space for others, thus making them help you because they will gain from it. That is how businesses grow. If one looks for help from others, he will be disappointed eventually if he does not give them gains in return.

**Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?**

It is different for different network ties. Both ties in far east are pretty conservative and I can not think of than as entrepreneurs or having experience of entrepreneurship or even having that mental disposition. They are plain traders, looking for their margins. One of ties in UAE has an entrepreneurial mind and has not only expanded his own network based on my products but has also helped me expand my network as well.

Appendix 10 : Transcription of Interview # 8

# Evamp Saanga

**Basic Information**

- **Name of Respondent:** Muhammad Anwar Khan
- **Date of Interview:** 19 November 2012
- **Place of Interview:** Software Technology Park, Islamabad, Pakistan
- **Time:** O7:30 pm to 08:45 pm

**Information about Entrepreneurs**

- **Age:** 36
- **Education:** Master in Software Engineering
- **Status:** Owner/Manager
- **Personal Experience:** 11 years
- **Since how long have you been working in the company?** 11 years
- **Since how long have you been working in the Industry?** 11 years

**Information about Company**

- **Name of Firm:** Evamp Saanga
- **Address:** 3rd Floor, Software Technology Park, Constitution Avenue, Islamabad, Pakistan
- **Web address :** www.evampsaanga.com
- **No of Employees:** 45
- **Activity (Manufacturing/Services/trade):** Service
- **Main Products:** Web, Mobile, Telecom applications
- **When the company was founded?** 2002
- **Date when first international activity was made? OR First step abroad?** 2003

**Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?**

After completing my master in software engineering, I decided to start my own business. I did not have much knowledge how to start my own software firm but I was motivated because of my family back ground. One of my professor in university, who was very kind to me, helped me a lot. The said professor has worked and is well known in university for case studies of smaller firms from India and Pakistan. I got much knowledge about business and industry while having formal and informal discussions with the said professor. Similarly he introduced me to his two old students of same university who were running their own software firms who shared with me their own experience of running business in IT sector and guided me how to use internet to develop business. My father who was entrepreneur not only encouraged and helped me a lot but also provided capital to start a new business.

**Q 2: How was Internationalization started?**

Internationalization of Evamp Saanga started in 2003 just after one year of foundation when we got our first order from Telecom UAE via internet (Ef). This first contact was made by email. In 2004, we worked together with Ericsson (Eg) in Middle-East on a project which included both a Web as well as WAP site for Wataniya, Kuwait (Eh). First they contacted us by email then they sent their representative for a formal meeting. In 2005, we provided web solution to Dreshak International (www.hitchesandglitches.com) (Ei) which is a fast growing international company based in Dubai. Again their client came in our contact via internet. Later in 2005, we worked with a leading the Syrian mobile telecommunication company Syriatel (Ej) (www.syriatel.sy). Now we are a leading player having clientele portfolio of not only local leading players including Telenor Pakistan, Mobilink GSM, Ufone, SME Bank, PSEB IT Portal, Zong Pakistan, Hashoo Group and Pakistan Tobacco etc but also leading international players including Mobilink World, Unilver, Baby Its Yours UK, Airtel India etc.

**Q 3: .How many contacts did you have i.e. actual number of people involved in network? Who were they? How did you know that person i.e. how that person came into your network?**

**Q 4: Do you think there have been other people important to you who played an important role in the development of your business?**

During initial stages of business as I already told you that, one of my professor from the university and two senior students of same university who were running their own software firms guided me. My father was entrepreneur not only encouraged me but also provided capital to start a new business.

2003/4/5 were good years for software internationalization. All major mobile manufcturers were looking for small size software for different markets. We started through offering services and winning contracts via internet.Internationalization of Evamp Saanga started in 2003 but majority of contacts were via internet and emails. As in case of Telecom UAE, Wataniya, Kuwait, Dreshak International and Syrian mobile telecommunication company Syriatel.

**Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?**

Yes. I was mostly looking for big names like nokia (then in 2003/4/5) in mobiles and multinationals working in Pakistan and nearby markets like Dubai/Abu Dhabi.

**Q 6: What was the role of family?**

My family gave me motivation, courage and confidence. My father provided me capital to start a new business.

**Q 7: Do you distinguish between people who could advance your entrepreneurial venture and those who could not?**

Capital and encouragement provided by father. Our family has traditionally in businesses so entrepreneurship was encouraged. Though I was the first to come in software/IT.

**Q 8: What do you think whether people are helpful most of the time or they are mostly looking for themselves?**

It depends what type of information or help you are seeking from. Mostly they look for their own interests. But as an entrepreneur, we have to develop synergy and find out how we can work to safeguard interests of our own and our clients.

**Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?**

Mostly they are big names with institutionalized systems. I always tried to work with big players of industry that helped us to build our image and gave us confidence and broadened our vision.

Appendix 11 : Transcription of Interview # 9

# MN Fabric

**Basic Information**

- **Name of Respondent:** Muhammad Irfan
- **Date of Interview:** 18 November 2012
- **Place of Interview:** Lahore, Pakistan
- **Time:** 3:00 pm to 4:00 pm

**Information about Entrepreneurs**

- **Age:** 47
- **Education:** Master in Business Administration
- **Status:** Owner/Director
- **Personal Experience:** 23 years
- **Since how long have you been working in the company?** 20 years
- **Since how long have you been working in the Industry?** 23 years

**Information about Company**

- **Name of Firm:** MN Fabric
- **Address:** 15 Kilometer, Multan Road, Lahore Pakistan.
- **Web address :** www.mnfabric.com
- **No of Employees:** 100+
- **Activity (Manufacturing/Services/trade):** Manufacturing
- **Main Products:** Bed Linen, Curtains, Institutional Textiles, Table Linen.
- **When the company was founded?** 1994
- **Date when first international activity was made? OR First step abroad?** 1997

**Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?**

My Father started this company and manufacturing Fabric, we develop good contacts with our suppliers and buyers over the period of time. We had good reputation in local market when we started our export in 1997.

**Q 2: How was Internationalization started?**

Our first step abroad was to USA in 1997 to USA. When one of local large textile manufacturing company with whom his father has relationship since last 15 years, introduced us to one of their customer. They were not able to meet the requirements of their client, so they forwarded the client to MN us. In 1997 again, a Swedish company contacted them. They got an inquiry from a customer via telephone. Later client visited our facility and we got an export order. Later in 1998, an-other customer from UK, again via telephone contacted us. Initially telephone and emails played a very important role.

**Q 3: .How many contacts did you have i.e. actual number of people involved in network? Who were they? How did you know that person i.e. how that person came into your network?**

As I told you that one of my friend introduced us to their client. Now we are dealing with about 20. I visited Europe in exhibitions and seen customer then we develop our export market.

**Q 4: Do you think there have been other people important to you who played an important role in the development of your business?**

Role of exhibitions is also very important attended where they displayed their capacity and ability. Usually, there are hundreds of potential customers that we meet in exhibitions, and varying number develop into actual customers and after every exhinbition he was contacted by 3-4 clients. Some of them later became good partners.

**Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?**

Yes. We selected our customers. Since 1996-97 onwards, he attend exhibitions almost every major exhibition in Europe. After first step abroad, Mr Irfan took a systematic approach in the selection of customers and visited Europe to participate in exhibitions. In 1998, MN fabric participated in one of the big textile trade fair in UK where they became in contact with one of the leading store (Me) and got export order.

**Q 6: What was the role of family?**

Role of my father is very important who father founded this company and is still helping me in his guidance in major decision. He has a very good network with buyers and suppliers in local market which also helped us in our internationalization. Professioal ties always help in industry to excel.

**Q 7: Do you distinguish between people who could advance your entrepreneurial venture and those who could not?**

Yes, I believe professionally competent people can enhance my interest and their own and professionalism can be judged easily specially in manufacturing industry.

**Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?**

Appendix 12 : Transcription of Interview # 10

# KINVERG

## Basic Information

- **Name of Respondent:** Muhammad Ali
- **Date of Interview:** 30 November 2012
- **Place of Interview:** Arfa Software Technology Park, Lahore, Pakistan
- **Time:** 02:00 pm to 02:45 pm

## Information about Entrepreneurs

- **Age:** 37
- **Education:** Bachelor
- **Status:** CEO
- **Personal Experience:** 10 years
- **Since how long have you been working in the company?** 03 years
- **Since how long have you been working in the Industry?** 07 years

## Information about Company

- **Name of Firm:** Kinverg
- **Address:** Arfa Software Technology Park, Johar Town, Lahore, Pakistan
- **Web address :** www.kinverg.com
- **No of Employees:** 08
- **Activity (Manufacturing/Services/trade):** Service
- **Main Products:** IT Management and Consultancy
- **When the company was founded?** 2009
- **Date when first international activity was made? OR First step abroad?** 2010, to Saudi Arabia

**Q 1: If you think back to the time creation of your company, how it was created? what contacts did you and your colleagues have that were especially important for you and your company?**

After completing my graduation, i have worked as IT governance consultancy and training for more than seven years. During my career, I have delivered many complex IT management and governance projects both in public and private sector. Kinverg was created by Mr. Muhammad Ali in 2009.

**Q 2: How was Internationalization started?**

Internationalization of firm started in 2010 when company was contacted by Saudi Aramco. Ayeza Abid, our Vice President, has worked in middle east and has some connections in Saudi Aramco. Later in 2011, company worked for Saudi Clusters Program (Kb). I was introduced to Ministry of Saudi Arabia by Ministry of Information Technology Pakistan. In 2012, Kinverg was contacted by Saudi Air Force for training and consultancy of IT services. Nadec contacted Kinverg in 2012 to develop computer systems and applications in different business and to start with the automation project aiming to link and integrate all company's systems in order to run the work automatically. In 2012, Kinverg came in contact with Mott MacDonald (Kg) which is a management, engineering and development consultancy delivering solutions for public and private clients world-wide. Mott MacDonald was looking for IT training for one of their project. This contact was made via internet.

**Q 3: .How many contacts did you have i.e. actual number of people involved in network? Who were they? How did you know that person i.e. how that person came into your network?**

Two people are important in our company. Zafar Inayat who is now a director of Kinverg Canada office. He has 20 years of experience in managing complex programs and projects. He has worked in Asia and North America.

Ayeza Abid who is now our Vice President, Human Development and has huge experience in oil and gas, recruitment process outsourcing, HR analytics, performance management and career development. She has worked for reputed corporate names of Pakistan UK and Middle-East.

**Q 4: Do you think there have been other people important to you who played an important role in the development of your business?**

Yes Ministry of information Technology Pakistan introduced us to Ministry of IT Saudi Arabia.

**Q 5: Did you take a systematic approach to network building i.e. you purposefully selected your network ties?**

Initially I can say we contacted our clients but later we were contacted by our clients.

**Q 6: What was the role of family?**

No role of family in the creation and internationalization was found. However, encouragement offered by family cannot be ignored.

**Q 8: What do you think whether people are helpful most of the time or they are mostly looking for themselves?**

I cannot understand "help", how you will justify your question that people help in business. It is not a question of help. We provide best services to our clients and in return we earn profit. No doubt we were introduced by Ministry of IT Pakistan to Saudi Arabia Ministry but it was due to our image build in industry.

**Q 9: How do you perceive or asses your network ties? i.e. high degree of similarity in actor identities (either entrepreneur or having the experience of entrepreneur or having the vision/spirit/mentality of entrepreneur)?**

Appendix 13 : Copy of Email Request Sent

## Etude sur "Le rôle du capital social dans l'internationalisation précoce de l'entreprise ou "Born Global"

### AKHTER Manzoom

**Sent**: Monday, September 03, 2012 16:10
**To**: contact@courreges-wines.com

**Attachments**:Interview Guide_Anglais.pdf (18 KB ) ; Interview Guide_Français.pdf (19 KB ) ; Lettre de Recommandation.pdf (478 KB )

à l'attention de M. Stéphane Courréges

Monsieur,
Doctorant en Sciences de Gestion au CNAM sur le thème *"Le rôle du capital social dans l'internationalisation précoce de l'entreprise ou "Born Global"* sous la direction de Christophe Estay, Directeur de Recherche à BEM Bordeaux Ecole de Management.

A ce titre, je me permets de vous contacter afin de solliciter votre participation à cette étude car votre activité s'est internationalisée.

Vous trouverez, donc-ci-joint, les documents de recherche :
- Lettre de recommandation du Directeur de Thèse
- Guide d'entretien en français
- Guide d'entretien en anglais.

Je serai très honoré de vous rencontrer afin de vous présenter cette étude plus en détail et vous prie de me proposer un rendez-vous à convenance par retour de mail ou par téléphone au 06 58 14 55 33.

Anglophone, je vous prie de m'indiquer si vous souhaitez que notre entretien se déroule en anglais ou en français, dans ce dernier cas, je serai accompagné par une collègue doctorante francophone.

Je vous remercie par avance de l'attention que vous voudrez bien accorder à ma demande et reste à votre disposition pour toute précision.

Cordialement,
Manzoom AKHTER
*Research Assistant & PhD Candidate*
*BeM Management School*
*Bordeaux, France*
*Email: manzoom.akhter@bem.edu*

*Phone : 06 58 14 55 33*

Appendix 14 : Letter of Recommendation

BEM
680 cours de la Libération
33405 Talence Cedex
France

Tél. : +33 (0)5 56 84 55 55
Fax : +33 (0)5 56 84 55 00
info@bem.edu
www.bem.edu

**LETTRE DE RECOMMANDATION**

Madame, Monsieur

Manzoom Akhter prépare à BEM-Bordeaux Ecole de Management sous ma direction une thèse de doctorat en Science de gestion. Son étude porte sur « Le rôle du capital social dans l'internationalisation précoce du Born Global ». Il a rédigé un guide d'entretien qu'il vous prie de bien vouloir trouver ci-joint.

Au cours des dernières décennies, le nombre d'entreprises qui s'internationalisent dès leur création ou très peu de temps après a connu une croissance significative. Selon la base de données Orbis (www.bvdinfo.com), votre entreprise fait partie des entreprises ayant un taux d'exportation supérieur à 25 %, avec une activité d'exportation qui a démarré dans les 3 années ayant suivi la création. Ainsi, face à la grande diversité des entreprises en général et des entreprises françaises en particulier, la connaissance de chaque expérience dont la vôtre lui est indispensable.

Je sais combien votre tâche est lourde en ce moment. Je serai très ravi que vous acceptiez de lui accorder un entretien d'environ une heure, pour parler du rôle joué par le capital social dans la création et le succès de votre entreprise. Bien entendu, vos réponses demeureront confidentielles et seront utilisées uniquement lors d'un traitement anonyme.

Je vous saurais gré si dans la réponse que vous lui transmettriez directement par e-mail ou par courrier, vous lui proposez un rendez-vous.

Vous remerciant par avance de votre coopération qui, encore une fois, est de première importance, je vous prie d'agréer, Madame, Monsieur, l'expression de mes sentiments les meilleurs.

**Christophe Estay**
Directeur de thèse
Directeur de la recherche et des Accréditations
BEM- Bordeaux Ecole de Management

EFMD EQUIS ACCREDITED — Accredited by Association of MBAs

Chambre de Commerce et d'Industrie de Bordeaux

Appendix 15 : Origin of Ties

| | **Ties** | **Origin** | **First meeting** | **Nationality** | **Basis of relationship** |
|---|---|---|---|---|---|
| **Aimeric Wine** | Aa | Business/Planned/Indirect | Previous Company | Hong Kong | Customer |
| | Ab | Business/planned/Indirect | At previous employer | Japan | Customer |
| | Ac | Business/planned/indirect | Internet | Singapore | Customer |
| | Ad | Business/planned/indirect | Internet | Taiwan | Customer |
| | Ae | Social/unplanned/direct | University | French | Friend/Classmat e |
| | Af | Social/unplanned/direct | University | French | Friend/Classmat e |
| | Ag | Social/unplanned/direct | University | French | Friend/Classmat e |
| | Ah | Social/unplanned/direct | University | French | Friend/Classmat e |
| | Ai | Social/unplanned/direct | University | French | Friend/Classmat e |
| | Aj | Social/unplanned/direct | University | French | Friend/Classmat e |
| | Ak | Social/unplanned/direct | Social Event | French | Friend |
| | Al | Social/Planned/indirect | Office of Friend | French | Friend of Friend |
| | Am | Social/unplanned/direct | Social Event | French | Girl Friend |
| **Courreges Wine** | Ca | Social/unplanned/direct | Childhood Friend | French | Husband |
| | Cb | Social/unplanned/direct | School | French | Friend Since childhood |
| | Cc | Business related Social/planned/indirect | Customer of Ca | Japan | Customer |
| | Cd | Business/Planned/direct | Business Trip | Canada | Customer |
| | Ce | Business related social/planned/direct | Trade Fair | USA | Customer |

| | | | | | |
|---|---|---|---|---|---|
| | Cf | Social/unplanned/direct | Social Event | French | Friend |
| | Cg | Business related social/planned/indirect | Social Event | Denmark | Customer of Friend |
| | Ch | Business/planned/direct | Business Trip | Hong Kong | Customer |
| | Ci | Business related Social/planned/direct | Wine Tasting Event | Chinese | Customer |
| **Edu-media** | Ea | Social/unplanned/direct | University | French | Colleague |
| | Eb | Business related Social/planned/indirect | Business Event | | Incubator |
| | Ec | business related Social/planned/direct | Trade Fair | Canada | Distributor |
| | Ed | business related Social/planned/direct | Trade Fair | Italy | Distributor |
| | Ee | business/planned/direct | Internet | USA | Customer |
| | Ef | business/planned/direct | Internet | USA | Customer |
| | Eg | Business/planned/Indirect | Business | | French Ministry |
| | Eh | Business/planned/indirect | Business | Moroco | Moroco Ministry |
| | Ei | Business/planned/indirect | Business | Turkish | Turkish Ministry |
| | Ej | Business/planned/direct | Business Event | French | Investor |
| | Ek | Business related social/planned/direct | French | | Connaisance |
| **Kaizen** | Ka | Social/unplanned/indirect | Beach | French | Friend of Friend |
| | Kb | Business/planned/direct | Previous Company | UK | Manager of Previous Co |
| | Kc | Business/planned/indirect | Previous Company | UK | Customer from Previous company |
| | Kd | Social/planned/indirect | Social Event | French | Friend of Friend |
| | Ke | Business/planned/direct | Meeting for Recruitment | Espanish | Employee |
| | Kf | Business/planned/direct | Meeting for Recruitment | German | Employee |
| | Kg | Business/planned/direct | Meeting for Recruitment | Italian | Employee |

| | | | | | |
|---|---|---|---|---|---|
| Med-Imaps | Ma | Social/planned/direct | University | Fench | |
| | Mb | Social/planned/direct | Conference | French | Professional Relations |
| | Mc | Business related social/planned/indirect | Social Event | Belgium | Professional Relations |
| | Md | Business/planned/indirect | Business Event | Italy | Distributor |
| | Me | Business/planned/indirect | Business Event | Belgium | Professional Relations |
| | Mf | Business related social/planned/indirect | Social Event | Austria | Professional Relations |
| | Mg | Business/Planned/Indirect | Business Event | Netherland | Professional Relations |
| | Mh | Business/Planned/Indirect | Business Event | Lebonan/ Syria | Professional Relations |
| | Mt | Business/Planned/Indirect | Business Event | France | Professional Relations |
| | Mi | Business/Planned/Indirect | Business Event | Czeck Republic | Distributor |
| | Mj | Business/Planned/Indirect | Business Event | Czech Rep./ Solakia | Distributor |
| | Mk | Business/planned/direct | Business Event | France | Employee |
| | Ml | Business/Planned/Indirect | Business Event | Solvania/ Crotia | Distributor |
| | Mm | Business/Planned/Indirect | Business Event | Spain | Distributor |
| | Mn | Business/Planned/Indirect | Business Event | Purtagal | Distributor |
| | Mo | Business/Planned/Indirect | Business Event | Denmark | Distributor |
| | Mp | Business/Planned/Indirect | Business Event | Netherland | Distributor |
| Creaspine | PJ | Business related social /Unplanned/direct | Previous Company | French | Colleague |
| | JC | Business related social/Planned/direct | Social Event | French | Professional Realtions |
| | HC | Business related social/Planned/direct | Social Event | German | Professional Realtions |
| | SC | Business/Planned/Indirect | Previous Company | USA | Distributor |
| | QS | Business/Planned/indirect | Previous Company | UK | Distributor |
| | AF | Business related social/Planned/direct | Trade Fair | Spain/ Portugal | Distributor |
| | NF | Business related social/Planned/direct | Trade Fair | Belgium | Distributor |

| | | | | | |
|---|---|---|---|---|---|
| | HP | Business related social/Planned/direct | Trade Fair | Netherland | Distributor |
| **MN FABRICS** | Na | Business related Social/unplanned/direct | local market | Pakistan | Professional Realtions |
| | Nb | business/unplanned/indirect | customer of Ma | UK | Customer |
| | Nc | business/unplanned/direct | Internet | Sweden | Customer |
| | Nd | business/unplanned/direct | Internet | UK | Customer |
| | Ne | business related social/unplanned/direct | Exhibition | UK | Customer |
| **KPK CARPETS** | Pa | Social/Unplanned/direct | | Pakistan | Family |
| | Pb | Social/Unplanned/direct | | Pakistan | Family |
| | Pc | Social/unplanned/direct | Cruise | UAE | Friends |
| | Pd | Social/unplanned/direct | Cruise | UAE | Friends |
| | Pe | Business/Planned/Indirect | Via Friend | UAE | Customer |
| | Pf | Business/Planned/Indirect | Via Friend | UAE | Customer |
| | Pg | Business/planned/direct | Business Trip | Malaysia | Customer |
| | Ph | Buiness/planned/direct | Business trip | Thailand | Customer |
| **EVAMP SAANGA** | Sa | Social/Planned/direct | University | Pakistan | Professor |
| | Sb | Social/Planned/indirect | University | Pakistan | Ancien/Alumi |
| | Sc | Socail/planned/indirect | University | Paksitan | Ancien/Alumi |
| | Sd | Social/unplanned/direct | Family | Pakistan | Family |
| | Sf | Business/unplanned/direct | Internet | UAE | Customer |
| | Sg | Business/unplanned/direct | Internet | Kuwait | Customer |
| | Sh | Business/unplanned/indirect | Customer of Eg | Kuwait | Customer of Customer |
| | Si | Business/unplanned/direct | Internet | Dubai | Customer |
| | Sj | Business/unplanned/direct | Internet | Syria | Customer |
| **Kinverg** | Ga | Business related social/planned/direct | Business | Canada | Director |
| | Gb | Business related social/planned/direct | Recruited | Pakistan | VP |
| | Gc | Business/planned/indirect | Business Event | Saudi Arabia | Customer |
| | Gd | Business/planned/indirect | Business Event | Saudi Arabia | Customer |
| | Ge | Business related social/unplanned/direct | Business Event | Pakistan | Professional Relations |
| | Gf | Business/direct/unplanned | Business Event | Saudi Arabia | Customer |
| | Gg | Business/direct/unplanned | Business Event | Saudi Arabia | Customer |
| | Gh | Business/direct/unplanned | Business Event | UK | Customer |

# Résumé

L'intérêt pour l'internationalisation des petites entreprises a émergé dans les années 1970 et s'est développé au cours des quatre dernières décennies (Hollenstein 2005, Coviello et McAuley 1999, Fujita 1995, Buckley, 1989). Toutefois, l'intérêt spécifique relatif à l'internationalisation d'une nouvelle entreprise a débuté à la fin des années 1980 quand le nombre d'entreprises ayant leurs activités internationales juste après leur création (McDougall, 1989) a commencé à croître. Jusqu'aux années 1990, l'opinion partagée au sein de la recherche était que les PME disposent de ressources limitées en termes de finances, gestion et d'information ainsi qu'un réseau restreint en comparaison des grandes entreprises. L'internationalisation est donc un lent processus dans lequel elles augmentent l'engagement de leurs ressources vers les marchés étrangers par étapes progressives (Bilkey et Tesar, 1977). Par ailleurs, une hypothèse implicite est que l'entreprise commence à développer son activité sur le marché domestique avant de poursuivre à l'étranger. Durant les années 1990, des études commencent à présenter une vision différente de l'internationalisation des PME (Knight et Cavusgil 1996, McDougall et al., 1994) montrant que certaines PME ont commencé à opérer à l'étranger dès leur création ou peu après. En comparaison avec le point de vue conventionnel, ces entreprises démontrent une internationalisation plus rapide avec les engagements de ressources rapides sur les opérations marchés étrangers. La taille et les ressources limitées ne semblent pas représenter une contrainte pour leur internationalisation et ces PME sont souvent menées par des individus qui ont une expérience professionnelle internationale préalable et un réseau de relations personnelles, ce qui est utile pour l'internationalisation initiale de l'entreprise (Madsen et Servais , 1997). Pour distinguer ces PME, on leur donne des appellations telles que n*ées mondiales* (Knight et Cavusgil, 1996), *start-ups globales* (Oviatt et McDougall, 1994) et *nouvelles entreprises internationales* (NEI) (Oviatt et McDougall, 1994). Plusieurs études portant sur l'internationalisation des PME au cours des deux dernières décennies ont fait valoir que les entreprises nées mondiales représentent un modèle distinct du processus d'internationalisation par rapport aux autres types d'entreprises (Bell et al. 2003, Knight et Cavusgil, 1996). Les modèles traditionnels d'internationalisation, par exemple le modèle U (Johanson et Vahlne

1990, Johanson et Vahlne, 1977) et les modèles-I (Reid, 1981, Cavusgil 1980, Bilkey et Tesar, 1977) sont incapables d'expliquer le phénomène « *née mondial* » (Knight et Cavusgil, 1996). Johanson et Vahlne (2003) affirment également que les modèles supplémentaires sont obsolètes et que l'on a besoin d'un modèle pouvant mieux expliquer le processus d'internationalisation. La littérature récente suggère que réseau peut offrir une explication de l'internationalisation de ces petites entreprises qui dépendent des relations avec les autres pour leur développement (Coviello et Munro, 1995). En fait, la revue de la littérature indique que l'internationalisation des entreprises nées mondiales est une approche multidimensionnelle qui nécessite l'incorporation de trois approches théoriques différentes : l'internationalisation, l'analyse du réseau social et l'entreprenariat. La recherche des années 80 confirme que la majorité de ces petites entreprises utilise différents réseaux pour faciliter leur processus d'internationalisation. (Andersson et Helander, 2009). Bell (1995) met l'accent sur les petites entreprises de logiciels et soutient que l'approche réseau représente l'angle le plus approprié pour expliquer ce type d'entreprises. Coviello et Munro (1997) expliquent que l'intégration des modèles incrémentaux avec les modèles de réseau peut améliorer notre compréhension du processus d'internationalisation précoce des petites entreprises. De nombreux chercheurs soulignent l'importance des réseaux comme le facteur le plus crucial dans le développement des entreprises entrepreneuriales, voir par exemple, (Dubini et Aldrich, 1991; Aldrich et al, 1987;. Birley, 1985).Crick et Spence (2005) et Ellis (2000) soulignent également que les liens du réseau, à la fois entre les entreprises et entre les individus (particulièrement des cadres supérieurs ou des entrepreneurs fondateurs), jouent un rôle important dans la poursuite des débouchés internationaux. Sur la base de ces résultats, nous pouvons résumer que les activités de réseautage permettent aux entreprises nées mondiales de surmonter des contraintes de ressources Cependant, les connaissances sur le rôle des différents réseaux dans le processus d'internationalisation sont limitées (Eberhard et Craig, 2012). Malgré les recherches très répandues sur les entreprises à internationalisation précoce depuis 1994, la recherche empirique demeure fragmentée et contribue peu au corps commun de connaissances (Beate Cesinger et al., 2012) et il reste encore beaucoup à apprendre.

Différents chercheurs ont adapté divers points de vue sur ce qui constitue un réseau (O'Donnell et al., 2001) et le terme «réseau» est appliqué dans le domaine de la recherche entrepreneuriale d'une manière lâche (Shaw, 1997). Les éléments fondamentaux du réseau sont les liens et les nœuds. Dans le contexte des sciences sociales, les nœuds peuvent être décrits comme des acteurs qui sont des individus ou des groupes d'individus et les connexions comme des liens sociaux. Par conséquent, le réseau peut être décrit comme une série de liens, directs et indirects, d'un acteur à un ensemble d'autres acteurs (O'Donnell et al, 2001). Dubini et Aldrich (1991) définissent des réseaux personnels comme *«toutes les personnes avec qui l'entrepreneur a des relations directes (ou, pour certains cas, des relations indirectes via des relations directes) (p.307)»*. Burt (1992) a donné la définition la plus large du réseau dont il décrit comme étant des contacts constitués toute personne que chaque acteur connait, de tous celles qu'il n'a jamais connues et tous celles qui le connaissent, même s'il ne les connaît pas.

La littérature actuelle a identifié que les contacts personnels jouent un rôle dans le fait que de se rendre à l'étranger (Bonaccorsi, 1992; Reid, 1984), de stimuler l'intention des entreprises et de lancer l'internationalisation, (Chetty et Patterson, 2002; Ellis, 2000; Andersen, 1996; Coviello et Munro 1995 ), d'encourager la sélection de marché de (Coviello et Munro, 1997; Bell, 1995), d'aider à la prise de décision sur le mode d'entrée (Chetty et Campbell-Hunt, 2004; Chen, 2003; Johanson et Vahlne, 2003; Bell, 1995; Oviatt et McDougall, 1994), de donner accès à d'autres réseaux (Chetty et Patterson, 2002; Coviello et Munro, 1995; Bjorkman et Kock, 1995; Welch, 1992), de fournir la connaissance du marché local (Coviello et Munro, 1995; Larson, 1992), d'aider à construire la fiabilité initiale (Chetty et Patterson, 2002; Nahapiet et Ghoshal, 1998; Coviello et Munro, 1995; Osland et Yaprak, 1995), de réduire les risques, (Chetty et Patterson, 2002; Burgel et Murray, 2000), d'accélérer le rythme de l'internationalisation (Jones, 1999; Coviello et Munro, 1995) et de fournir les opportunités de marché et d'élargir la portée de l'entreprise (Coviello et Munro, 1995).

La recherche basée sur le réseau dans le domaine de l'entrepreneuriat est étudié dans trois domaines : la structure, le contenu des relations de réseau et la gouvernance

(Slotte-Kock et Coviello, 2010). L'objectif de notre recherche est le contenu des relations de réseau et également la structure des réseaux qui est considérée comme un prérequis pour étudier les autres dimensions de liens du réseau. De nombreux chercheurs sont passés directement à l’étude du rôle des jeux de réseaux dans l'internationalisation sans prêter la moindre attention à l’origine de ces liens. Harris et Wheeler (2005) insistent sur la nécessité d'étudier l'origine de la relation qui est également à l'étude dans notre recherche. En outre, une grande partie de la littérature a relié les entreprises nées mondiales avec le secteur de la haute technologie et dans les nouvelles industries (Crick et Jones, 2000) et ont identifié que les entreprises dans le secteur haute technologie s'internationalisent plus rapidement et de suivent des modes d'entrée sur le marché différentes de celles opérant dans le secteur basse technologie (Crick et Spence, 2005). Cependant, il existe de nombreux exemples d'entreprises nées mondiales dans les secteurs traditionnels et matures. La recherche confirme que ce phénomène n'est pas limité aux industries de haute technologie (McAuley 1999, Madsen et Servais, 1997). Les auteurs ont également fait valoir que cet effet modérateur n'est pas seulement restreint à l'industrie dans laquelle elles opèrent, mais que le niveau de développement institutionnel dans un pays a également un effet direct sur la composition des réseaux sociaux de l'entrepreneur. Cependant, on sait très peu sur les diverses influences du contexte national, sur le processus d'internationalisation des entreprises et sur la mesure dans laquelle les entrepreneurs s'appuient sur leurs réseaux sociaux au sein de leurs différents contextes nationaux (Kiss et Danis, 2008). Par conséquent, nous avons également l'intention d'étudier la composition des réseaux dans le cadre du niveau de développement institutionnel du pays en comparant des entreprises mondiales nées en France (haut niveau de développement institutionnel) et au Pakistan (faible niveau de développement institutionnel). En résumé, notre recherche est centrée sur l'origine, la structure et le contenu des réseaux dans divers secteurs industriels dans un contexte national différent. Dans les paragraphes qui suivent, nous passerons en revue la littérature concernant l'origine, la structure et le contenu des réseaux et nous discuterons du rôle modérateur de l'industrie et du développement institutionnel sur la composition du réseau et construire notre cadre conceptuel.

Le premier objectif de notre recherche est d'étudier l'origine des réseaux. Harris et Wheeler (2005) insistent sur la nécessité d'une recherche sur l'origine de ces relations. Précédemment, Holmen et al (2005), et Ghauri. al. (2003) et Wilkinson & Young (1997) ont souligné également que la nature des relations est un aspect rarement étudié. Holmen et al (2005) abordent la question «*comment les relations commencent*» et soulignent le peu d'attention porté sur le début de la relation. Ils identifient que la raison de cet intérêt moindre repose sur l'hypothèse que, le plus important réside dans la nature de la relation dans le temps et l'accent est mis sur la durée du processus d'interaction et des relations, la relation d'origine aura peu d'importance. Harris et Wheeler (2005) identifient également que le développement des relations à travers les interactions sociales est une question négligée dans la recherche et le rapport de cette relation peut venir de partout et son origine est large, dépassant les situations «sociales / personnelles » et « d'affaires» mais plus est rare parmi les clients, fournisseurs ou distributeurs des entreprises. L'évolution de l'information et l'acquisition de connaissances sont essentiellement un phénomène social, au moins dans les premiers stades de l'entreprise lorsque les individus augmentent leur confiance interpersonnelle. L'initiation à l'exportation par les petites entreprises est basée sur les relations qui sont d'ordre social et non pas uniquement issues des affaires (Styles et Amber, 2000). La littérature suggère également que les stratégies de gestion et de développement de réseaux ont un impact positif sur la performance (Leonidou et al. 2002, Zou et Stan, 1998). D'excellentes aptitudes au réseautage (personnel, interactif de confiance, et à long terme) pour atteindre une relation de proximité avec les distributeurs étrangers, les clients et les autres acteurs peuvent aider les entreprises dans la réussite de l'exportation. Cependant, peu d'indications sont données dans la littérature sur la façon de construire ces relations (Styles et Amber, 2000). Par conséquent, l'approche *«réactive ou proactive»* utilisée par l'entreprise dans son processus internationalisation est également un point important à considérer (Albaum et al., 2005). Cependant, il existe une autre approche qui est plus ou moins formelle où un marché est choisi en fonction des recommandations des relations d'affaires ou une opportunité se présente lors d'un voyage (Albaum et al., 2005). Andersson et Helander (2009) signalent que les processus de planification formelle de la stratégie n'existent pas dans les petites entreprises qui sont influencées par leurs réseaux lors leur processus d'internationalisation. La recherche affirme que les entrepreneurs sont plus susceptibles de s'internationaliser en développant les relations qu'ils ont, plutôt que de fixer des objectifs et élaborer des plans pour le développement de liens (Coviello et McAuley, 1999). Quand une petite entreprise décide de s'internationaliser, différentes modalités peuvent être choisies pour permettre ce processus. Pour conclure, cette section de notre projet de recherche est centrée sur l'origine des liens du réseau d'entrepreneurs. Nous enquêterons sur l'origine de ces relations et quelles sont les stratégies internationales réussies poursuivies par les entrepreneurs dans la construction et le développement de leurs relations.

Le second objectif de notre recherche est d'étudier la structure des réseaux. Celle-ci est le modèle des liens directs et indirects entre les acteurs (Hoang et Antoncic, 2003) et se réfère à la taille, la densité, la diversité et la force. Le terme densité est utilisé comme synonyme de force (Johannisson, 1996). Par conséquent, nous nous concentrons sur la taille, la force et la diversité que nous allons expliquer un à un dans les paragraphes suivants. La taille du réseau mentionnée ci-dessus se réfère au nombre réel de personnes qui participent au réseau (Tichy et al., 1979). La littérature existante a largement reconnu l'importance de la taille du réseau dans l'amélioration de la performance des entreprises (Hoang et Antoncic, 2003) et rapporte souvent que la taille est positivement liée à la performance initiale de l'organisation (Hansen, 1995). Burt (1992) souligne qu'un réseau plus grand conduit à un plus grand nombre de possibilités offertes. La grande taille du réseau augmente aussi la probabilité de recevoir une information diversifiée, surtout si l'objectif de recherche d'information est difficile (Mars et Mars, 1978). Ainsi, une plus grande taille du réseau contribue à augmenter la collecte des ressources, relie les gens et assure un accès plus large à d'autres liens forts et faibles. Cependant, Burt (1992) soutient que les avantages de la taille du réseau sont conditionnés à la «*diversité du réseau*». La grande taille du réseau peut signifier une plus grande exposition à l'information, mais de nombreux contacts avec une moindre diversité ne sont pas pleinement utiles. O'Donnell et al. (2001), en ligne avec les conclusions antérieures de Burt (2000) soutiennent également qu'il ce n'est pas la seule taille, mais aussi la diversité qui influent sur la configuration du réseau. Il a également été suggéré par Steier et Greenwood (2000) que les entrepreneurs doivent développer un réseau diversifié et étendu plutôt qu'un réseau uniforme et limité pour surmonter le handicap de la nouveauté et des pressions concurrentielles. Comme l'ont souligné Dubini et Aldrich (1991), la diversité du réseau est également un aspect clé des réseaux d'entreprise. Steier et Greenwood (2000) soulignent que la diversité du réseau permet d'accéder à des informations nouvelles provenant de différentes sources. Hite et Hesterly (2001) ont également fait valoir que la diversité de la population ainsi que les entrepreneurs impliqués dans les différentes phases de la start-up sont très limités et l'entrepreneur s'entoure de liens basés sur l'identité dans les premiers stades de l'entreprise. Toutefois, le point important est le réseau équilibré qui peut augmenter la probabilité d'activités transnationales. Patel et Conklin (2009) constatent que les effets combinés de la taille et de la portée du réseau sont significativement plus grands que leurs effets individuels. La taille du réseau équilibré et sa portée dans les milieux institutionnels respectifs améliorent le degré des activités transnationales. La force des liens se définit comme «*une combinaison de temps, d'intensité émotionnelle, d'intimité et de services réciproques*» (Granovetter 1973, 1361). Granovetter (1973, 74, 85) est probablement l'un des premiers chercheurs qui a tenté de conceptualiser le capital social en termes de liens forts et faibles. Il rejette également l'hypothèse que c'est la taille du réseau qui fait la différence et introduit l'idée de la force du réseau. Par la suite, beaucoup de recherches sur le réseau d'entreprise (Jack 2005, Anderson et Miller, 2003 Schutjens et Stam, 2003 Jenssen et Koenig 2002, Hite et Hesterly 2001, Steier et Greenwood, 2000, Uzzi, 1997 Johannisson et al., 1994 Bengt, 1988) ont été basés sur le cadre théorique de liens forts ou faibles développés par Granovetter. Des liens forts se composent de membres de la famille et d'amis proches et sont efficaces pour fournir un accès à diverses ressources, y compris le soutien social (Birley, 1985 Greve, 1995), le soutien financier (Larson et Starr, 1993), la fourniture d'informations affinées (Elfring et Hulsink 2003, Hansen 1995, Uzzi, 1997), la motivation (Jenssen et Koenig, 2002) ainsi que la solidarité et la confiance pour réduire les conflits et l'incertitude (Krackhardt, 1992). Brudel et Preisendorfer (1998b) soulignent également l'importance des liens solides pour expliquer le succès de l'entreprise, tel que mesuré par la survie des entreprises et soutiennent que des liens solides composés de la famille et les amis ont un impact positif sur les affaires et la survie. Jack (2005) montre également dans son étude que les liens forts fournissent non seulement des connaissances et des informations, mais aident également à maintenir et à améliorer la réputation personnelle et professionnelle. En outre, des liens forts servent également à pallier des liens faibles dans un contexte social plus large. En contradiction, d'autres auteurs tels que Granovetter (1973) et Burt (1992) insistent sur l'importance des liens faibles et les décrivent comme des sources les plus fonctionnels d'échanges, et soutiennent qu'un réseau personnel majoritairement composé de liens forts est moins inefficace en termes d'informations relatives aux opportunités (Ibarra, 1993). Les liens faibles agissent comme un pont entre les liens déconnectés et relient les individus aux ressources socialement plus éloignées (Granovetter, 1973) permettant ainsi la circulation de nouvelles idées et d'informations entre les individus (Burt, 1992). Les liens faibles sont également libres de rigidités sociales qui compliquent le transfert d'information (Ahuja, 2000) et donnent accès à diverses ressources (Uzzi, 1997), y compris au capital financier (Jenssen et Koenig, 2002), aux nouvelles idées, informations et connaissances (Bloodgood et al. 1996, Monsted 1995, Aldrich et Zimmer, 1986b). La littérature internationale en entrepreneuriat soutient qu'il y a une plus grande probabilité de connaître des débouchés internationaux pour les entrepreneurs ayant un réseau composé majoritairement de liens faibles (Oviatt et al., 1995) avec des contacts internationaux, cela représente un avantage compétitif car ils permettent l'accès à l'information qui est entravée par les rigidités structurelles associées à des liens forts (Blyler et Coff, 2003). Sharma et Blomstermo (2003) soulignent également l'importance des liens faibles dans l'internationalisation précoce des entreprises nées mondiales et font valoir l'importance de l'accumulation de connaissances à travers l'établissement d'un nombre optimal de liens faibles à l'étranger car ils sont sources de références tout en sélectionnant les marchés étrangers. Toutefois, le compromis entre liens forts et faibles fait partie du débat dans la littérature. Le débat sur les liens forts et faibles indique que les deux liens sont bénéfiques pour les entreprises émergentes à des fins et à des moments différents (Elfring et Hulsink, 2003). Johannisson (1986) a aussi fait valoir que le réseau idéal devrait être composé de deux liens forts et faibles. Han (2006) signale également que l'efficacité des caractéristiques des liens sur l'élaboration de stratégies de démarrage de l'internationalisation et sur la performance subséquente dépend de la combinaison de plusieurs liens faibles et quelques liens forts. En conclusion, nous pensons que l'efficacité du réseau dépend de la combinaison des liens à la fois forts et faibles parce que les différents types de liens permettent d'accéder à différentes ressources, comme

Uzzi (1997) qui suggère que les entreprises bénéficient d'un mélange de liens. En mettant l'accent sur la force des liens, nous avons l'intention de traiter cette question et vise à fournir une meilleure compréhension du rôle des liens faibles et forts.

Venons-en maintenant à notre troisième objectif, Cavusgil et Knight (2009) suggèrent que les chercheurs devraient étudier le rôle de la relation de réseau dans le cadre d’une internationalisation rapide et substantielle. L'objectif principal de cette recherche est de développer une meilleure compréhension du rôle des réseaux dans l'acquisition des ressources. A cet effet, nous avons emprunté la catégorisation des ressources donnée par Grant (1991) dans lequel il a décrit les ressources en catégories financière, physique, humaine, organisationnelle, technique et réputation. Nous expliquerons l'acquisition des ressources par les réseaux dans les paragraphes suivants. La littérature antérieure identifie les contraintes rencontrées par les petites et moyennes entreprises (PME) au cours de l'internationalisation qui comprennent l'absence d'économies d'échelle (Welch et Luostarinen, 1988), le manque de ressources financières et de connaissances (Karlsen et al., 2003), et l'aversion au risque ( Dimitratos et Plakoyiannaki, 2003) comme des problèmes majeurs. Les trois contraintes sont exacerbées dans les situations où les petites entreprises s'internationalisent tôt et rapidement (Knight et Cavusgil, 2004). Freeman et al. (2006) font valoir que ces entreprises surmontent les principales contraintes de compétences du réseau de construction en développant une gamme d'alliances et de partenariats. Sur un plan général, les liens de réseau semblent faciliter l'internationalisation (Chetty et Campbell-Hunt, 2004 Coviello et Munro, 1997). Dans une étude récente, Coviello (2006) confirme le rôle important des réseaux pour ouvrir les portes pour les entreprises nées globales aux financements, à l’accès au marché, aux canaux de distribution et aux contacts pour le développement à la fois externe et interne du marché. Les ressources acquises dans le réseau des entreprises aident non seulement l'entreprise née mondiale au fur et à mesure qu'elle évolue grâce à l'internationalisation, mais aussi avant l'internationalisation, dès les premières étapes de son développement. Coviello (2006) constate aussi que la nature des ressources provenant du réseau peut varier d'une entreprise à l'autre, et durant les étapes de l'internationalisation. Les chercheurs ont également identifié l'importance des liens de réseaux dans la fourniture de l'INV de mécanismes d'entrée sur le marché (Coviello et

Munro, 1995 Bell, 1995), le recrutement du personnel (Evangelista, 2005) et des ressources financières pour soutenir le développement de nouveaux produits (Coviello et Munro, 1997). Sharma et Blomstermo (2003) démontrent que les nouvelles entreprises utilisent et exploitent des liens du réseau pour obtenir de l'information sur le marché étranger. Le rôle de la connaissance et de l'apprentissage est considéré comme une dimension clé de l'internationalisation de l'entreprise et est bien reconnu (Johanson et Vahlne, 2003 2006, 2009). Il offre une occasion de faire progresser notre compréhension du processus d'internationalisation (Zahra 2005 , Zahra et al., 2000a). L'approche INV suggère que les fondateurs et les équipes de direction avec leurs connaissances et leurs expériences antérieures soutiennent l'internationalisation précoce d'une nouvelle entreprise (Oviatt et al., 1995), qui est renforcée par de nouvelles connaissances et par l'expérience acquise au cours du processus d'apprentissage. Les avantages des entreprises proviennent de l'utilisation des méthodes formelles de collecte d'information (Chaudhry et Crick, 2002) et de l'intégration de savoirs activement détenus par les individus, les entreprises et les réseaux inter-organisationnels (Casillas et al., 2009). La littérature la plus récente en ce qui concerne l'internationalisation des entreprises nées mondiales (Lindstrand et al. 2011, Tolstoï 2010, Manolova et al. 2010, Presutti et al., 2007) a mis l'accent sur la création et l'acquisition de connaissances par leurs réseaux. Auparavant, Chetty et Campbell-Hunt (2004) et Harris & Wheeler (2005) ont souligné l'importance de la connaissance du marché local, issue de réseaux personnels dans les premiers stades de l'internationalisation. Le réseau permet d'accéder à des informations précieuses, ce qui est important dans l'environnement incertain dans lequel elles opèrent (Hite et Hesterly, 2001). Le réseau que les entrepreneurs établissent à l'extérieur de leur organisation fournit des informations, des connaissances et des ressources qui sont utilisées pour explorer les marchés étrangers (Hoang et Antoncic, 2003). Au cours de l'internationalisation de l'entreprise, les décisions de pénétrer de nouveaux marchés sont parmi les plus cruciaux que l'entreprise est amenée à prendre (Douglas et Craig, 1992) parce que le choix des marchés étrangers constitue un tremplin pour l'expansion future de l'entreprise.

La littérature actuelle évoque les approches que les entrepreneurs devraient adopter. D'une part, les décisions d'entrée sur le marché étranger (FME) sont prises sur la base d'une approche rationnelle par rapport aux conditions du marché et sont basées sur des informations objectives recueillies systématiquement par le biais d'études de marché (Root, 1994 Toyne 1989, Young et al., 1989 Douglas et Craig., 1983). D'autre part, il est également suggéré que l'approche systématique ou traditionnelle préconisée est rarement utilisée en pratique pour la sélection du marché (Axelsson et Johanson. 1992, Johanson et Vahlne, 1992) et les décisions d'entrée sont souvent prises pour des raisons non-rationnelles ( McDougall 1991, Brown and Cook, 1990). La recherche sur le réseau de suggère que l'entrée sur les marchés étrangers est le résultat de l'interaction entre l'entreprise et ses réseaux (Holm et al. 1996, Blankenburg, 1995). Pour de nombreuses entreprises de haute technologie et de l'industrie, les chemins de l'internationalisation reflètent leur relation avec les différents fournisseurs et clients au sein du réseau fournissant des ponts vers d'autres marchés (Coviello et Munro, 1997 Axelsson et Johanson. 1992, Johanson et Vahlne, 1992).

Le quatrième objectif de notre recherche est d'étudier le rôle modérateur de l'industrie et du contexte national. Boter et Holmquist (1996) mettent l'accent sur la grande importance de l'industrie de la nationalité de l'entreprise pour comprendre le comportement international de l'entreprise. Une grande partie de la littérature a relié la présence d'entreprises nées mondiales avec le secteur high-tech et des nouvelles industries (Crick et Jones, 2000). Cependant, (1997), Madsen et Servais rapportent que l’entreprise née mondiale est issue de nombreuses industries et le phénomène n'est pas seulement limité aux industries de haute technologie. Des recherches antérieures suggèrent que la stratégie, la structure et les ressources des entreprises doivent être en conformité avec les exigences des environnements externes (Lawrence et Lorsch, 1967). Par conséquent, l'influence des réseaux sur les nouvelles performances de risque peut également varier entre une industrie à basse technologie et une industrie à haute technologie (Rowley et al., 2000). La littérature concernant le rôle modérateur de l'industrie dans l'internationalisation précoce des entreprises soutient que le bon mélange de capital humain et social dépend en grande partie de l'environnement industriel (Madsen et al., 2008) et le type d'industrie dans laquelle l'entreprise a été créée peut également affecter la structure et la configuration du réseau en raison de différents besoins en ressources et types d'entreprises sur le développement du réseau d'entreprises (Brass et al., 2004). Dans les industries de haute technologie, un haut niveau d'incertitude et de dynamisme existent, et qui encourage les entreprises à explorer de nouvelles opportunités et construire de nouvelles compétences. Toutefois, les industries de basse technologie se réfèrent à des industries où des niveaux élevés de stabilité encouragent les entreprises à exploiter les capacités existantes dans la recherche de l'efficacité. (Rowley et al., 2000, Mars 1991). Johannisson (1996) suggère que les liens personnels provenant de sources sociales peuvent être moins importants dans les industries manufacturières que dans le secteur des services. Schutjens et Stam (2003) identifient les entreprises dans le secteur manufacturier ont relativement plus de types de relations d'affaires que les entreprises dans le secteur des services. La recherche a également suggéré que les différents niveaux d'innovation influent sur la variété des contacts que les établissements innovateurs ont tendance à avoir plus souvent des relations de coopération que celles sans innovation (Johannisson, 1996).

Il a également été affirmé que modèle d'internationalisation varie également d'un pays à l'autre en raison des différences dans l'environnement et le développement dans un pays (Welch et Luostarinen, 1988) et le niveau de développement institutionnel d'un pays a un impact direct sur la composition des réseaux sociaux de l'entrepreneur (Kiss et Danis, 2008). En ce qui concerne l'internationalisation d'une entreprise, on sait très peu sur l'influence de différents contextes nationaux sur le processus d'internationalisation des entreprises et la mesure dans laquelle les entrepreneurs dépendent de leurs liens sociaux (baiser et Danis, 2008). Kiss and Dannis (2008) dans leur modèle théorique expliquent que, bien que des liens à la fois forts et faibles ont un impact direct et positif sur la vitesse de l'internationalisation, mais la force relative de ces liens dépendra du développement institutionnel des pays qui peuvent avoir un effet direct sur la composition des liens. La dépendance de l'entrepreneur à l'égard des réseaux sociaux varie selon les pays et le contexte institutionnel, ce qui signifie que dans les pays ayant un niveau inférieur de développement institutionnel (en transition et économies émergentes), les entrepreneurs ont tendance à s'appuyer davantage sur les liens sociaux par rapport à des entrepreneurs de pays développés. Les réseaux sociaux dans les pays ayant un faible niveau de développement institutionnel, sont caractérisés par un environnement turbulent et des ressources limitées, jouent non seulement un rôle essentiel dans la mobilisation des ressources, mais aussi pour aider à faire face aux contraintes imposées par les structures institutionnelles très bureaucratiques (Smallbone et Welter, 2001). Même dans les pays où les institutions formelles sont instables et faibles, l'activité de réseautage est plus intense (Batjargal 2003, Smallbone et Welter, 2001). Les entrepreneurs comptent davantage sur leurs liens sociaux avec l'augmentation de l'incertitude et de la turbulence de l'environnement (Batjargal 2003, Peng, 2000, Peng et Luo, 2000). Kiss and Dannis (2008) affirment que le processus de nouvelle internationalisation est affecté par ces différences institutionnelles de base dans les réseaux et les contenus du réseau sont à leur tour influencés par le niveau de développement institutionnel du pays qui en fait modère la relation entre les réseaux sociaux et les nouvelles internationalisations. Ils soutiennent en outre que, les liens de réseaux sociaux à la fois forts et faibles facilitent, indépendamment du contexte institutionnel, l'internationalisation rapide. Cependant, les liens forts sont plus prédominants dans les pays à faible niveau de développement institutionnel et les liens faibles sont plus prédominants dans les pays à plus forte niveau de développement institutionnel. Des recherches antérieures ont également souligné que la conduite des affaires internationales dans un environnement avec des institutions sous-développées ou en évolution appelle à la mise en place de solides liens personnels (Kornai, 1992) car ils offrent un abri (Aldrich, 1999). L'importance et la nécessité d'étudier le rôle modérateur du développement institutionnel devient plus important en présence d'études qui contrastent avec les études antérieures et les théories de réseaux existantes citant les réseaux et leur utilisation comme important pour l'activité entrepreneuriale. Par exemple, Witt et al. (2008) dans leur étude sur les entrepreneurs allemands trouvent des résultats en contradiction avec les résultats antérieurs rejetant l'hypothèse du réseau et ont constaté que les liens du réseau n’ont presque aucune incidence sur l'acquisition de ressources peu chères ou exclusives. De même, une étude sur des entreprises russes de Galina et Patricia (2012) étudie l'influence des liens de réseaux sur l'internationalisation des entreprises dans un contexte institutionnel et n'a trouvé aucune preuve solide de l'importance des liens de réseaux dans l'internationalisation des entreprises russes. Ils justifient leurs résultats en faisant valoir que des liens à la fois sociaux et commerciaux jouent un rôle mineur.

Pour étudier nos thèmes, l'approche adaptée pour cette recherche est une combinaison de l'approche à la fois déductive et inductive. Nous avons préféré une approche qualitative dans notre recherche pour comprendre l'internationalisation rapide de l'affaire des entreprises de l'enquête et les concepts inclus dans notre enquête sont complets qui peuvent être fortement associée à des données qualitatives (Robson, 2002). La stratégie d'étude de cas multiples choisie pour notre thèse permet de comprendre que le début de l'internationalisation constitue une autre influence, issue des études antérieures. Par ailleurs, l'étude des caractéristiques des réseaux et de leurs fonctions, des effets que les relations peuvent avoir sur la sélection des marchés étrangers et le mode d'entrée peuvent être présentés comme étant exploratoire. Dans cette thèse, dix de cas d'entreprises (6 françaises et 4 pakistanaises) sont choisis pour notre recherche qui en fait une étude de cas multiples. L'un des objectifs de notre recherche étant de comparer les entreprises de faible technologie avec celles de haute technologie, nous choisissons donc délibérément les entreprises des industries de haute technologie telles que la technologie médicale et internet et des industries de faibles technologies telles que les industries du vin et du textile (Tableau i).

| | **France** | **Pakistan** |
|---|---|---|
| **Industrie de haute technologie** | Entreprises de l'Internet Et de Technologie médicale | Entreprises de l'Internet |
| **Industrie de faible technologie** | Entreprises du vin | Entreprises du textile |

Tableau i: Entreprises de haute et faible technologies de notre recherche

Les entreprises françaises sont choisies en Gironde, un département de la région Aquitaine situé au sud-ouest de la France. Les entreprises en provenance du Pakistan sont sélectionnées par des contacts personnels, car aucune base de données organisée telle qu'Orbis n'est disponible. Une brève présentation de la société est donnée dans le tableau ii.

Cette stratégie d'étude de cas multiples permet de comparer différents de cas d'entreprises et permet également au chercheur de comprendre un sujet d'étude complexe (Bryman et Bell, 2003). Pour répondre à l'objectif de notre recherche, nous estimons que c'est la stratégie de recherche la plus appropriée parce qu'elle correspond à l'objectif de notre thèse et a également été précédemment adaptée par les chercheurs dans ce domaine de recherche spécifique (Ojala, 2009 Zain et Ng, 2006 Coviello et Munro, 1997). Il a également été demandé de mener des entretiens semi-structurés, en anglais et en face-à-face. Cependant, dans le cas où des répondants ne seraient pas disposés à mener des interviews en anglais, ils leur a été proposé de permettre à un collègue francophone de m'accompagner. Cependant, toutes les entreprises participantes ont montré leur volonté de mener des entrevues en anglais. Après transcription des interviews, le logiciel Nvivo 10 est utilisé pour analyser le contenu des interviews. Notre analyse de cas a suivi la recommandation de Miles et Huberman (1994) de mélanger le processus de collecte et d'analyse des données très étroitement dès le début de la recherche non seulement dans le but de tester la pertinence des questions de recherche, mais aussi celle des autres cas.

| **Société** | **Pay** | **Année** | **Secteur** | **Employé** | **Année de la première Export** | **taux d'exportation** |
|---|---|---|---|---|---|---|
| **Med-Imaps** | FRANCE | 2006 | TBS iNsights | 12 | 2009 | 51.90 |
| **Creaspine** | | 2005 | SupStance, L-Sense, Kira | 8 | 2007 | 32.26 |
| **Edu media** | | 2004 | Educational Data Resource | 4 | 2004 | 39.95 |
| **Kaizen Marketing Group** | | 2005 | Performance based Internet Marketing | 25 | 2005 | 51.93 |
| **Aimeric Wine** | | 2009 | Wine | 1 | 2009 | 96.44 |
| **Courréges Wine** | | 2008 | Wine | 2 | 2009 | 79.24 |
| **MN Fabrics** | PAKISTAN | 1994 | Bed Linen, Curtains, Institutional Textiles, Table Linen | 100+ | 1997 | 31.00 |
| **KPK Carpets** | | 2007 | Carpets | 27 | 2008 | 27.00 |
| **Kinverg** | | 2009 | IT Management & Consultancy | 8 | 2010 | 31.00 |
| **Evamp Saanga** | | 2002 | Mobile Applications, Digital Web & Mobile Content | 30 | 2003 | 50.00 |

Tablaeu ii : Une brève présentation de la société

Dans les entreprises de notre échantillon, l'âge moyen des entreprises est de 7,1 ans avec des extrêmes de 3 à 18 ans, et toutes les entreprises sélectionnées sont à moins de 20 ans selon les critères de sélection. Elles ont toutes commencé l'exportation dans les trois premières années suivant leur création. Le ratio moyen des exportations est de 49,08%. Nos résultats montrent que les liens des entrepreneurs provenaient des deux milieux sociaux et d'affaires.

Nos résultats montrent que les liens proviennent à la fois des milieux sociaux et des milieux d'affaires. Sur les 95 liens étudiés, 27 ont leur origine dans les milieux sociaux non commerciaux, 19 liens ont leur origine dans des milieux sociaux liés au marché et 49 ont leur origine dans des activités commerciales connexes (Fig i). La majorité des liens (49 sur 95 à l'étude) ont leur origine dans le réseautage d'affaires.

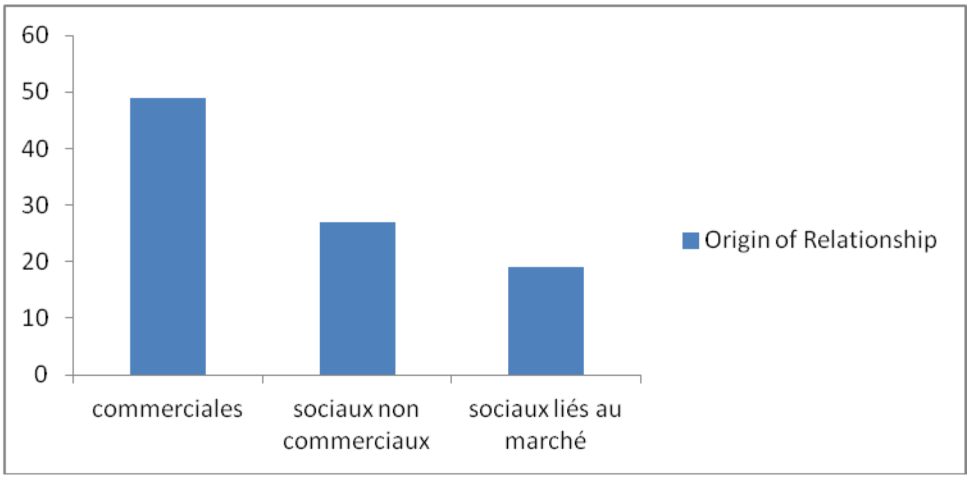


Fig i: Origine de réseaux

Des liens proviennent également de relations sociaux hors affaires (27out de 95) et de réseaux sociaux d’entreprises connexes (19 sur 95). La majorité des liens sociaux non professionnels ont leur origine dans la famille, les amis et les amis d’université / d’école. Dans le cas de l'activité sociale liée à l'entreprise, la majorité des rapports a été tissée au lors de salons commerciaux et / ou d’expositions. Nous avons constaté la présence de deux liens directs et indirects. Dans le cas de réseaux commerciaux des liens indirects (28 sur 49) sont dominants par rapport à des liens directs (21 sur 49). Toutefois, en cas de liens provenant de liens directs avec les réseaux sociaux sont dominants. Par exemple, sur les 27 liens provenant de réseaux sociaux hors affaires, 22 liens sont directs et 5 sont indirects. De même sur les 19 liens ayant origine dans les réseaux sociaux d'affaires connexes, 13 sont directement contre 3 liens indirects. La majorité des entrepreneurs prévoient la mise en place et le développement de liens et d'adopter une approche systématique et délibérée. Dans notre analyse, bien que les deux liens directs et indirects soient présents, sur les 95 liens de l'étude, 57 sont des liens directs et 52 sont indirects. Nos résultats sont en ligne avec Agndal et al (2008) qui ont suggéré que, dans la phase précoce de l'internationalisation, les entrées sur les marchés étrangers sont plus susceptibles d'être liées aux questions sociales. Si nous étendons notre discussion aux liens prévus ou planifiés, nous arrivons à déterminer que soixante-trois (63) des liens sur quatre-vingt-cinq restants sont planifiés et vingt-deux (22) ne sont pas planifiés (Fig ii). Toutefois, dans le cas d'entreprises IT, le rôle d'internet est évident dans notre cas, ce qui nécessite des recherches plus poussées comme l'a suggéré (Borghoff, 2011) qui a également insisté sur la nécessité d'approfondir l'hypothèse que les TIC facilitent l'internationalisation rapide.

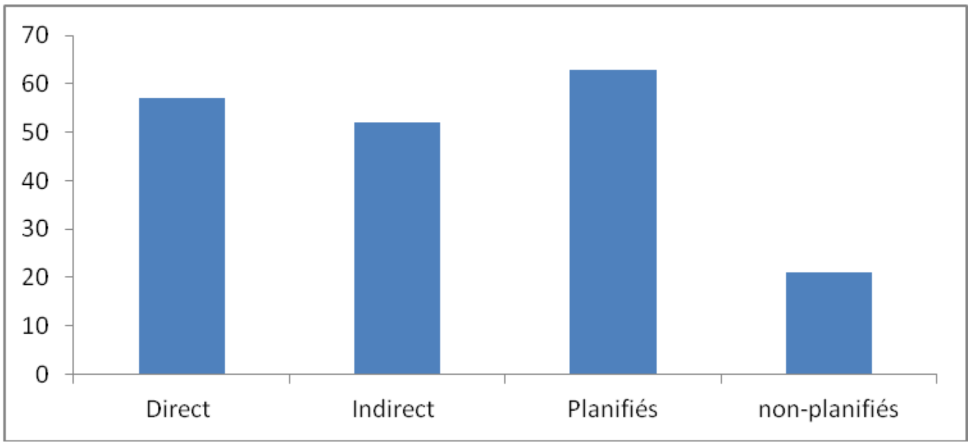


Fig ii : Les Réseaux Direct/Indirect et planifiés/non-planifiés

En ce qui concerne la structure du réseau, la taille du réseau est jugée faible (taille moyenne de 9,5) dans tous les cas étudiés. La taille du réseau des entreprises étudiées est mentionnée dans la figure iii.

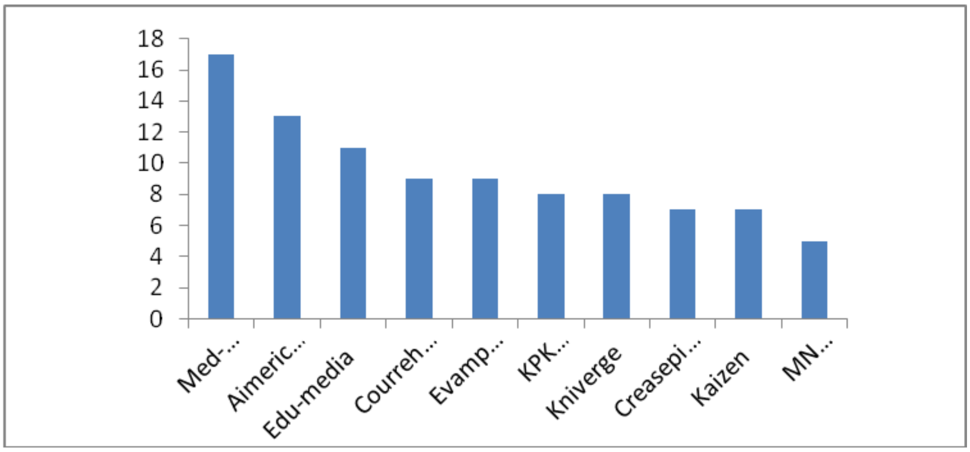


Fig iii : La Taille du Réseaux

La petite taille du réseau est conforme aux résultats de Hansen (1991, 1995) qui suggère un réseau de pré-organisation entrepreneuriale incluant 2 à 19 liens. Des liens à la fois fort et faible sont présents mais les liens faibles sont dominants, fig iv (72 liens faibles par rapport aux 23 liens forts). Des liens forts dans nos cas sont constitués par

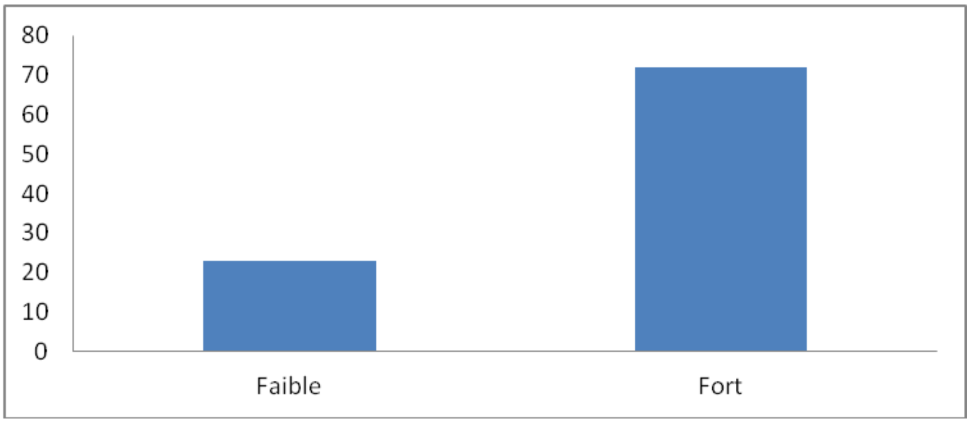


Fig IV : La Taille des Réseaux Faibles et Forts

des membres de la famille et les amis proches. Comme nous l'avons mentionné, la littérature internationale sur l'entrepreneur soutient que les liens plus faibles à l'étranger augmentent la probabilité d'une augmentation des débouchés internationaux et finiront par conduire à l'internationalisation rapide (Oviatt et McDougall, 2005a). Nos résultats confirment ce constat. Nos résultats confirment également que l'efficacité du réseau dépend à la fois des liens forts et faibles parce que les différents types de liens fournissent différentes ressources comme le suggère Uzzi (1996,1997).

Borgotti et al (1998) soulignent l'importance de la qualité de la composition de cravate pour des résultats solides. L'analyse des différents liens des cas étudiés montre clairement que les antécédents professionnels sont un indicateur important de la qualité des liens dans les réseaux d'entreprise. Presque tous les entrepreneurs impliquent d’anciens collègues et amis. Klapper (2008) soutient que les entrepreneurs eux-mêmes s’entourent avec la bonne quantité de capital humain pour réussir dans les premiers stades de la start-up. Presque tous les entrepreneurs possèdent un très haut niveau de capital humain en termes d'expériences professionnelle et de formation. La majorité des entrepreneurs ont une expérience professionnelle significative. La qualité des liens dans les affaires est élevée car les réseaux impliquent des entrepreneurs, mais la diversité des liens dans les cas visés par l'enquête est très limitée, ce qui est en ligne avec Hite et Hesterly (2001) qui suggèrent que les entrepreneurs s'entourent de liens basés sur l'identité dans les stades précoces de risque.

Nos résultats sont en ligne avec la littérature antérieure qui confirme que le rôle des liens étroits n'est pas seulement limité à un soutien social et à la motivation, comme soutenu par Jenssen et Koenig (2002), Greve (1995), Birley (1985), mais également que des liens étroits fournissent des ressources financières et matérielles. Une bonne partie de la recherche empirique suggère que les liens forts sont importants tant pour la mobilisation et que pour l'acquisition des ressources (Starr et Macmillan, 1990, Jarillo, 1989). Cependant, notre enquête révèle la présence de liens forts dans l’ensemble des cas étudiés, en particulier en phase d'émergence identifiée par Greve et Salaff (2003). Des liens forts donnent accès au capital financier identifié par Larson et Star (1993), à la motivation (Jenssen et Koenig, 2002) et au soutien (Birley, 1985 Greve, 1995). Cependant, contrairement aux conclusions de (Elfring et Hulsink 2003, Uzzi 1997, Hansen, 1995), le rôle des liens forts dans la fourniture d'informations affinées et tacites est seulement évident dans le cas des entreprises de basse technologie (vin et entreprises textiles). De plus, nos conclusions révèlent également que les liens forts fournissent un mécanisme faisant appel à des liens faibles pour agir comme un pont. D'autre part, les liens faibles se trouvent être dominants dans notre analyse et leur rôle majeur est d'obtenir des connaissances et des informations sur les marchés étrangers. Les entrepreneurs utilisent également des liens faibles pour obtenir des idées d'affaires, reconnaître les opportunités, à bâtir la réputation et l'image de l'entreprise et à obtenir des informations sur la réputation du client. Par ailleurs, des liens faibles agissent également comme un pont et font appel à d'autres liens faibles donnant accès à diverses ressources. Un des principaux avantages des liens faibles pour les entreprises étudiées, c'est qu'ils fournissent l'accès à l'information. Notre analyse montre que toutes les entreprises étudiées reçoivent des informations et des conseils de leurs relations faibles. Nous soutenons également que les liens faibles sont également impliqués en faisant appel à d'autres liens faibles comme l'ont révélé les cas d'EduMedia et Kinverg.

Le processus d'internationalisation des entreprises IT et de technologie médicale révèle également le rôle des liens faibles. Le rôle de ces derniers est évident dans la réputation et le renforcement de l'image dans le cas des entreprises de technologie médicale où le rôle des leaders d'opinion, qui sont bien connus dans l'industrie, est très important pour l'image du produit et sa réputation. Les entrepreneurs cherchent légitiment à réduire ce risque perçu ; par l'association ou par l'obtention de la certification explicite de la part d'individus et d'organisations bien considérés. Les liens avec le capital-risque et les organisations professionnelles, par exemple, CIVB, sont également identifiés dans nos résultats, pour le cas des entreprises du vin. Les documents d'études montrent que les entrepreneurs utilisent régulièrement les réseaux pour obtenir des idées et recueillir des informations permettant d'identifier les opportunités entrepreneuriales (Hoang et Antoncic 2003, Singh et al. 1999, Birley, 1985). Dans les cas étudiés, les entreprises utilisent leurs liens faibles pour reconnaître les opportunités internationales. Les managers sont limités par un manque de connaissances sur les partenaires étrangers fiables et dignes de confiance tels que les fournisseurs et les clients, et ils utilisent leurs réseaux locaux pour obtenir des informations sur la réputation du client comme on le voit dans le cas des entreprises de vin. Le démarrage d'une entreprise nécessite plus de connaissances et de ressources économiques que le contrôle des entrepreneurs. Les ressources manquantes sont appelées actifs complémentaires (Teece, 1987). Pour acquérir des actifs complémentaires, l'entrepreneur doit savoir où celles-ci sont disponibles et comment elles peuvent compléter ses ressources. La connaissance des actifs complémentaires n'est pas facilement disponible, elle passe par le biais d'autres personnes. Elles doivent être consultées activement par des entrepreneurs qui utilisent leurs liens sociaux. Les entrepreneurs doivent organiser les connaissances et d'autres facteurs de production, pour ensuite les resituer dans leur contexte afin que l'information soit utile.

Une grande partie de la littérature relie le phénomène de l'internationalisation précoce et industries de haute-technologie (Crick et Jones, 2002), mais nous soutenons que cette constatation, en accord avec les conclusions de McAuley (1999) et Madsen et Servais (1997), qui rapportent que de nombreuses entreprises nées mondiales sont issues de l'industrie. Dans notre échantillon, nous avons pris des exemples de deux industries de haute technologie (informatique et des technologies médicales) et des industries de basse technologie (vin & textile). Nos résultats confirment la présence du phénomène de l'internationalisation précoce dans les deux secteurs. Si nous nous concentrons sur la structure des liens du réseau dans des secteurs de faible et de haute technologies, en ce qui concerne la taille du réseau concerné, nous ne pouvons tirer aucune différence significative. La taille moyenne du réseau dans le cas d'entreprises de secteur de basse technologie est de 8,75 allant de 5 à 13 et la taille moyenne en cas de secteur haute technologie est 9.83 allant de 7 à 17 ans. Toutefois, si nous étendons notre discussion à la force des liens, nous pouvons observer quelques différences. Par exemple, les liens forts et faibles sont présents dans les entreprises de basse technologie à travers la création de l'internationalisation par rapport à des entreprises de haute technologie où les liens faibles sont majoritairement présents. Dans entreprises de haute technologie, nous trouvons la présence de seulement trois liens forts par rapport aux 58 liens faibles. D'autre part, des liens solides des entreprise entreprises de faible technologie sont présents à la fois dans la création et le stade d'internationalisation. Dans trois cas étudiés (Courreges Vin, KPK Tapis et tissus MN) sur quatre, la première étape à l'étranger a été rendue possible avec l'aide de liens forts. La raison est le niveau élevé de stabilité dans le secteur de faible technologie où les entreprises exploitent leurs capacités existantes dans la recherche de l'efficacité par rapport au secteur haute technologie où des niveaux élevés d'incertitude et le dynamisme exigent d'explorer de nouvelles opportunités pour construire de nouvelles compétences. En ce qui concerne la diversité des liens, les différences ont été trouvées dans les industries de haute et basse technologies. Dans le cas des industries à faible technologie, des liens du réseau sont moins diversifiés, limités à la famille et aux amis contrairement aux entreprises de haute technologie où les réseaux sont plus variés y compris les relations avec les collègues, les universitaires, l'industrie, les organisations gouvernementales et les distributeurs. En ce qui concerne l'origine du réseau dans les entreprises de haute technologie, des liens ayant leur origine dans des activités commerciales connexes sont dominants par rapport aux liens ayant origine dans la vie sociale et les activités connexes aux activités sociales. Dans six entreprises sélectionnées du secteur de la haute technologie de notre échantillon, 36 liens sur 60 ont leur origine dans des activités commerciales connexes, 11 ont des origines dans les activités sociales et 13 liens dans les activités sociales liées aux entreprises. En revanche, dans le cas des entreprises de basse technologie, des liens ayant leur origine dans les activités sociales et commerciales liées sont dominants. Sur les 36 liens étudiés dans quatre entreprises à faible technologie de notre échantillon, 23 liens ont leur origine dans l'activité sociale et commerciale liée par rapport aux 13 liens ayant une origine dans l'activité des entreprises. La raison que nous avons déjà expliqué, c'est la présence de liens forts (normalement des amis proches) dans l'internationalisation des entreprises de basse technologie, ce qui n'est pas le cas dans le secteur de haute technologie. Une autre différence tant dans les secteurs basse et haute technologie est la présence de liens directs et indirects. Environ un tiers des attaches (10 sur 36) dans les entreprises de faible technologie sont indirects par rapport à environ la moitié des liens (28 sur 60) dans les secteurs de haute technologie. Cependant, dans les deux secteurs, les tiers impliqués sont des amis, des collègues et le précédent employeur. Si nous étendons notre discussion à l'approche systématique adoptée par l'entrepreneur, nous arrivons à voir que les entreprises dans le secteur de la haute technologie, par rapport à des entreprises de basse technologie, adoptent une approche plus systématique dans le développement de leurs relations. Par exemple, 47 liens sur 60 sont prévus dans le cas des entreprises de haute technologie par rapport aux 18 liens prévus sur 36 dans le cas des entreprises de basse technologie. La majorité des liens, sur un total de 13 liens imprévus dans le cas d'entreprises de haute technologie, sont issus de l'internet où les clients ont fait leur premier contact par le courrier électronique, le site web, un client ou un précédent employeur qui agissent comme un pont. Dans le cas des entreprises de basse technologie, 19 liens ne sont pas planifiés parce qu'ils sont de vieux amis ou des membres de la famille. En ce qui concerne les liens prévus, sont concernés une majorité des liens à la fois dans le secteur haute et basse technologies se situe dans des activités commerciales connexes. Si nous nous concentrons sur la comparaison entre le rôle des liens faibles et forts dans les secteur de basse et de haute technologies, nous constatons que des liens à la fois forts et faibles sont présents à travers la création de l'internationalisation des entreprises de basse technologie par rapport à des entreprises de haute technologie où seuls les liens faibles sont présents. Toutefois, dans le cas d'entreprises de haute technologie, le rôle des liens forts (famille) est limité à un soutien moral et à un encouragement, ce qui est également évident dans presque tous nos cas. De même, dans le cas de trois entreprises de faible technologie (Courreges Vin, KPK Tapis et tissus MN), la première étape à l'étranger est réalisée à l'aide de liens forts, contrairement aux entreprises de haute technologie où seuls les liens faibles sont impliqués tout au long de l'internationalisation précoce. Après la première étape à l'étranger, on trouve des points communs dans l'acquisition de ressources et de connaissances par les entreprises de basse et haute technologies via des liens faibles.

Maintenant, en mettant l'accent sur le contexte institutionnel, Kiss et Dannis (2008) dans leur modèle conceptuel sur le niveau de développement institutionnel, les réseaux sociaux et la vitesse d'internationalisation de risque du pays, suggèrent que pour étudier cet effet modérateur, les entrepreneurs issus de deux environnements différents (à partir de deux pays, le premier avec un bas niveau et le second avec haut niveau de développement institutionnel) peuvent être interrogés. Pour un faible niveau de développement institutionnel, nous avons pris l'exemple du Pakistan. Pour le haut niveau de développement institutionnel où l'environnement est stable et sûr, nous avons pris l'exemple de la France. Comme nous avons sélectionné des entreprises tant des secteurs de haute technologie (informatique et technologie médicale) que celles à faible technologie (Vin et du textile), nous sommes en accord avec les arguments de Kiss et Danis (2008) qui indiquent que les deux liens faibles et forts sont présents (figure v) et ont un effet direct et positif sur l'internationalisation. Cependant, nous soutenons avec leurs arguments que la composition des réseaux d'entreprise dépend du niveau de développement institutionnel dans le pays. Ils précisent que les entrepreneurs des pays à faible niveau de développement institutionnel peuvent trouver des liens forts plus bénéfiques, contrairement aux pays ayant un niveau élevé de développement institutionnel où les entrepreneurs peuvent trouver des liens faibles plus bénéfiques.

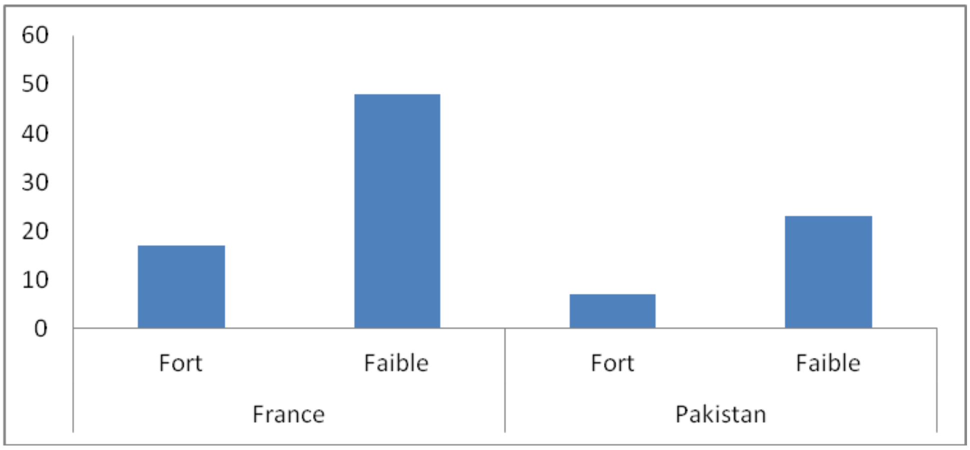


Fig v: Les Réseaux forts et faibles dans des pays de niveau de développement institutionnel

Cependant, nous trouvons des résultats différents dans le cas de secteurs de haute technologie, à la fois en France et au Pakistan, où les liens faibles sont dominants et jouent un rôle essentiel dans l'acquisition des ressources (figure v).

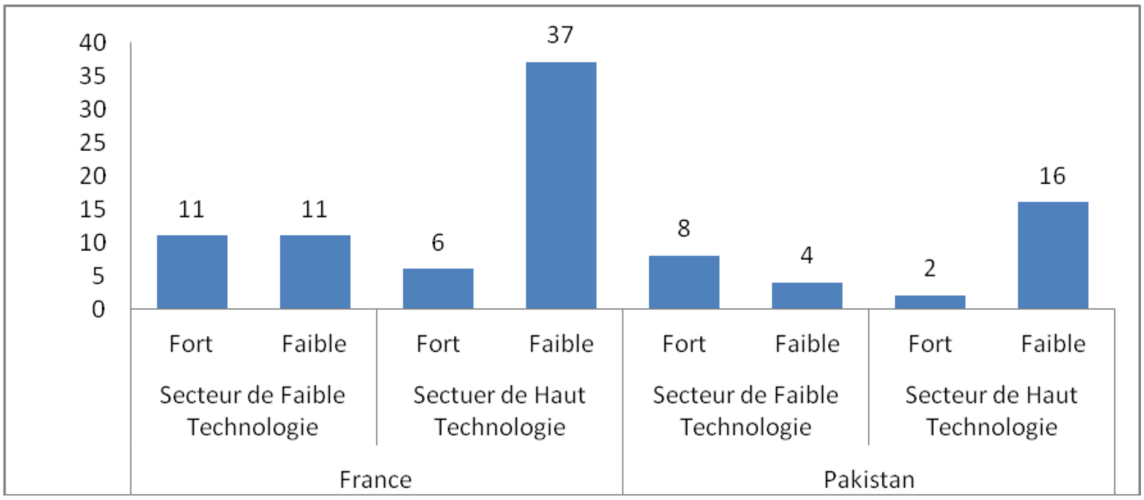


Fig vi : Le Réseaux forts et faibles des entreprises dans les secteur haut et faible technologie  au Pakistan et en France

Cependant, si nous analysons dans le détail et divisons les entreprises sélectionnées en France et au Pakistan, nous parvenons à un résultat intéressant. Dans le cas du secteur traditionnel au Pakistan, à savoir l'industrie textile, le rôle des liens étroits prédomine dans l'acquisition des ressources et de l'internationalisation précoce. Toutefois, dans le cas de secteur de faible technologie en France, deux liens forts et faibles sont présents dans les mêmes proportions. Par ailleurs, dans le cas du secteur de la haute technologie en France et au Pakistan, les liens faibles sont actuellement majoritaires. Ainsi, nous pouvons affirmer que, au lieu de se concentrer uniquement sur le niveau de développement institutionnel du pays, Kiss and Dannis (2008) peuvent être mieux compris si l'on ajoute l'effet modérateur de l'industrie.

En bref, nos résultats montrent que les liens proviennent à la fois des milieux sociaux et des milieux d'affaires. La majorité des liens ont leur origine dans le réseautage d'affaires. La majorité des liens sociaux non professionnels ont leur origine dans la famille, les amis et les amis d’université / d’école. Dans le cas de l'activité sociale liée à l'entreprise, la majorité des rapports a été tissée au lors de salons commerciaux et / ou d’expositions. Dans notre analyse, bien que les deux liens directs et indirects soient présents mais la majorité des liens sont directs. Nous arrivons à déterminer que la majorité des liens sont planifiés. En ce qui concerne la structure du réseau, la taille du réseau est jugée faible (taille moyenne de 9,5) dans tous les cas étudiés. Nos résultats confirment également que l'efficacité du réseau dépend à la fois des liens forts et faibles parce que les différents types de liens fournissent différentes ressources comme le suggère Uzzi (1996,1997). Nos résultats sont en ligne avec la littérature antérieure qui confirme que le rôle des liens étroits n'est pas seulement limité à un soutien social et à la motivation. Notre enquête révèle la présence de liens forts dans l’ensemble des cas étudiés, en particulier en phase d'émergence. D'autre part, les liens faibles se trouvent être dominants dans notre analyse et leur rôle majeur est d'obtenir des connaissances et des informations sur les marchés étrangers. Les entrepreneurs utilisent également des liens faibles pour obtenir des idées d'affaires, reconnaître les opportunités, à bâtir la réputation et l'image de l'entreprise et à obtenir des informations sur la réputation du client. Par ailleurs, des liens faibles agissent également comme un pont et font appel à d’autres liens faibles donnant accès à diverses ressources. Dans notre échantillon, nous avons pris des exemples de deux industries de haute technologie (informatique et des technologies médicales) et des industries de basse technologie (vin & textile). Nos résultats confirment la présence du phénomène de l'internationalisation précoce dans les deux secteurs. Si nous nous concentrons sur la structure des liens du réseau dans des secteurs de faible et de haute technologies, en ce qui concerne la taille du réseau concerné, nous ne pouvons tirer aucune différence significative. Toutefois, si nous étendons notre discussion à la force des liens, nous pouvons observer quelques différences. Par exemple, les liens forts et faibles sont présents dans les entreprises de basse technologie à travers la création de l'internationalisation par rapport à des entreprises de haute technologie où les liens faibles sont majoritairement présents. Dans entreprises de haute technologie, nous trouvons la présence de seulement trois liens forts par rapport aux 58 liens faibles. D'autre part, des liens solides des entreprise entreprises de faible technologie sont présents à la fois dans la création et le stade d'internationalisation. En ce qui concerne l'origine du réseau dans les entreprises de haute technologie, des liens ayant leur origine dans des activités commerciales connexes sont dominants par rapport aux liens ayant origine dans la vie sociale et les activités connexes aux activités sociales. Si nous nous concentrons sur la comparaison entre le rôle des liens faibles et forts dans les secteur de basse et de haute technologies, nous constatons que des liens à la fois forts et faibles sont présents à travers la création de l'internationalisation des entreprises de basse technologie par rapport à des entreprises de haute technologie où seuls les liens faibles sont présents. Toutefois, dans le cas d'entreprises de haute technologie, le rôle des liens forts (famille) est limité à un soutien moral et à un encouragement, ce qui est également évident dans presque tous nos cas. Comme nous avons sélectionné des entreprises tant des secteurs de haute technologie (informatique et technologie médicale) que celles à faible technologie (Vin et du textile), nous sommes en accord avec les arguments de Kiss et Danis (2008) qui indiquent que les deux liens faibles et forts sont présents et ont un effet direct et positif sur l'internationalisation. Cependant, nous trouvons des résultats différents dans le cas de secteurs de haute technologie, à la fois en France et au Pakistan, où les liens faibles sont dominants et jouent un rôle essentiel dans l'acquisition des ressources. Ainsi, nous pouvons affirmer que, au lieu de se concentrer uniquement sur le niveau de développement institutionnel du pays, Kiss and Dannis (2008) peuvent être mieux compris si l'on ajoute l'effet modérateur de l'industrie.