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LONG-TERM DEVELOPMENT OF BORN GLOBAL FIRMS
Entrepreneurial orientation and innovative culture in Italian Born Globals

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ABSTRACT

Due to the rise of international operations during the past thirty years, Born Global firms have been caught the attention of many scholars since their rising. In the existing literature there are different definitions of Born Globals, this proved that they represent an important topic in the international business field. Every aspect of Born Globals has been analysed: the triggers that pushed the internationalisation process at the beginning and the performances during the short-term. What was very little addressed were the performances during the long-term, in particular for what concerns the Entrepreneurial Orientation and the Innovative Culture. The two aspects are addressed in the following study. More specifically, the Italian business environment is taken into account due to the strong presence of young small and medium enterprises that internationalise their business operations since inception.

Based on the previous studies it is built a theoretical framework in order to investigate the Entrepreneurial Orientation and the Innovative Culture during the long-term development of Born Global firms in the Italian business environment. In order to achieve the theoretical purpose, above mentioned, in the study are investigated firstly the triggers that pushed Italian Born Globals to internationalise their activities, secondly, the performances in the short-term are considered to better understand the strategies that those firms adopted. Thirdly, the elements that could affect the long-term performances are considered in order to detect the importance of Entrepreneurial Orientation and Innovative Culture during the long-term development.

The study is based on the analysis of firms' behaviour toward the long-term development of the internationalisation strategies in order to detect how the performances are influenced by the Entrepreneurial Orientation and the Innovative Culture. Three semi-structured interviews among Italian Born Globals were conducted in order to better evaluate their attitude in facing foreign markets by exploiting the prior experience and knowledge of the founders to face the risk. In addition, the interviews helped the researcher to investigate the organisational learning culture that leads to Innovative Culture within a firm. The findings proved that the Entrepreneurial Orientation and Innovative Culture do not change during the long-term development of a Born Global, indeed they are the key elements to maintain a successful positioning in foreign countries.

KEYWORDS: Born Global Firms, Entrepreneurial Orientation, Innovative Culture, Long-term Development, International Development, Fast Growing Firms

1. INTRODUCTION

This chapter aims to introduce the topic of the thesis. First, a background of the study is presented by highlighting the research gap. In the following part, the research question and objectives of the study are delineated. Finally, the theoretical delimitations, the main concepts and the structure of the study are defined.

1.1. Background of the study

During the past thirty years, the volume of international operations had increased. Particularly, from the 1990s the phenomenon of early internationalisation of small and medium enterprises, called Born Global Firms (BGs), gain momentum. It is complex and includes different approaches that differ for each case-study (Badzinska 2017). The phenomenon was speeded up first of all by globalisation, then by the rise of the internet and other modern communication technologies (Cavusgil and Knight 2015: 4-5). Specifically, BGs are now using the most advanced internet based services as the main partner for achieving success (Mettler and Williams 2011; Schneor 2012). In addition, what is important in the BGs business scenario is the network that could be easily built through online tools in order to catch new multinational opportunities (Renda 2011). In Europe, one-fifth of new ventures could be defined as BGs (Eurobarometer 2015) since they started their international activities from the inception with a global vision.

In the field of the internationalisation strategies many studies about BGs firms already exist (Knight and Cavusgil 2004; Rialp et al. 2005; Oviatt and McDougall 2005; Gabrielsson et al. 2008; Efrat and Shoham 2012; Coviello 2015; Cavusgil and Knight 2015), they are mostly focused on the internationalisation process by analysing the definition and the general behaviour of BGs. More specifically, the level of risk incorporated in their development by studying their evolution phases and how they are growing internationally so fast with empirical evidence (Gabrielsson et al. 2008). Especially, researchers and scholars focused their attention on explaining precisely the term Born Global by defining the various growth stages, the vision of the founders,

commitment, resources and investments. There is not a unique and globally accepted definition of BGs, each researcher discloses at the beginning of the work which definition will be adopted in order to avoid misunderstandings.

As a notably high number of young enterprises are global from their inception, a lot of studies analysed their strategies, the development processes and their visions, but there are few works on the long-term performances. It is important to study when and how they reach a mature stage since it is useful to be aware of the future path that BGs firms must follow in order to survive and be successful.

What distinguishes BGs is the international and global mindset early from their inception. The inclination of these firms derives from the entrepreneur's vision, the commitment of resources and willingness to take risk that leads to international growth (Knight and Causgil 2004: 129-130). Furthermore, according to Gabrielsson et al. (2008: 387-388), BG firms start their export activities immediately from their beginning, usually after three years from their foundation, the learning process is done through networks and partners. Additionally, investments are made even if they don't know the market. Those are the basic aspects that define a young enterprise as a BG firm, what will be investigated in this thesis is whether these aspects are preserved once BGs develop in the long-term or not.

To estimate the international performance of a BG firm they have to be evaluated in "*terms of survival and growth*" (Efrat and Shoham 2012: 679) in the long-term, even if those aspects are critical during the first phase of fast internationalisation. In addition, the successful performances are strictly related to the time that a firm requires to grow (Efrat and Shoham 2012: 682-683). Since BGs, by definition, rely on high and innovative technologies, time plays a very important role. In order to develop new products that could create a new niche market, BGs should consider a time frame of three years (Chandy and Tellis 1998.)

As already mentioned, most of the studies concerning BGs firms focus their attention on entry dynamics, what happens in the long-term perspective has been very little addressed

(Cavusgil and Knight 2015: 11-12). It is important to investigate how BGs evolve over time and which changes take place during this process. As they grow very fast in size and scope it is relevant to study how BG firms balance the entrepreneurial behaviour, the institutionalisation and the administrative bureaucracy in the long run (Cavusgil and Knight 2015: 11-12). Furthermore, it is relevant to examine whether the original culture of being BGs change or not. It might depend on the strong entrepreneurial and global vision of the founders together with their commitment enforced by the strong technological orientation which leads BGs to always seek for new innovative products (Cavusgil and Knight 2004: 5-10). In the last few years, some researchers focus merely their attention on the differences between short-term and long-term performances of BGs (Efrat and Shoham, 2012). These studies were conducted by considering the distinct drivers that affect the performances in different time frames without providing a specific strategic framework that usually BGs adopt during their long-term growth.

1.2. Research question and objectives of the study

This Thesis aims to analyse how BG firms develop in the long-term perspective and which are the changes detected in their evolution through size and scope. More specifically, this research pursues to analyse how BGs firms succeed over time and whether their Entrepreneurial Orientation and Innovative Culture change or not. Then, the Research Question to be answered is the following:

Do Entrepreneurial Orientation and Innovative Culture change in the Italian Born Global firms during the long-term development?

The objectives in support to the Research Question are divided in theoretical and empirical objectives:

Theoretical objectives:

- To analyse the existing literature related to the short-term international performance of Born Global firms.
- To analyse what characterizes the long-term international performance of Born Global firms.
- To analyse the factors that are expected to influence entrepreneurial orientation and innovation culture in the long-term performances of Born Global firms.

Empirical objectives:

- To analyse the entrepreneurial orientation and the innovation culture in the long-term of Italian BG Firms.
- To analyse the factors that characterise international performance of Italian BG Firms.

The aim of this study is to improve the knowledge about the long-term development of BG firms, in particular for what concerns the two key features that bring them to improve performances over time. The Entrepreneurial Orientation and the Innovative Culture are analyzed, since they were very little addressed. Secondly, those elements of BGs are studied within the Italian business environment that can influence their performances. All the above mentioned choices proved the novelty of the study.

By following these objectives, the researcher will, first of all, delineate a theoretical framework that it is useful to understand the process followed by BGs during the internationalization process. After having in mind which are the main elements that influence the long-term development, the second step is to answer the research question by focusing on the role of Entrepreneurial Orientation and Innovative Culture within

Italian BGs. The empirical objectives will be reached by gather primary and secondary data and conduct a qualitative analysis by using a deductive approach.

1.3. Delimitations of the study

Starting from the research problem, followed by the research question and the objectives, various delimitations have been found for this study. The context of the study has been limited in order to adapt it to the scope. The focus on long-term performances was based on the relevant nature of the topic as it is explained in the introduction part.

The choice to study the long-term performances of Italian BGs is driven by the strong entrepreneurial and innovative nature of Italian small and medium enterprises. The most important delimitation of this study is represented by the structured followed by the researcher to build the theoretical framework. The decision is inspired by the nature of the topic. As the purpose is to study the development of BGs during the long-term is appropriate to start from the triggers that pushed BGs to begin international operations, go through the short-term performances, and finally analyse the long-term performances. At this point is suitable to understand which measures are used by BGs to evaluate their success through the measurement of foreign performances. Since the Entrepreneurial Orientation and the Innovative Culture must be addressed to pursue the goal of the study, the already mentioned internationalisation process is viewed in the light of those two elements.

In addition, the Italian entrepreneurial culture is strictly related to the industrial districts in which “*collective behaviour via imitation among firms and/or shared international initiatives are common*” (Gabrielsson et al. 2008: 387-389). In other words, the findings could not be generalised since each market has different features that could influence the performance of BGs. For example, the American market is characterised by a strongly individualistic culture, by contrast in Italy “*the entrepreneurial behaviour occurs at a group level*” (Gabrielsson et al. 2008: 387-389). The firms that will be selected in order to study their performances in the long run are the Italian fastest growing companies that

went international within their first three years of activities or even earlier, and now are experiencing the long-term development within a timeframe of eight/ten years. Those firms will be chosen from the list of the fastest growing European companies drafted by the Financial Times in May 2017. Some firms' common characters will be considered to select the enterprises that will be analysed. Focusing the attention only on the Italian market is a considerable delimitation since the drivers that influence the fast and early internationalisation of firms are related to the home market characteristics (Fan and Phan 2007). First of all, the size of the market plays a very important role in the decision process of the early internationalisation, in addition, the production capacity as well as the cultural and economic forces.

For what concerns the definition of BGs, some restrictions are involved. First of all, there is not a globally accepted definition, the researcher state which one is adopted during the study. This could be considered an important limitation for what concern the development of the theoretical framework. Anyway, it is necessary to state the definition in order to avoid misunderstandings during the draft of the study. To reach the purpose of the study some models are applied in order to better outline the findings. More specifically, in the study of short-term performances the researcher uses the three phases model developed by Gabrielsson et al. (2008), this can be considered a limitation. In addition, the researcher focuses the attention on the changes that may occur in the long-term only for what concerns the entrepreneurial orientation and the innovative culture that could affect the performances. Hence, the empirical findings could not be generalised for all the Italian BGs since other factors that could influence the development will not be considered.

For what concerns the methodology that will be used to collect and analyse the empirical data, it will be exploratory, by illustrating all the dynamics of entrepreneurial orientation and innovative culture of Italian BGs. A qualitative method will be adopted, the collection of data will be done by using different sources of data and methods, in order to ensure the validity, reliability and credibility of the research. Both primary and secondary data will be collected by using a deductive approach. The most important role will be played by primary data that will be gathered with semi-structured interviews to selected Italian BGs. By adopting a semi-structured method, it will be possible to adapt the questions to the

answer that managers will give. The sources of secondary data will be text and non-text documents, surveys and data-set in order to develop a deep knowledge of the context of the companies subjected to the case study.

1.4 Main concepts and definitions

In this paragraph will be explained the main concept included in the following study and the definitions in order to allow a better understanding of the topic.

BORN GLOBALS – “Business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries ” (Knight and Cavusgil 2004: 124).

SMALL AND MEDIUM ENTERPRISES (SMES)- “Small and medium-sized enterprises (SMEs) are non-subsidiary, independent firms which employ fewer than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as in the European Union.” (OECD 2005).

FAST GROWING COMPANY- “All enterprises with average annualised growth greater than 20% per annum, over a three years period should be considered as high-growth enterprises. Growth can be measured by the number of employees or by turnover. (...) A provisional size threshold has been suggested as at least 10 employees at the beginning of the growth period.” (Eurostat-OECD: 2007: 61)

SHORT-TERM – “A time frame for investing in which an asset is held for one to three years. The measure of a "long term" time frame can vary depending on the asset held or the investment objective. For tax purposes, assets held for less than a year and sold for a gain are subject to a higher tax than that of the long-term capital gains rate.” (Business Dictionary)

LONG-TERM DEVELOPMENT – “Generally, a time frame for investing in which an asset is held for at least seven to ten years. The measure of a "long term" time frame can vary depending on the asset held or the investment objective.” (Business Dictionary)

ENTREPRENEURSHIP – “Entrepreneurship is a process by which individuals – either on their own or inside organizations – pursue opportunities without regard to the resources they currently control.” (Stevenson and Jarillo 1990: 23)

INNOVATION – “Innovation is conceived as a means of changing an organization, either as a response to changes in the external environment or as a pre-emptive action to influence the environment. Hence, innovation is here broadly defined to encompass a range of types, including new product or service, new process technology, new organization structure or administrative systems, or new plans or program pertaining to organization members.” (Damanpour 1996: 694).

1.5 Structure of the study

Chapter 1 is the introductory one, a background of the study is provided by defining the research gap that the Thesis aims to fill. In addition, it provides the research questions and the objectives of the study. Finally, the theoretical delimitations and main concepts are provided.

Chapter 2 gives the explanation of BGs Firms by reporting the key definitions used in the previous studies, the features and variables that bring BGs to succeed.

Chapter 3 explain more in deep the performances of BGs both in the short-term and in the long-term by defining the factors that affect them. Secondly, the measures that are used to evaluate the performances will be analysed. Furthermore, the entrepreneurial orientation and innovation culture within BGs will be defined and analysed, with a focus on the long-term. Finally, a description of the Italian business environment considering BG firms will be provided.

Chapter 4 in this chapter will be explained the methodology adopted to analyse the data collected. First of all, the research design will be described. Then, how the data are collected, and the case study considered will be pictured. Finally, to prove the quality of the study will be analysed the investigative process.

Chapter 5 in this chapter the analysis of the empirical results will be conducted in order to answer the empirical questions and respect the objective delineated in the introductory chapter. The purpose of this chapter will be to link the theoretical framework, previously developed, with the empirical results. The managerial implications will be analyzed in order to define an empirical framework consistent with the findings.

Chapter 6 is the conclusive one in which the conclusion and summary are delineated, in additions delimitations and suggestions for future studies are reported.

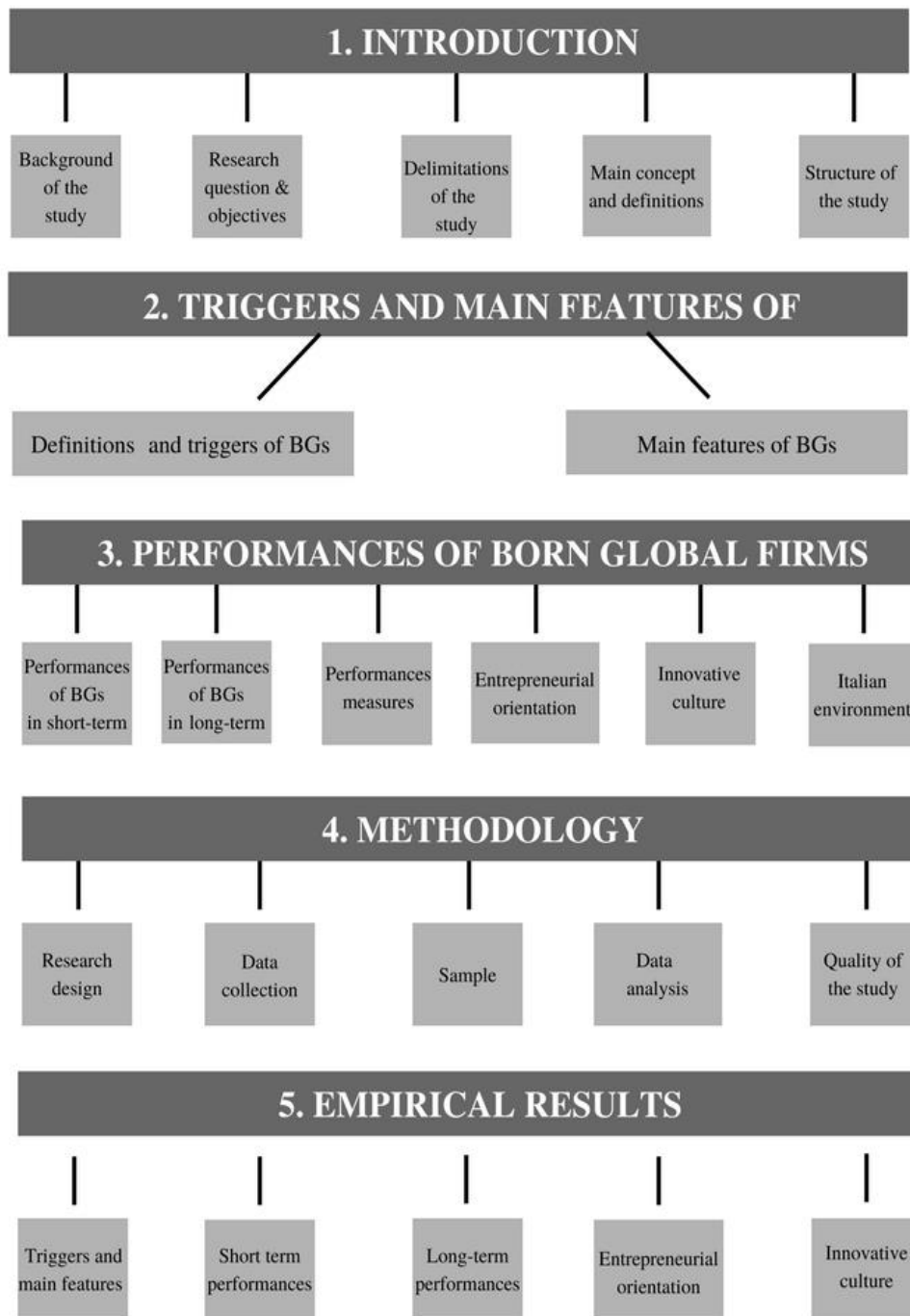


Figure 1. Structure of the study.

2. TRIGGERS AND MAIN FEATURES OF BORN GLOBAL FIRMS

First of all, in this chapter, the definitions of BGs firms are provided in order to deeply understand the nature and the vision with the drivers that pushed their rise. Secondly, the most important elements that characterised the culture and the variables that bring BGs to success are described.

2.1 Definitions and trigger of Born Globals

“Born Global Firms are business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries”.

(Knight and Cavusgil 2004: 124)

BG firms are defined by many authors in different ways and there is not a universally accepted definition. The most important definitions of BG firms are summarised in Table 1. However, BGs are usually referred as “*international new ventures*” by Oviatt and McDougall (1994), “*infant multinationals*” by Madsen and Servais (1997), “*born again global*” by Bell et al. (2011) and “*innate exporters*” by Mettler and Williams (2011).

The key features of BGs are the knowledge-based resources and their international orientation from inception. The knowledge skills embedded in those firms, from their foundation, are essential in order to create added value to customers around the world. Indeed, innovation and entrepreneurial orientation, as inborn resources, could encourage BG firms to succeed in the global economic scenario as they constitute solid values to build trust in a company.

Table 1. Definitions of Born Globals.

Author	Definition	Time before starting international activities	Share of exports
Oviatt & McDougall (1994)	<i>International new venture</i> : business organization that from inception, seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries	-	-
Bell, McNaughton & Young (2001)	<i>Born Again Global</i> : well-established firms that have previously focused on their domestic markets, but which suddenly embrace rapid and dedicated internationalization	-	-
Knight & Cavusgil (2004)	<i>Born Global Firms</i> are business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries	Begin exporting after 2 years from inception	25% of the sales outside
Luostarinen & Gabrielsson (2006)	<i>Born Global firm</i> is an enterprise that have global vision and/or at a global growth path.	Enter global market from the beginning	50% of the sales outside

The differences in definitions are caused by factors such as the country of origin and the economy they referred to that implies different percentages of export sales and different time-frames. As stated by Dominguihos and Simões (2004) the most common features to identify BG firms are the period of time before starting international activities and the share of exports. In the U.S. that is a large country, with an average low export ratio, the authors specified that a BGs must export 25% of their sales within three years of activities (Gabrielsson et al. 2008). On the other hand, in Europe, the definition of BGs could differ. Countries are smaller and almost every start-up could easily reach 25% of export if it sells a specialised product in niche markets (Gabrielsson et al. 2008). Therefore, Finnish authors utilised the following feature: a BG must export 50% of its sales to an external country (Luostarinen and Gabrilesson, 2006).

In order to avoid misunderstandings, the definition that will be adopted in this study is the one by Knight and Cavusgil (2004). The time frame considered for the beginning of international activities will be the one from three to five years since the inception, only few studies consider a time frame longer than five years. This helps us to take into account a wider sample. For what concerns export and global growth, as the empirical study is conducted in Italy (Europe), BGs must have 50% of the sales in foreign markets. Since, Italy is a small country with an economy mostly based on small and medium enterprises, with a high rate of exports, considering a high percentage of export sales is necessary.

Another feature that could be considered in defining BG firms, it is the number of foreign countries in which they expand their operations. Usually, in the earlier studies, there are not specific delimitations for what concerns the export countries. However, in most of the studies are taken into account firms that expand the activities at least in three different countries. Finally, according to the objectives of this research an important characteristic to be considered is the continuity and importance of foreign sales in the long-term. All the differences used to define BGs could affect the results of the studies that are linked to the characteristics, performances and strategies. In fact, it will not be easy to compare the various studies.

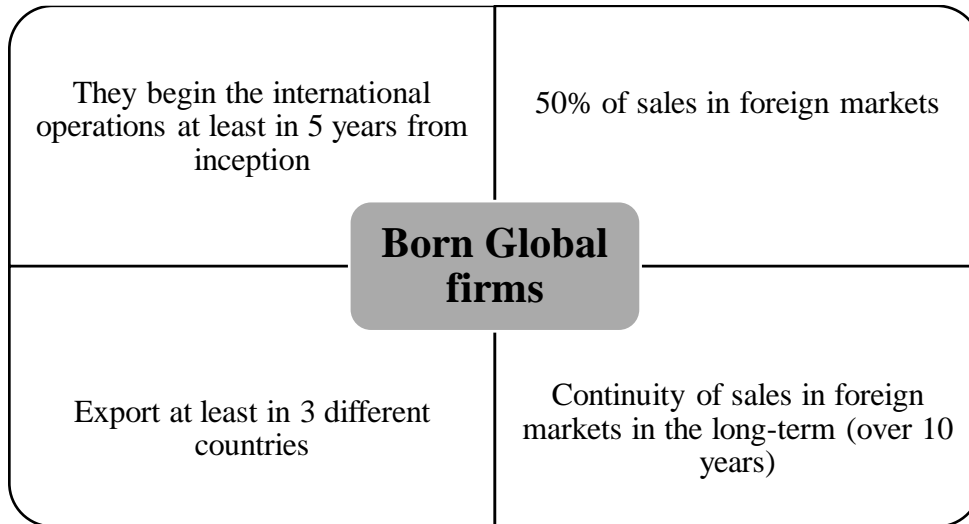


Figure 2. Characteristics of Born Globals that will be considered in the study.

The term BG was firstly used in a McKinsey and Company study conducted in Australia in 1993 (McKinsey and Company 1993), in which there was a perception that a new category of entrepreneurial enterprises had emerged. What intrigued the most international business researchers was the reason why young enterprises internationalise early from their inception. However, there were only a few studies about that topic until 2004 when Knight and Cavusgil started to study the phenomenon.

During 1980s international business experienced an acceleration of early and rapid internationalisation of firms. In particular, young entrepreneurial firms started looking for customers in foreign markets and soon their activities become global. The main driving force of BGs was globalisation together with the rise of new communication technologies that decrease the costs of internationalisation (Cavusgil and Knight, 2015). Globalisation leads to the growing homogenization of consumers' preferences, that made international business easier for what concerns product development and positioning (Knight and Cavusgil, 2004). What speeded up this phenomenon was first of all (1) the intensifying of niche markets, then (2) new technologies, in particular, new innovative means of communication. In addition, (3) the natural advantage that characterises small companies. Related to the advances in technologies, all the international activities become easily

available to companies in order to encourage (4) cooperation and networks (Larimo 2006). More recent studies (Zucchella et al. 2016) reported as main triggers of BGs the economic and financial crisis that affected the main markets in the last years. In addition, *“increasing global competition, growth of emerging markets and digital revolution put a lot of pressure on small and young firms”* (Zucchella et al. 2016: 28).

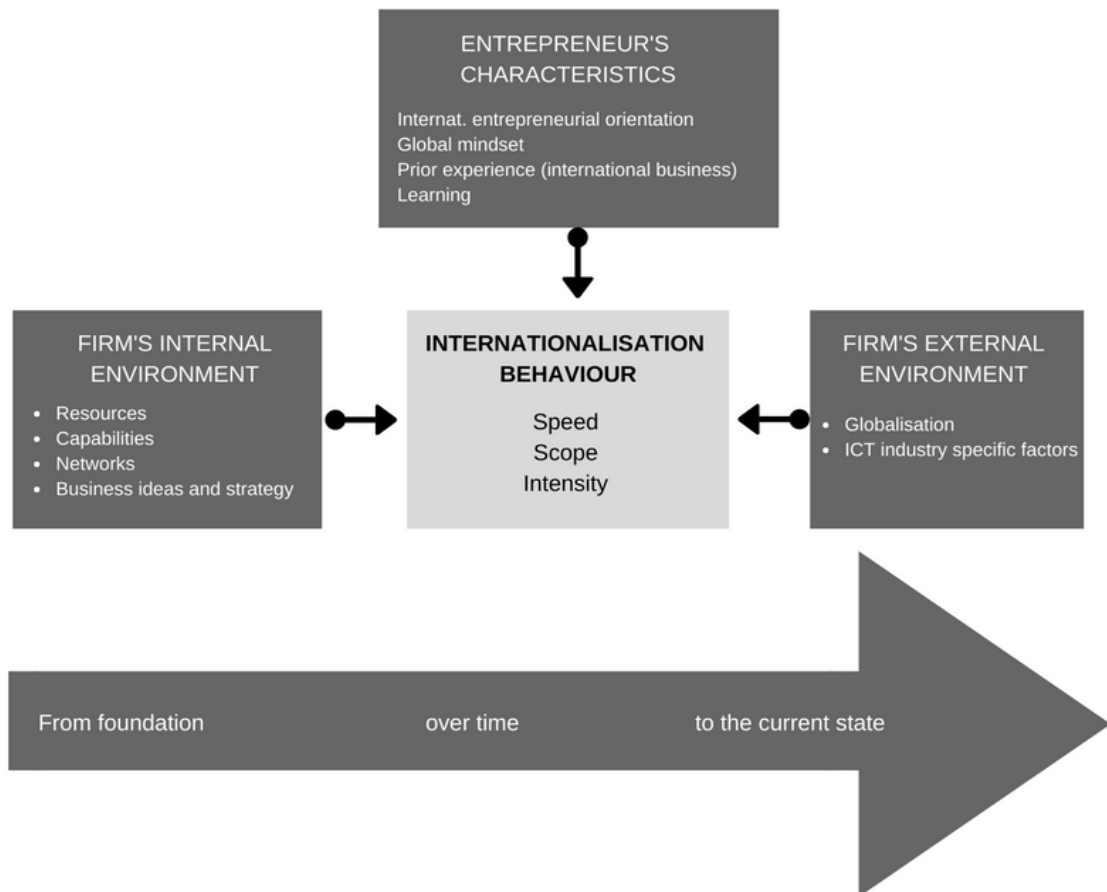


Figure 3. Drivers and Born Globals internationalisation behaviour over time (Hagen and Zucchella 2014: 502).

2.2 Main features of Born Globals

What distinguished BG firms are their international mind-sets and the global managerial focus. They begin with a global view of the markets, and they acquire the capabilities in order to reach their international goals since inception. Notwithstanding the scarce financial, human and tangible resources, BGs encounter a rapid period of internationalisation that is set in a time frame of three and five years from the establishment in the domestic market to international expansion. In addition, the most important resource that BGs missed is the crucial one: experience. They have to face risks and uncertainties without the experience that an international environment requires. This lack is filled by the prior experience of the entrepreneur/founder that provide the firm with his knowledge of international markets and dynamics that he had acquired during previous works (Efrat and Shoham 2012). However, the founder's background must not be confused with the organisational knowledge that the firm will acquire during the business activities and analysis of the markets. Connected with the knowledge of the entrepreneur/founder there are his specific characteristics that define some distinctive features of the BGs. The entrepreneur profile is defined by "*an international and entrepreneurial orientation, a geocentric or global mind-set [...] and a learning orientation*" (Weerawardena et al. 2007).

Earlier studies (Knight and Cavusgil 1996; Rialp et al. 2005; Larimo 2006) defined BGs through some fundamental features. First of all, BGs concentrate the activities in global niche markets, they adopt strategies to individuate those markets and try to develop new and innovative products that meet the customers' needs. The second characteristic consists in the rapid expansion of exports or foreign operations. Thirdly, concerning the steps of the internationalisation process, they go fast through and sometimes they skip some stages to accelerate the operations. Finally, to overcome their lack of experience and knowledge of foreign markets they use alliances and networks. For what concern the industry in which they are specialised, during the firsts stages of the phenomenon researchers (for example Madsen and Servais 1997) found out that the majority of BGs belonged to the high-tech industries. On the other hand, other studies (Knight et al. 2004), demonstrate that BGs are affecting also the manufacturing and services industries.

A distinctive element that characterises BG firms is their organisational culture that is made up of company's capabilities and knowledge. In the empirical studies conducted by Knight and Cavusgil (2004) most of the interviewed managers highlighted the importance of "*being international oriented as well as entrepreneurial and innovative in the pursuit of foreign markets*" (Knight and Cavusgil 2004: 129). Therefore, the other capability that could determine the success abroad of young enterprises is the international entrepreneurial orientation embedded in the organisational culture. This lead firms to jump in international markets thanks to their entrepreneurial competencies and perspectives (Oviatt and McDougall 1994). Previous researchers demonstrate how having an entrepreneurial orientation, combined with other resources and capabilities lead firms to benefit from opportunities in foreign markets. Entrepreneurial orientation and innovative culture are revealed in the firm's proactive behaviour to conquer international markets. Those capabilities are necessary for complex markets against firms with more resources and experience. Firms could benefit from that "*entrepreneurial behaviour*" (Knight and Cavusgil 2004: 129) that could stimulate new and innovative practices and process in order to achieve success and positioning in new markets.

The international success of BG firms is engendered by some specific organisational capabilities. Those capabilities that a young enterprise needs in order to succeed in foreign markets are developed inside according to the necessities that a firm face during the internationalisation process. First of all, some empirical studies discovered that the flexibility of young and small companies increases the capability to absorb the innovation of the process in the international business opportunities (Lewin and Massini 2003). This means that a strong innovation culture is a boost to early internationalisation. In addition, this culture could facilitate the adoption of knowledge and capabilities that could push international performances. The empirical researchers conducted by Knight and Cavusgil (2004) pointed out that BGs have this capability by definition and this lead to superior performances in foreign markets. As already mentioned, BGs lack in terms of tangible resources such as financial, human and other physical resources. By contrast, they could benefit from intangible knowledge-based capabilities that could be the success factors in international markets. Resources that are based upon capabilities are fundamental for BG firms because they are involved in different environments and numerous foreign markets.

Those capabilities could help firms to deal with the liability of foreigners and newness (Oviatt and McDougall, 1994). With foreigners, they meant the unfamiliarity of foreign markets, and with newness, they referred to the state of being young to enter into new markets. Both are characteristics of BGs together with the ability to replicate that capabilities across markets which produce value in the international expansion (Knight and Cavusgil 2004).

Since the success of international performances of BGs can be evaluated in terms of survival and growth (Efrat and Shoham 2012), in this thesis the long-term performances of BGs are studied, in particular how the entrepreneurial orientation and the innovative culture evolve over time. To reach this goal is necessary to understand the process that a BGs experienced from inception, early internationalisation (short-term) and the long-term performances, the focus of the next chapter.

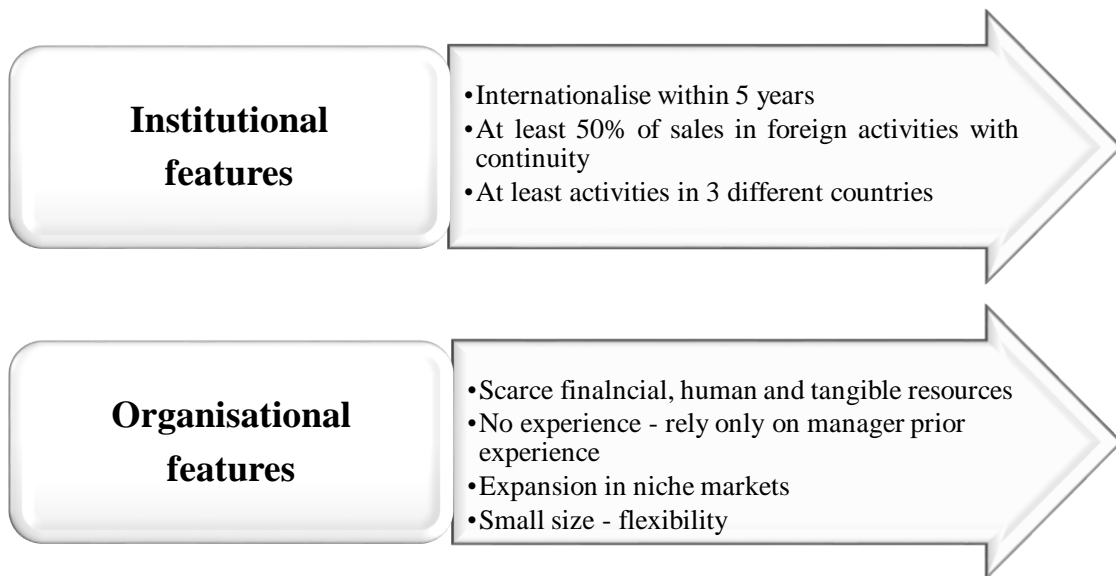


Figure 4. Born Globals main features.

3. PERFORMANCES OF BORN GLOBAL FIRMS

In this chapter are firstly defined all the factors that should affect the performances of BGs during the short-term. Secondly, the different strategies that firms should adopt will be analysed and the three phases through which BGs develop. Thirdly, the performances in the long-term will be studied by defining all the aspects both internal and external that influence their development. Then the measures to evaluate the performances will be considered in order to better understand the strategies adopted by BGs. Furthermore, entrepreneurial orientation and innovation culture will be defined and analysed. Finally, the Italian environment will be considered in order to better position the study. The structure of the paragraph, as the whole study, follows the time-logic of the international development. First of all, it considers the factors that pushed BGs to start international operations and the performances during the short-term (time period of five years after the beginning of international operations). Secondly, are considered the long-term performances that BGs registered in a time frame of eight/ten years after the beginning of global operations. After having in mind the development process and the performances of BGs firms, it is necessary to understand how they are measured to detect if the firms are successful or not. Everything is done in order to study the role of Entrepreneurial Orientation and Innovative Culture during the above mentioned internationalisation process. Finally, the analysis of the Italian environment has the purpose of study how the characteristics of the home country can impact on international performances.

3.1 Performances of Born Globals Firms in the short-term

Going more in deep on which is the path followed by BGs in the early stages of their fast-growing internationalisation it will be essential to identify the elements that influence the success of BGs in the short-term. The parameters could be divided into macro external and micro (Gabrielsson et al. 2008). The macro elements include the continue rising of global demand in some crucial and high potential markets, in addition to the rapid development of communication technologies. For what concerns the micro elements that

influence the rapid internationalisation of young enterprises, researchers identified products with high potential as one of the main factors. Those products must be unique in technology and design or know-how and have a global potential (Gabrielsson and Kirpalani 2004) in order to create a niche market with few competitors. Moreover, as already explained, entrepreneurial capability, a global vision from inception and the experience from previous jobs of the entrepreneur are essential to succeed in the short and long term. In addition, the entrepreneur/founder must also have a propensity to take risks.

The most common internationalisation strategy within BGs is export. It is important to analyse the different types of strategies in order to better understand the dynamics of international operations. Vissak et al. (2018) reviewed the existing literature and identified three different exporters types:

- the *experimental exporters* that export in close countries with a low share, usually 5-10%;
- *committed exporters* are active and very involved exporters with a high share, usually 40-50%;
- *active exporters*, they are considered in the middle of the above mentioned.

However, there is no consensus on the different types of strategies adopted by firms. Especially, BGs firms, as already mentioned, usually skip some steps of internationalisation and could be experimental, committed and active since their inception. Nevertheless, in this study will be considered only BGs that are internationalising at least 50% of their operations, all the firms that will be examined are committed exporters.

According to Gabrielsson et al. (2008), the process of BGs passes through three different phases:

1. The first one is the “*introduction and initial launch phase*” (Gabrielsson et al. 2008: 386-388) in which companies must look for potential channels in order to

grow rapidly. In this phase the competences of the entrepreneur and all the resources available must be combined together in order to realize unique products with global market value. The main problem during the launch phase is, of course, the lack of resources both tangible and intangible, even if sometimes firms are financed by universities, entrepreneur savings or banks. Firms had to fill in the gap until they start to sell their products. The empirical case studied reported by Gabrielsson et al (2008) find out that, in order to acquire resources, BGs create networks and get in touch with potential customers. Since the empirical case study of this thesis concern the Italian market, is worthy to highlight that the two variable that influenced the evolution of Italian BGs are the “*development of strategic positioning in a niche market*” that is relevant, “*technological competences*” and “*strong relationship with global customers*” (Gabrielsson et al. 2008: 391).

2. The second phase consists in accumulate organisational learning and resources in order to grow rapidly. Since BGs by definition lack of resources and knowledge, during this phase they learn from the channel and the network in which they are involved. In order to do that they try to reach a relevant position in the market. It is important to highlight, in this phase, that the firm’s pace of growth is going to adapt to the one of the networks (Gabrielsson et al. 2008).
3. The last phase consists in reaching the “*break-out*” (Gabrielsson et al. 2008) and sustain the initial global vision with a well-planned strategy that involves the positioning by their own and the selection of their key customers. During this phase, the enterprise must choose the right path to follow in order to succeed in global markets.

Firms had four options at this point: (1) being independent from the network and conquer the market position alone, (2) monitor their activities, (3) being the leader or merely an affiliated contractor and (4) they have or not to develop competences and resources internally in order to pursue a break-out strategy. All the three phases are interconnected and interdependent between each other. In addition, they have in common some factors

that represent the key elements of the fast-international growth of European companies: commitment, export activities, learning and specific investments. In the analysis that will be conducted during the drafting of the thesis, those elements will be investigated. (Gabrielsson et al. 2008.)

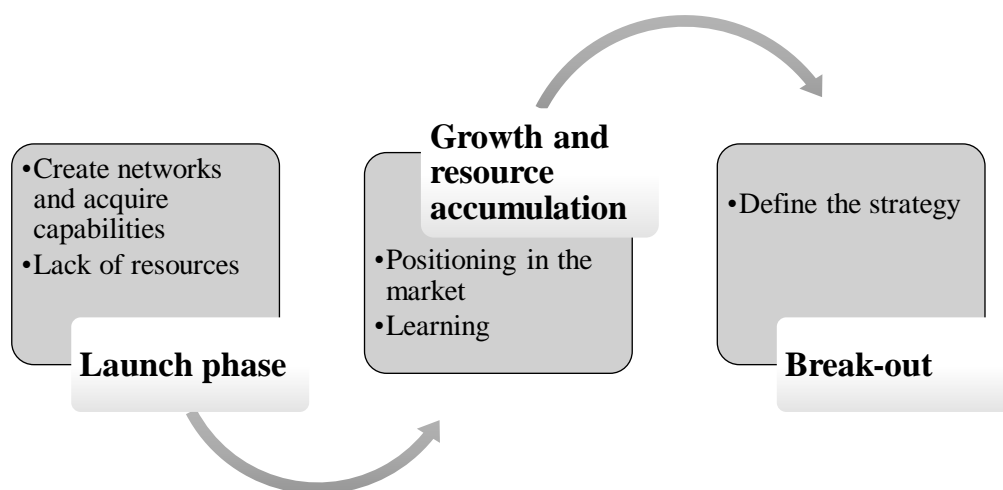


Figure 5. Phases internationalisation process of Born Global firms.

3.2 Performances of Born Globals Firms in the long-term

In this section, the focus will be on the variables that affect long-term growth and performances. A BG firm could be defined a “*survival*” if it maintains independent operations during the long-term (Agarwal 1998; Audretsch 1995; Segarra and Callejòn 2002; Efrat and Shoham 2012). BG firms are evaluated as “*fast exporters that can quickly achieve a global selling capacity notwithstanding their limited experience in foreign operations and the resources constraints typical of small and young firms*” (Zucchella et al. 2016: 29). In addition, BGs are considered to maintain the initial growing pattern over the years during the long-term development (Zucchella et al. 2016). Here, both environmental and internal factors that affect BGs performances in the long-term will be described. Analyse BGs’ performances, especially in the long-term, is useful in order to

understand whether they achieve their goals or not and how they do that. Success in international environments could be estimated by the time period that the development process takes (Efrat and Shoham 2012: 677), usually the long-term is set in eight/ten years from the beginning of international operations. It is important to carefully reflect on the time frame, BGs take only a few years to be international by selling high technology and innovative products or services in niche markets. However, they could face a time gap between the entry in new and international markets and the adoption of the product in their target market (Efrat and Shoham 2012). To preserve their competitive advantages, they have to reach their objectives as soon as possible. This is why previous studies decided to consider a short period of time to evaluate BGs long-term performances. There are external and internal factors that could influence BGs performances both in the short and long-term. Here the focus will be on the long-term by employing the Organizational Capabilities (OC) model, in order to link the internal firms' operations and the environment in which they operate (Jantunen, Nummela, Puumalainen and Saarenketo 2008; Knight and Cavusgil 2004). In particular, the interaction between the environments and the adaptability of firms' internal capabilities. Is important to consider this process since sometimes changes that take place in the external environment could influence firms while the behaviour of firms could affect the surrounding environment (Mathews and Zander 2007). Previous findings (Efrat and Shoham 2012) proved that in the long-term internal capabilities are the key factor to survive.

For what concerns the environmental factors of the target markets, rapid change of technology and the country's level of risk are the most important aspects that could influence performances in the long-term perspective. The probability to survive for BGs could be affected by the future size of the target market. Since BGs used to settle down in niche markets, that usually are small with few competitors (Porter 2008), in order to be able to preserve their position they must choose markets with potential high future growth. Hence, BGs could exploit the growing size of the market and improve the post-entry performances. However, this is only a hypothesis, it was not demonstrated by the empirical analysis. Strictly linked to the market growth there is the rapid change of the environment, especially for what concerns the level of technology, that compel firms to adapt and it may increase uncertainty and the performances could be negatively affected.

High technologically turbulent environments should improve firms' competitive advantage, that is driven by the internal competitive capabilities of the firm (Jolly and Bechler 1992), by lowering imitation. Therefore, operating in changing environments could improve firms' performances during the long-term. However, this was not proved by the empirical studies. The third external variable that could influence BGs performances in the long-term is the country's level of risk. It depends on the political, social and economic environment that could increase the uncertainty and lower the performances, since BGs lack of any kind of resources. The empirical studies found out that BGs have a lower probability to survive in high-risk countries. (Efrat and Shoham 2012.)

On the other hand, for what concerns the internal factors, BGs rely on their competitive capabilities rather than tangible resources. They must preserve and develop those capabilities in order to survive and achieve success (Mudambi and Zahra 2007). The internal capabilities consist of R&D and technology, marketing capabilities and managerial capabilities. R&D capabilities were defined as "*the ability of the firm to combine efficiently a number of resources to engage in productive activity and attain a certain objective*" (Dutta, Narasimhan and Rajiv 1999: 278). Those capabilities are the foundations of BGs operations in order to create innovation and are used to create niche markets without competitors. For those reasons, it was proved by Efrat and Shoham (2012) that BGs that have strong technology and R&D capabilities have higher probability to survive. The second type of internal capabilities that could enhance the performances, in the long run, is the marketing one, they are defined as "*integrative process designed to apply the collective knowledge, skills and resources of the firm to market-related needs of the business to add value to its goods and services and meet competitive demand*" (Weerawardena et al. 2007: 301). In order to consider the uniqueness of characteristics and operations of BGs is necessary to identify two different dimensions of marketing capabilities: market knowledge and the active use of measures to estimate the effectiveness of operations and strategies. To create a solid market knowledge is fundamental to collect as much information as possible about customers in order to boost the development of future strategies and reduce the risk that originates from operations in different markets. However, previous findings (Efrat and Shoham 2012) did

not confirm that if BGs put a lot of efforts in developing market knowledge will have more possibilities to survive. By contrast, empirical studies proved that if BGs use tools to measure the effectiveness of their strategies may enhance the marketing mix and improve the customer approach. Finally, management capabilities are the ability to create and maintain networks (Freeman, Edwards and Schroder 2006). Efrat and Shoham's (2012) findings showed that BGs with strong managerial capabilities have higher probabilities to survive than firms that lack in those capabilities. (Efrat and Shoham 2012.)

To sum up, BG firms must focus on internal capabilities rather than external factors in order to develop strategies and to survive in the long-term. In particular, they must implement managerial and technological capabilities to independently survive in the international environment and enhance the marketing effectiveness. In addition, the market knowledge that firms could collect during their foreign operations affect their strategies, they must be aware of the customers' preferences in order to adapt their offers and investments in R&D. The only external factors that firms should consider in the long-term is the target-country risk since it could change over time. Finally, after initial stages in the short-term, higher the probability to survive BG firms must follow the “*successful international strategies*” (Efrat and Shoham 2012: 683).

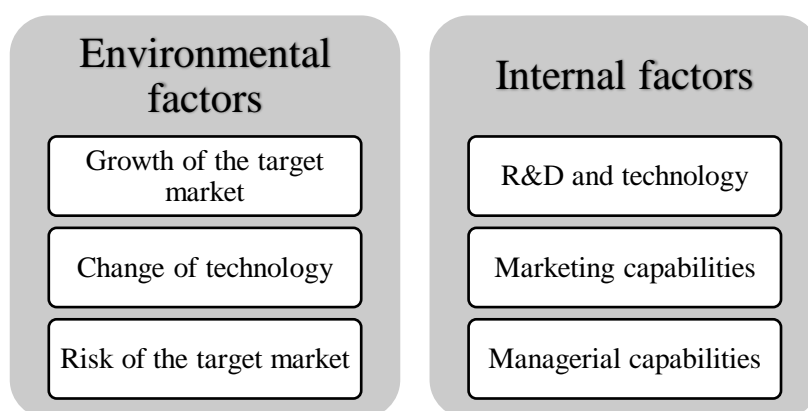


Figure 6. Factors that influence the performances of Born Globals in the long-term.

3.3 Performances' measures

After having delineated the main elements that could influence the performances both in the short and the long term, is important to consider how those performances are measured within BGs.

Export performances can be measured into three macro-groups: economic measures, non-economic measures and generic measures (Katsikeas et al. 2000). The most common economic measures are export sales ratio, export sales growth, export sales volume, export profitability and growth of the export sales ratio. The sales-related measures are the most frequently used and the most criticised since sales profitability and sales growth are the ultimate purposes of firms. They could invalidate the results by over or underestimate the performances. Among the non-economic measures, there is the number of export countries, but it could be unforeseen for each company, product or market. Therefore, it could be better to use the number of export markets "*in the analysis of various export strategy decision on export performance*" (Larimo 2006: 24). For what concerns the generic measures, the evaluation is based on the purposes and rules used by the company and they consist in the perceived export success and the achievement of export objectives. (Larimo 2006.)

As the phenomenon of export performances is complex and there are different measures, is difficult to compare the various results, is important to delineate how the analysis of performances could be conducted. First of all, more than one measure has to be taken into account in order to provide a comprehensive analysis. Secondly, in order to provide neutral and equal results, the researcher must use both objective and subjective measures. Thirdly, all the three macro-groups measures have to be present in the analysis, to ensure the validity of the results. In addition, all the export markets, all the main product and all the target customers must be considered. Finally, if there are some dissimilarities in the time frame they should be considered (Larimo 2006.)

In order to develop a complete analysis of the export performances of BGs is necessary to consider the influence of certain variables. First of all, the firm's characteristics, such as firm's size, product/service quality, niche product/service and export age, could

strongly impact the export performances, especially for BGs. In this paragraph will be analysed only the features that have a significant impact on BGs performances. In particular, firm's size entails the organisation's resources and the risk that the firm could face, since BGs lack the solidity to face foreign markets. Moreover, the export age that is directly linked to the exporting experience could have a positive or a negative impact on success because it implies the knowledge of markets and customers that is one of the crucial points of BGs. Researchers (Calantone and Knight 2000) demonstrate that there is a positive relationship between the international orientation embedded in the BGs' culture and the performances. As well as the international commitment that brings a company to always improve the offer. In addition, international experience could have a positive impact on the performances since it assures the market knowledge, fundamental to succeed in a global environment. On the other hand, Das (1994) found out that managers with less experience performed better than managers with great market knowledge since those studies were conducted among firms that operated in turbulent and uncertain markets. Those findings could be used to explain the rise of BGs in the last decade. Since the markets are very volatile and turbulent that market knowledge and export experience could sometimes negatively affect performances. Finally, the export marketing strategies variables have a lower impact on BG firms. However, BGs tend to standardise products and services in order to have a more flowing and rapid expansion. They favour price adaptation instead of product adaptation because they pursue to provide high-quality products. (Larimo 2006.)

In order to provide a complete understanding of the case study, to analyse the long-term performances for Italian BGs all the above-mentioned measures that concern early internationalises firms will be adopted in this study. More precisely:

- export sales ratio;
- export sales growth;
- number of export countries;
- perceived export success;

3.4 Entrepreneurial orientation in Born Globals

In light of the importance of entrepreneurial orientation and innovative culture within BGs as essential characteristics of the short-term development, in this paragraph, is analysed their relationship with the success and survival in the long-term since the topic was very little addressed.

In particular, it is firstly delineated the Entrepreneurial Orientation by analysing its dimensions, namely entrepreneurial behaviour and managerial attitude toward risk. Then, organisational culture and organisational learning culture will be described in order to provide a full understanding of the development of Innovation Culture within a BG firm. Finally, some considerations will be provided.

Previous studies reported the positive relationship between innovation capabilities and entrepreneurial behaviour, embedded in the firm's culture, and the success of internationalisation within BGs (Cavusgil and Knight 2015; Dib, da Rocha and da Silva 2010). First of all, is important to define what does mean entrepreneurial orientation: "*an EO refers to the processes, practices, and decision-making activities that lead to new entry*" (Lumpkin and Dress 1996: 136). The concept of Entrepreneurial Orientation (EO) that will be considered in this thesis is the one reconceptualised by Anderson et al. (2015). They identified EO as a multidimensional concept formed by two different but not interchangeable factors: "*entrepreneurial behaviour*" and "*managerial attitude toward risk*". They have a positive covariance and they are necessary for the existence of EO. However, the two factors must be considered conceptually separated. The entrepreneurial behaviour consists in the collapse of innovativeness and proactiveness in a single concept, the reasons are the following: entering in a new market and innovating are the steps to reach innovativeness and proactiveness. Secondly, innovation is a fundamental condition of entrepreneurship. Schumpeter in his works (1934; 1942) highlighted that innovation and the creation of new niche markets are the characteristics that determine entrepreneurship. In other words, entrepreneurs start their business with the purpose of applying their operations in new markets and reach a leadership position by defeating

competitors. In particular, Anderson et al. (2015) underline that “*innovativeness and proactiveness are functionally equivalent reflections of the Entrepreneurial Behaviour*”.

For what concerns managerial attitude toward risk it has been defined as “*stable properties of individuals, perhaps related to personality development of culture*” (March and Shapira 1987: 1406). Later studies (Douglas and Shepherd 2002) pointed out that the attitude toward risk of individuals is not perfectly correlated with entrepreneurial actions. What is relevant in the frame of Entrepreneurial Orientation is that the entrepreneurial behaviour of a firm is not perfectly associated with the risk attitude, therefore the two concepts must be considered separate. In theory, attitude toward risk of managers is present at senior strategic decision level. However, in practice who takes decisions that imply risk is the CEO or the managing director of the firm or “*the senior executive in charge of strategic business unit with independent profit and loss responsibility within a larger company*” (Covin and Lumpkin 2011). In this manner, the attitude of manager to face risk could be found at a senior level as part of the strategy. In addition, being probe to risk is a natural inclination of the manager due to his prior experience. To sum up, the two dimensions that compose Entrepreneurial Orientation, namely entrepreneurial behaviour and managerial attitude toward risk are in a mutualistic relationship meaning one could not exist without the other and only the cohesion of the two gives rise to EO. (Anderson et al 2015.)

3.5 Innovative culture in Born Globals

Considering the innovation culture variable within BG firms, it has been proved to be essential for the long-term success and growth (Santos-Vijande and Álvarez-González, 2007), in order to survive and achieve goals, innovativeness had to be embedded in the companies’ behaviour and operations. In particular, it is important in the nowadays rapidly changing economic scenario. Innovativeness “*is a process that turn opportunities into practical use*” and it could be defined like that only when it is adopted in practice (Škerlavaj et al. 2010: 6392). In the existing literature many authors identified different types of innovation: product or process innovation (Abernathy and Utterback 1978;

Davenport 1993; Han, Kim and Srivastava 1998); radical and incremental innovation (Atuahene Gima 1996; March 1991); technical and administrative innovation (Daft 1978; Damanpour, Szabat and Evan 1989; Han et al. 1998; Weerawardena 2003). In order to properly illustrate the concept of Innovative Culture within a BG firm, we need to consider the three dimensions that constitute it: organisational culture, organisational learning and innovativeness. For instance, it is important to delineate the organisational culture and its relationship with innovation, especially due to the lack of studies about it (Škerlavaj et al. 2010).

The organisational learning culture should improve the capacity to create innovative process and products. In the existing literature, there are many authors that defined the concept of organisational culture. In 1952 Jacques defined organizational culture as a “*traditional way of doing things*” that could be shared with all the employees that have to adapt and learn it. Moreover, Harrison (1972) puts the attention on the culture itself with its beliefs and values. In 1982 Peters and Waterman pointed out that culture is a set of shared values driven by common ideas. Finally, in 1992 Schein delineated a series of assumptions that are formulated and improved within the company by a group of employees in order to create a framework able to face both internal and external issues. Going more in deep, organisational culture include different dimensions, that are represented in Figure 7, and they represent the competing values framework (CVF) divided into two dimensional spaces (Denison and Spreitzer 1991). The first dimensions consider flexibility and control orientation. The second brings into focus the internal and external activities. Therefore, the combination of the two defines four different categories of organisational culture: group, developmental, hierarchical and rational (Denison and Spreitzer 1991). In particular, the group culture is more focused on flexibility, change and internal issues. The developmental culture put emphasis on flexibility but with a focus on external activities. On the other hand, the hierarchical culture focusses more on stability and internal organisational activities. Finally, the rational culture put the accent the stability and external variables.

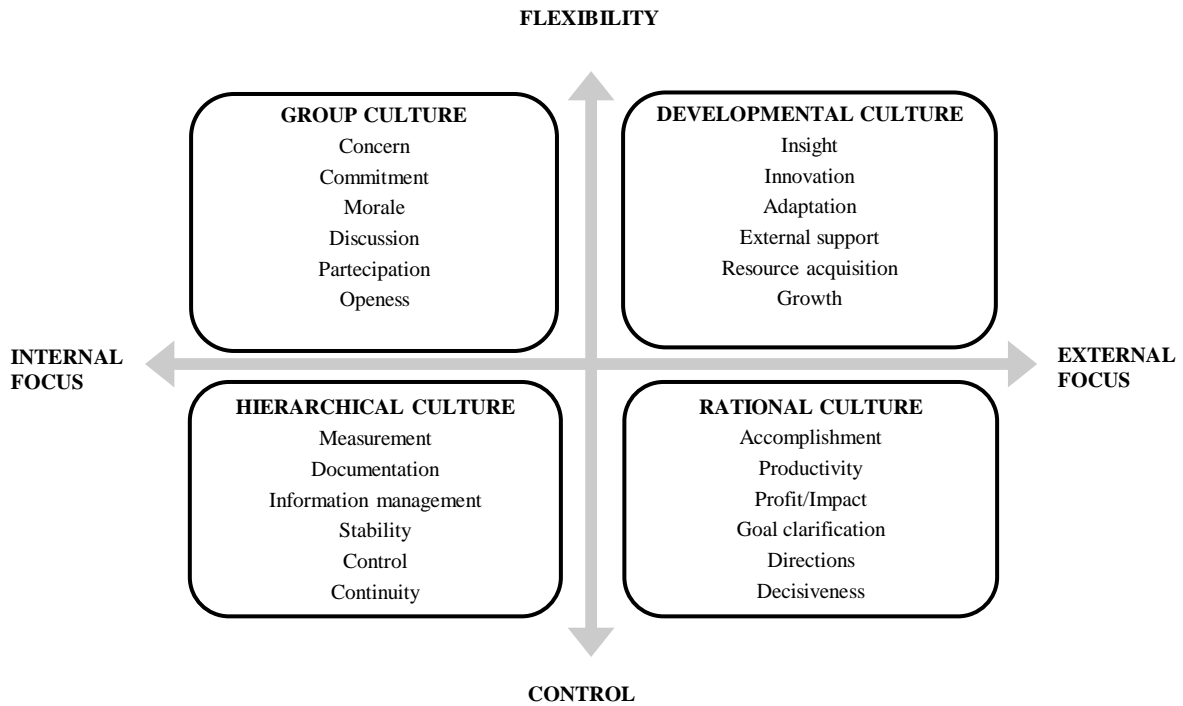


Figure 7. The competing values framework (Denison and Spreitzer 1991; McDermott and Stock 1999).

For the Thesis' purpose is important to consider the Competing Values Framework (CVF) (Škerlavaj et al. 2010) since any type of culture should be the right one to be used in an international and rapid changing business environment. In addition, there is no empirical investigation on how cultures affect the innovation (Škerlavaj et al. 2010) and be aware of the different organisational cultures and the factors that characterise them could allow a better understanding of the extent to which culture influence innovativeness within a firm. However, there is not a unanimous consensus about which organisational culture is the best one to encourage “business *transformation and innovativeness*” (Škerlavaj et al. 2010: 6392).

After having delineated the organisational culture, the purpose of the Thesis requires a deeper understanding of the process which brings innovativeness in a firm, especially a BG. The Organisational Learning Culture (OLC) is a process that implies the remodelling of behaviour for the company and employees (Murray and Donegan 2003). If a firm develops a strong learning culture this lead to easily create, collect and manage

knowledge and capabilities and are able to change the behaviour in order to apply this knowledge (Garvin 1993; Huber 1991). In addition, it is important to develop organisational learning within firm's culture because organisational performances could exploit the advantage derived from it (Jones 2000). More precisely Jones (2000) defined organisational learning culture as a process that managers use to enhance the capabilities of the organisational members in order to better understand its values and ideas.

At this point, we are able to define innovative culture, and more specifically innovativeness: it is a process that transforms opportunities into practices (Tidd, Bessant and Pavitt 1997), it could be defined in this way only when those processes are really used in practice (Schumpeter 1934). Nowadays, develop a strong innovation culture within a company is the key element to survive and maintain the competitiveness since the international markets are really uncertain and volatile. This is why innovativeness has been classified as a competitive feature in order to survive and achieve success in the long-term (Deshpande, Farley and Webster 1993). The level of innovation indicates how much new knowledge is enclosed in an innovative process or product (Dewar and Dutton 1986; Ettlie 1983). It has been proved (Calantone et al. 2002) that firms with a high degree of innovation capabilities have greater probabilities to obtain a positive response from the external environment in order to increase their performances and survive in a highly competitive and uncertain context. This could be seen as a driver for enterprises to adopt and improve an innovative culture in order to boost employees to look for innovative products, processes and business models. Creativity is the key element to improve those capabilities, it must be high to generate effective and disruptive successful ideas.

Another element, strictly related to creativity, that should push innovativeness is the management of technological information. As already stated, in the today international business scenario there is a high level of transformation and volatility that need to be controlled. Innovative ideas could rapidly turn into business opportunities for competitors. The key ability of firms is to detect new trends and ideas before competitors in order to position as leader in the market. This process is possible only if the firm embedded a strong innovation culture derived from a strong organisational learning culture.

To sum up, in a firm, there is innovation culture when this usage is applied to every process and operation. Since BGs Firms operate in uncertainty and high-risky environment they need to be flexible. In order to survive and increase their competitiveness they need innovative products and processes. Firms with high level of innovation are more inclined to grab new knowledge and capabilities by achieving responses from network and markets. This is fundamental for BG enterprises since lack resources and knowledge at the beginning. Finally, companies to preserve their innovation must pay attention to technologies, strategies, quality of the ideas, technology acquisition and technology exploitation. Improve organisational learning culture to develop an innovative learning culture is fundamental to face the competitors and enter in new niche markets to enlarge the global expansion.

3.6 Born Global Firms in the Italian business environment

The Italian business environment is dominated by small and medium enterprises, the majority lack of resources and market knowledge since they are small and young. Furthermore, in Italy, there is a deeply rooted entrepreneurial culture, due to the historical background and the economic circumstances. Additionally, innovation is one of their main drivers that develop a specific advantage over competitors (D'Angelo 2010). Those are the main reasons why the researcher chose Italy as a country to study the long-term development of BG firms, especially for what concerns their entrepreneurial orientation and innovative culture. As already mentioned there is a research gap in the analysis of the innovation and entrepreneurial variables in the long-term development of BG firms, this is especially true for the Italian business environment (Zucchella and Siano 2014). Small enterprises that represent the main part of the Italian business background are actively contributing to the national gross domestic product (GDP), to the exports and to job creation (Zucchella and Siano 2014). This is why is important to address this topic more in deep, there will be managerial implications that could help Italian enterprises to develop successful strategies in the long-term. In this paragraph, there will be a short introduction of the Italian business environment with a focus on traditional small and

medium enterprises. Then networks and partnership will be considered since they represent important variables for the growth of innovative firms in the international environment.

Some studies (D'Angelo 2010; Sterlacchini 1999) found out that there is a strong relationship between internationalisation and innovation among Italian BGs, they also showed a positive connection between export performances and the innovative technologies capabilities (Pla-Barber and Alegre 2007). However, small and young enterprises that would like to expand their activities outside the boundaries of Italy often lack of tangible and financial resources. Moreover, those resources are important for R&D and technologies capabilities, the main drivers of innovation. In Italy, empirical data showed that investments in R&D are lower than in other similar European economies (OECD 2015). In order to bridge the gap of resources, Italian BGs usually take advantage from relational resources that act as a source of information and knowledge (Sobrero and Roberts 2002) since they are driven by network systems, present in the whole Italian scenario. The variables of relations and networks during the development of BG enterprises was not previously considered in the present theoretical background. However, it acquires importance if we analyse the Italian business context since most of the industries achieved their success in the long-term thanks to collaborations and networks. First of all, a definition of network in the business field is needed. Enterprises' operations depend on different agents such as customers, suppliers, governments, other firms and financial institutions and two different types of relations could be developed: rational or structural (Zucchella and Siano 2014). The rational type within a network represent the "*quality of the relationship in which SMEs are involved*" (Zucchella and Siano 2014: 25), on the other hand, a structural relation consists in the positioning of firms within the network (Gulati 1998).

Since earlier studies, networks and collaborations were considered important, both to fill the gap of resources and to give supplementary knowledge and competencies to firms (Lorenzoni and Lipparini 1999) and to help them in discover new niche markets by taking advantage from opportunities (Dimitratos and Jones 2005). Within the high-tech industry is usual to collaborate with external partners since it facilitates the international growth

thanks to the share of knowledge and resources (Coviello and Munro 1997). For that kind of firms, that operates in a highly volatile and uncertain environment, like the Italian one, is very important to collaborate with suppliers and customers in order to build relationships that allow them to outsource expansive processes by preserving the know-how. This lead to a spread innovation within the network more rapidly and with lower costs. In addition, machinery and technologies that suppliers own could bring novelty and changes to expansive ways of doing business (Zucchella and Siano 2014). It seems also that enterprises prefer to rely on other external resources that could ensure them innovativeness and international growth than their own internal capabilities. Those relationships could be represented by non-formal partnership with other firms or customers (Bonte and Keilback 1995).

Networks could be sees also as local clusters of a specific industry or sector, composed by all the agents, above mentioned, where they could help each other in the objectives of going international, gather the right information and of course boost innovation (Bathelt, Malmberg and Maskell 2004). Bathelt and Schuldt (2008) proved that trade fairs could be “*temporary clusters*” in which firms could share information, knowledge and resources. In addition, international research centres, as well as universities and private business associations, were verified to support SME in their early internationalisation phases for what concerns the R&D, especially in Northern Europe (Bennet 1998). Despite this trend in the major European countries, in Italy was proved that the export performances of SMEs are not driven by relationships with research institutions (Rullani and Palmieri 2009). As well as in Italy small and young enterprises are not used to acquire licence or patents from external entities (Sterlacchini 2008), they prefer to outsource the interested process phase.

From previous studies (Majocchi and Zucchella 2003) was confirmed that in Italy the most used internationalisation strategy is exporting into foreign markets. Findings (Zucchella and Siano 2014) has been shown that the average export intensity is around 40%, meaning that the potentiality of exports was not yet fully understood. However, for 57% of the companies considered in the study of Zucchella and Siano (2014), foreign sales (export) represent more than 25% of the total revenues. Only for the 7% of

companies' foreign sales represent more than 75% of the total revenues. These data demonstrate that Italian small and young enterprises use internationalisation as a strategy to achieve success and to pursue their objectives. Studying the Italian business environment, we must consider the period of global recession that had slow down the Italian economy, since 2008 the export activity in Italy decreased by 22%, however in those years Italian firms gain success in the international business activities. (Zucchella and Siano 2014.)

To sum up, in Italy firms approaches innovation in different ways and with different strategies depending on the industry and the geographical area. Nevertheless, Italian BGs rely on networks with strong partnership both formal and informal in order to exploit knowledge and resources that lead to innovation. Additionally, what drives innovation in Italian small and young enterprises is the traditional entrepreneurial culture that is embedded in most of them.

3.7 Summary of the theoretical framework

BGs could be considered as the most fastest growing companies in terms of international operations. It is a phenomenon that speeded up in the last fifteen years thanks to the globalisation and the findings in technological fields. In order to analyse the performances of BGs is important to define their short and long term.

For what concerns the short-term performances, young BGs should pass through three different phases: the first one is an introduction and initial launch phase; the second one consists in accumulate the resources and knowledge in order to growth; in the final phase the firm reach the break-out and it adopts to the network. After the initial phases of development, a BG should choose which strategy adopt, being independent or rely on the network, strongly monitor their activities or outsource something, being a leader or an affiliated, develop the competences inside or outside.

To explain the success of BGs in the long-term perspective is important to consider that a BG could be defined a survival when it maintains independent international operations.

The growth process of BGs usually takes five years, after that begins the development process with a long-term perspective. The fast internationalisation process is fundamental to preserve the competitive advantage by selling high technology products or services. There are both internal and external factors that could influence long-term performances, in order to better analyse them the Organisational Capabilities model has been applied. Environmental factors that influence the long-term development are the growth of the target market, the rapid change of technology and the level of risk of the target market. On the other hand, internal factors that affect the performances depend on the internal capabilities of each firms such as R&D and technology embedded in products or services, marketing capabilities and managerial capabilities.

Once having delineated the performances and the factors that affect them is important to define the measure with which they could be analysed. There are several measures divided in three macro-groups: economic measures, non-economic measures and generic measures. The most common are the economic one, in particular the measures related to export and sales. In order to compare the results and ensure validity and reliability, more than one measure has to be taken into consideration. Secondly, both objective and subjective measures must be used, and all the export markets need a specific attention. The measures that will be used to analyse firms' performances in this thesis are export sales ratio, export sales growth, number of export countries, perceived export success.

Going more in deep in the fundamental characteristics that define BGs there are entrepreneurial orientation and innovative culture. The first one consists in the process of decision-making activities that lead to new entry. These characteristics could be embedded in the entrepreneur/founder thanks to the previous experiences. The EO is defined by two interchangeable factors, the entrepreneurial behaviour and the managerial attitude toward risk. The first one consists of proactiveness and innovativeness in the creation of new niche markets. On the other hand, innovation culture is an organisational culture embedded in process that turn opportunities into practical use. It is a cohesion of organisational culture and organisational learning culture that carry innovation culture within a company. Since BGs expand their activities in risky foreign countries is

important to be attractive for clients, use update process in order to always increase the competitive advantage and raise their knowledge and experience.

Finally, to analyse the performances of BGs is necessary to position them in the international business environment. More specifically, the Italian business environment is led by small and medium enterprises that lack of experience and resources. However, entrepreneurial culture and innovation are the main drivers of SMEs in Italy. They rely on networks, they are fundamental to provide knowledge and resources in order to succeed in the international environment.

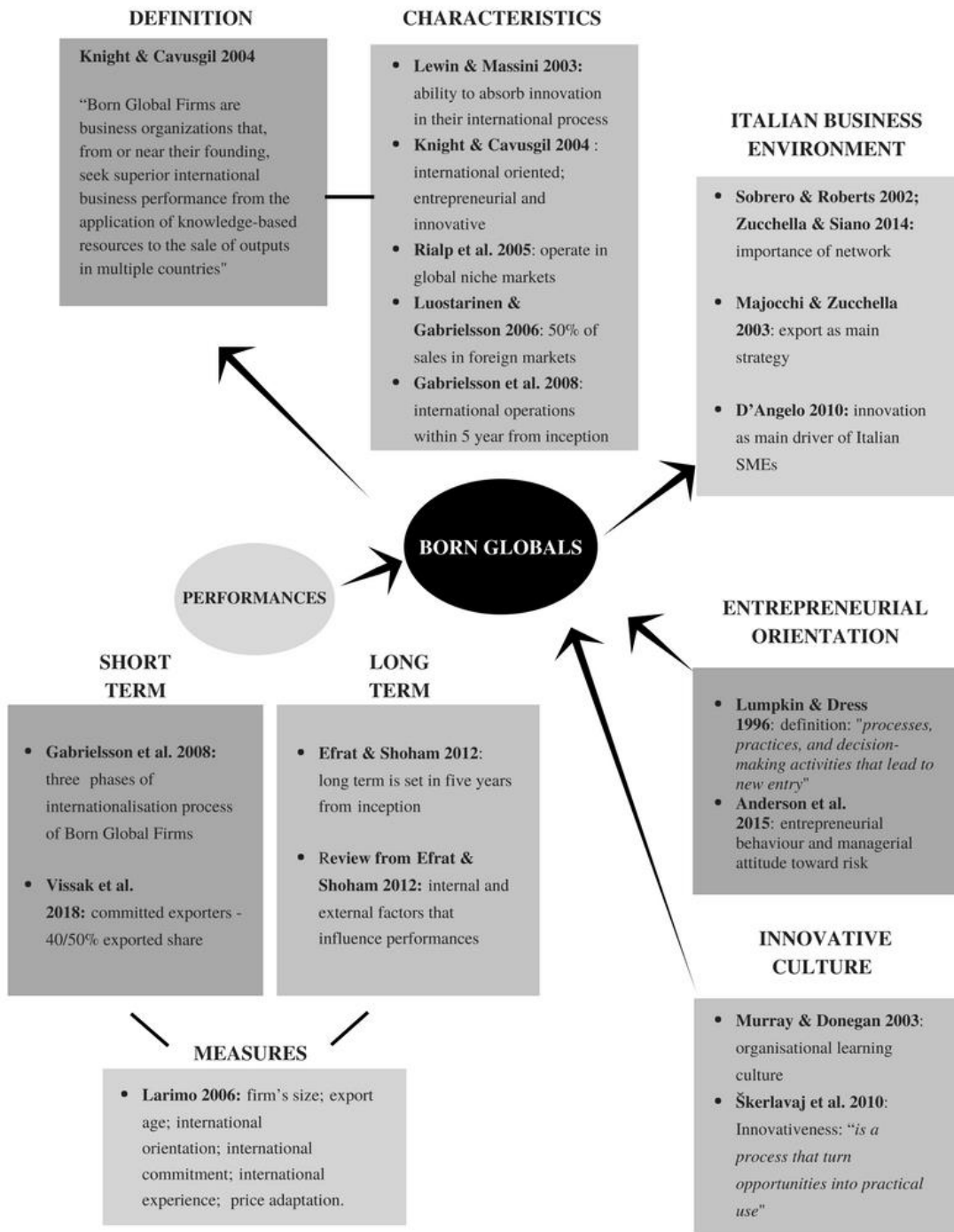


Figure 8. Theoretical framework.

4. RESEARCH METHODOLOGY

This chapter analyses the reasons why the author followed the qualitative approach to analyse and collect the data. First of all, the research philosophy is delineated, then the research design is described in order to explain why an exploratory method is used. The third paragraph describe how the data were collected by delineate the semi-structure interviews for what concern the primary data and how the secondary data were gathered. Furthermore, an explanation about the sample is given. Finally, the last paragraph concerns the quality of the data.

4.1 Research philosophy

As stated by Saunders, Lewis and Thornhill (2016) the research philosophy is an encompassing term that is related to the growth of knowledge and his proper essence. We could name some example of research philosophy such as positivism, realism, interpretivism and pragmatism (Saunders et al. 2016). In this thesis a interpretivism philosophy is used in order to capture the real meaning of expressions that could be different for each person and be influenced by the surrounding environment (Saunders et al. 2016: 168). The interpretivism philosophy could be defined as *“The position of interpretivism in relation to ontology and epistemology is that interpretivists believe the reality is multiple and relative”* (Hudson & Ozanne 1988). This type of modus operandi was naturally chosen due to the characteristics of the study that has the purpose to deeply analyse the development of BG firms and their relationship with entrepreneurial orientation and innovative culture. In particular, study the deep meaning of Entrepreneurial Orientation and Innovative Culture by understand what the real feeling of interviewed managers about those issues that could be considered subjective. Finally, as Saunders et al. stated (2016) some surprising conclusions could be drafted that could reflect or not the theory delineated before.

4.2 Research design

The case study research is designed to be exploratory since the purpose is to illustrate the dynamics of the entrepreneurial orientation and the innovative culture of BGs, referred in the research question, that was little contemplated in the existing literature (Saunders et al 2016). In this study, critical realism will be the philosophical position adopted since the phenomenon will be analysed first from a general point of view and after that, a deeper understanding of specific parts of it will be considered (Saunders et al. 2016), as it can be seen from the research question and the objectives. Using critical realism as a method to reach the knowledge allows the author to use the multi-methodological approach in order to better explain the analysis of the phenomenon (Eriksson and Kovalainen 2016: 20).

As the thesis has the goal to demonstrate the existing theory by collecting primary and secondary data a deductive approach will be used (Saunders et al. 2016) with an important role played by the case studies. The purpose of the study is not to test the existing theoretical framework but to redefine in a more precise way the current findings. The theory is analysed by collecting the data from the previous studies in order to define the assumptions (Eriksson and Kovalainen 2016: 44).

As research method, a multi-approach will be adopted. Case studies will be conducted in order to explain the dynamics of the phenomenon of entrepreneurial orientation and innovative culture within BGs firms with a holistic multi-case approach to get more inside the specific companies that will be selected. The focus of this study will be extensive rather than intensive because it won't analyse specific case studies, but a more general framework will be developed (Eriksson and Kovalainen 2016).

A qualitative research method will be conducted. According to Saunders et al. (2016): *“Qualitative data is based on meanings expressed through words and images, collection of it results in non-standardized data requiring classification into categories and analysis of it is conducted through the use of conceptualization.”* The collection of data will be done by using different sources of data and methods, in order to ensure the validity, reliability and credibility of the research (Saunders et al. 2016).

Both primary and secondary data will be used. The most important role will be played by primary data that will be collected by conducting semi-structured interviews among Italian BG firms lead by managers that are conscious of the strategy followed from the inception. In order to reach the goal of analysing the changes experienced by the innovative vision and entrepreneurial spirit, the semi-structured interviews will give the chance to the researcher to conduct the interviews on a more intense and personal level (Saunders et. al. 2016). The researcher will prepare an outline of topics and themes, and a tone of fairly informal conversation will be used. Adopting a semi-structured method, it will be possible to adapt the questions to the answer that managers will give (Eriksson and Kovalainen 2016). The main difficulty that the researcher could encounter will be misunderstand of some terms, such as entrepreneurial orientation and innovation culture, that could have different meaning among managers and founders of the companies. Clearly defining the meaning of the terms will be the challenge of the writer. A related obstacle would be to find the right person who has managed the company from the inception through the early internationalisation phase till the mature stage. Companies will be selected among the list of Europe's fastest growing companies drafted by the Financial Times in May 2017, in order to ensure that those companies have the BGs characteristics of fast growing internationalisation. Only Italian companies will be contacted, more precisely four companies, in order to build a framework of the long-term development within the Italian environment. To narrow the analysis some common characteristics, years of business activity and sector will be selected in order to choose the companies. In the following paragraphs, those features will be explained more in detail.

The sources of secondary data will be text and non-text documents, surveys and data-set in order to develop a deep knowledge of the context of the companies subjected to the case study (Saunders et al. 2016). By using secondary data, the intention is to build a wider framework of the drivers that lead BGs to the long-term performances through entrepreneurial orientation and innovative culture. Multiple data resources such as annual reports, company websites and press release will be essential to deliver a comprehensive description of the case study in order to compare it with the theoretical framework about the long-term performances of BGs that will be built in the previous section. Those

secondary data will be asked to the companies before the interviews in order to better know them and build the structure of the interviews. Especially, what will be gather among the secondary data will be what is special and different in each company that bring them to success. Figure 9 represent the research onion followed by this study.

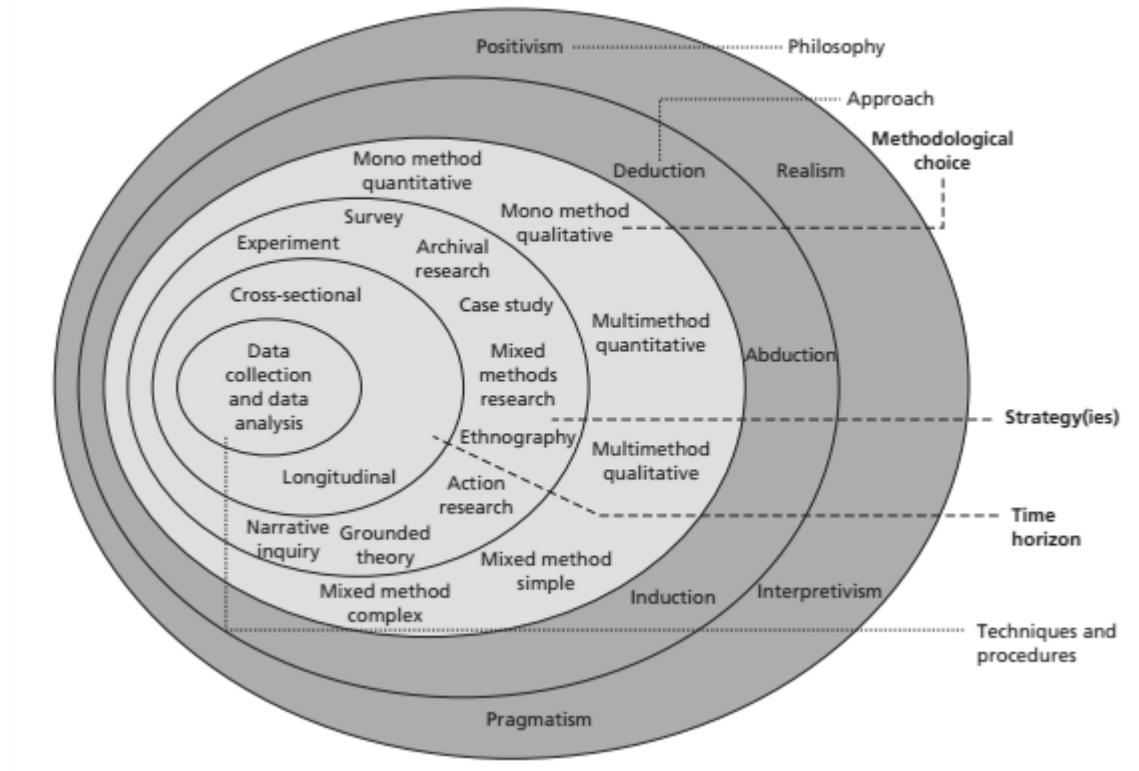


Figure 9. Research onion for the study (Saunders, Lewis & Thornhill 2016).

4.3 Data collection

The analysis of entrepreneurial orientation and innovative culture in the long-term development of BGs will be limited to Italy, as the firms interviewed for the study are Italian fastest-growing companies. Besides, this study is limited to enterprises within B2B

companies. The semi-structured interviews will be conducted among four case studies selected among the list of European fastest growing companies drafted by the Financial Times in May 2017. Except for one firm that is selected considering the parameters used by the Financial Times but it is not present in the list. The firms' characteristics will be precisely defined. In addition, the concept of survival and success will be stressed in order to provide a precise framework of the samples collected.

4.3.1 Semi-structured interviews

As this is an exploratory study, semi-structured interviews and qualitative research will be used, in order to gather the behaviours and the attitudes of people managing BGs. By using this type of interviews, that give rooms to adapt conversations to the answers, is possible to report the reality of facts by underlining them with the experience of the interviewed people. In addition, qualitative data are complete in order to explain the real facts (Robson, 2002).

Data are collected by three semi-structured interviews with the purpose to analyse how BGs develop in the long-term, especially for what concerns entrepreneurial orientation and innovative culture. The questions might change based on the company, the answers and the behaviours of the interviewed managers. However, a preliminary structure of the interview is provided in Appendix 1 in order to ensure that the main topic will be considered. In Appendix 2 the reader can find the structure of the interview in Italian, the mother tongue of the managers interviewed, in order to provide a complete overview. A pilot interview was conducted in order to test the clarity and the accuracy of the questions. The result of the test proved that the questions were clear and the interviewed understood the meaning. They were able to provide all the information that the research need to develop the analysis. The main topics to be covered during the interviews are reported in Table 2. The questions are open-ended in order to give the possibility to the respondents to provide more detailed answers (Saunders et al., 2016: 337).

Taking into consideration that firms are all Italian, the interviews were made in Italian, since is better to use the same mother tongue. They were later translated in English within one day in order to preserve the reliability of the data. Subsequently, the transcript of the interviews was sent to the managers in order to check the truthfulness of the data gathered. The interviews were conducted personally, if possible, if not a Skype call was scheduled, in order to maintain the structure of the interview already set. The interviews last at least 45 minutes in order to not take so much time but reach the purpose if it anyway. The interviews took place between March and April 2018.

Table 2. Main topics of the semi-structured interviews.

Topic	Information	Main theoretical references
Characteristics, triggers and main features (Introduction)	Drivers Short- term goals Obstacles in the short- term	Lewin and Massini 2003 Knight and Cavusgil 2004 Riapl et al. 2005 Luostarinen and Gabrielsson 2006 Gabrielsson et al. 2008
Performances of BGs firms	Performances in the short-term Performances in the long-term Measures	Gabrielsson et al. 2008 Vissak et al 2018 Efrat and Shoham 2012 Larimo 2006
Entrepreneurial orientation	Definition Measures	Lumpkin and Dress 1996 Anderson et al. 2015
Innovative culture	Definition Measures	Denison and Spreitzer 1991 Murray and Donegan 2003 Škerlavaj et al. 2010
Italian environment	Factors that influenced international operations	Sobrero and Roberts 2002 Zucchella and Siano 2014 Majocchi and Zucchella 2003 D'Angelo 2010

4.4 Sample

In this section are reported the information gathered with primary data (the interviews) and secondary data (companies' websites, review, journals). Concepts that are stressed here will be the features that characterise those firms as BGs and how they use networks and partnerships to survive and achieve success.

The sample was chosen based on self-selection, convenience and feasibility to reach the companies among the list of European fastest growing companies drafted by the Financial Times in May 2017, except for one company, as already stated. The sample is made by three companies, one is used as interview tester in order to verify the effectiveness of the questions to gather all the information needed. The researcher publicized the possibility to participate at the interviews through social networks, emails and companies' websites. After that eight potential companies were reached. Considering logistics issues, time constrains and availability of managers only three companies agreed to share information and be part of the sample for the study.

Firms were selected between European fastest growing companies that have some common characteristics. First of all, the ranking was developed by Statista, a German data provider, that identified 1000 European companies with strong growth between 2013 and 2016. The criteria used to be eligible in the list are:

- *Revenue of at least €100,000 generated in 2013*
- *Revenue of at least €1,5m generated in 2016*
- *Be independent (no subsidiary or branch office of any kind)*
- *Be headquartered in one of the 31 European countries*

(Financial Times May 2017)

The companies should subscribe their participation voluntary through the Financial Times, all the data provided must be sign by the CEO or CFO of the company and they

are then verified by Statista. This ensure the validity and reliability of data in order to build a realistic framework (Financial Times May 2017).

Companies were selected in order to have some common characteristics to easily compare and analyse them. The sample has the same business model (B2B), level of technology and internationalisation strategy. In Table 3 the sample companies and their main characteristics are summarised.

Table 3. Sample companies.

	LAPELLE	MAIKII	VALVITALIA
HQ	Italy - Veneto	Italy - Veneto	Italy - Lombardy
Industry	Industrial goods	E-commerce	Industrial goods
Business model	B2B	B2B	B2B
International presence	USA Asia North Europe	Europe UK USA China	UK China Canada
Internationalisation startegy adopted within 5 years	Export	Export	Export
Years of international activities	12	8	10
Job position of the interviewed manager	Founder Andrea Fabris	Marketing Manager Federica Moro	Marketing Manager Marica Gentile
Years of the interviewed within the company	From inception	4 years	14 years

4.5 Data analysis

Qualitative data could give the study a general view but could be complicated to express in a proper way what the interviews mean with their word. Owing to that, the results are shown in order to summarise, categorize and reorganise them to better express what interviewed managers mean. Since data are qualitative they should be considered non-standardised, for this reason they need to be classified in order to respect the objectives of the study and the thesis' topic (Saunders et al. 2016: 482).

Primary data gathered with the interviews represent the main information source to develop the empirical part. However, also secondary data were used to build the theoretical part, they were collected from articles, company's websites and company's annual report. The data received with the interviews are analysed in order to connect them with the theoretical framework and give the reader the empirical support to the theory analysed before. The data were analysed personally by the author following the theoretical structure drafted in the second and third chapters (Saunders et al. 2016: 480).

The interviews were analysed by carefully examine the data in order to state which and how they could be relevant for the study. This entail a detailed investigation of the data. More specifically, the interviews were analysed by consider all the meaning nuances of managers' responses. As the reader could notice in the following chapter, some interviews' quotes are reported in order to better gather and understand the information. This mode of analysis solves the issue of the general view of a qualitative analysis that could lead to lose some fundamental points according to Saunders et al. (2016:280-282).

4.6 Quality of the data

Validity and reliability of the study usually refers to the quality of the data collected to support or not the theoretical framework. Reliability refers to the extent to which the analysis is consistent with the findings (Easterby-Smith et al. 2008). On the other hand, validity is the data characteristic of being clear and authentic (Saunders et al. 2016). Those

two characteristics are usually adopted to measure the quality of data collected, however there are different opinion about their usage as measures of qualitative research (Saunders et al. 2016: 204-205). In a qualitative study approach could be adopted some parallel measures in order to prove the quality of the research.

Four criteria could be used to demonstrate the quality of data collected. They were pointed out by Sheton (2004): credibility, transferability, dependability and confirmability. For what concern the *credibility* it refers to measure weather the study follows what it was supposed to pursue or not. The interviews were based on the theoretical framework previously developed by the author in order to collect coherent data and reach the objectives. Nonetheless, the low number of interviews, that could reduce the trustworthiness of the study since the small size of the sample, a wider sample could have brought findings to different results. *Transferability* concerns the scaling of results, meaning that despite the small amount of sample and firms interviewed the results could be generalised and applied to a wider population. The findings presented in this study could be applied to other Italian BG firms that adopted a B2B business model and follow a similar international growth path. The third criteria is the *dependability*, meaning the repetition of the study. Since in qualitative studies the findings are based on context, interviewed and the current socio-economic situation is useful to report the methodology in order to allow other researcher to repeat the study. This work could be repeated by selecting a sample with a similar profile and detect if it could lead at similar results. Finally, the last criteria that could be adopted is *confirmability*. It concerns the objectivity stating that the findings must originate from the topic and not from the research (Shenton, 2004; Saunders et al. 2016: 206.) Due to the open questions that composed the semi-structured interviews the researcher does not influenced the answers. The confirmability is also supported by direct citation of the respondent.

5. FINDINGS AND EMPIRICAL EXAMINATION

In this chapter, the analysis of the empirical results will be conducted in order to answer to the empirical question and respect the empirical objectives delineated in the introductory chapter. The purpose of this chapter will be to link the theoretical framework, previous developed, with the empirical results. The managerial implications will be analyzed in order to define an empirical framework consistent with the findings. First of all, the history of the interviewed companies is presented. Secondly, the internationalization process is analyzed by considering the triggers that lead Italian BGs to start international business operations. The short-term and the long-term performances are investigated in order to study the international development. Finally, the Entrepreneurial Orientation and the Innovative Culture are examined to detect the changes that occurred in the long-term. Of course, the results may be influenced by the existence of different approaches to entrepreneurship and the different role of innovation in the internationalisation process.

5.1 Description of the companies' case studies

5.1.1 Lapelle

Lapelle s.r.l. is an Italian B2B company that produce “*High Quality Upholstery Leather*” (Lapelle company’s website) for the furniture industry and it represent a touchstone of the leather producer in Europe, Asia and North America. Their focus is on “*luxury, elegance and trends, conjugating quality and innovation, fashion and tradition*” (Lapelle company’s website). Lapelle was established in 2006 in the lather district of Arzignano (between Verona and Venice). The two founders, Andrea Fabris and Alessandro Trinca, have an important previous experience in the lather industry thanks to their family traditions. At the beginning the business activities consisted in buying and selling raw hide to the most important artisan firms. In 2013 they started to handcraft the raw leather and sell it directly to furniture makers that use high quality leather in their products (such

as sofas and armchairs). Today the company have 8 employees, two of them are intermediaries in China and Vietnam.

Lapelle brings innovation in the technology they apply to check all the production phases. They use three different check points (QC) before the final inspection in order to verify the quality of the product. All the main competitors use only one check during the process. With their products they supply the most important leather furniture producer in Northern Europe (in particular Scandinavian countries, Belgium and Netherlands), Southern-East Asia (in particular Vietnam, China, Thailand and Malesia) and North America (Canada). For what concerns the product (some pictures are attached in Appendix 2), they start from selecting the best possible European raw hides to be customised in order to satisfy the final consumer's needs. Their range of products consist of "*luxury products, semi aniline or full aniline items those thickness can range between 0,9/1.0mm to 2,4/2,6 mm*" (Lapelle company's website). Lapelle experienced a growth of 1283% in the last four years with a turnover of €10,228m in 2016 (Financial Times May 2018).

5.1.2 Maikii

Maikii is a company established in 2008 that design, produce and sell USB flash drivers and Power Banks for the promotional sector and retail market. They are headquartered in Italy, in Carbonera (between Venice and Verona) that is in charge of "*of product designing, sales network, logistics, assistance, graphic designing and marketing*". They also have another main office in San Francisco that follows the purchase and supply process, while the production facility is located in China. Matteo Fabrin and Francesco Poloniato are the two founders of Maikii, respectively the COE and the Art Director. Thanks to their experience as entrepreneurs in the family companies they could rely on a strong knowledge of the business dynamics. They started to customize USB for promotional industry by selling them directly to companies and public entities and indirectly through marketing and communication agencies. Their core market is Italy, where they are market leader. After two years from inception they started to conquer other markets such as France (their most important foreign country still now), Belgium,

Netherlands and UK. In 2015 they started selling the product also in Germany, Austria and Switzerland. In the same year they went overseas to settle an office in San Francisco.

They offer 60 different types of USB flash drivers and 10 models of Power banks (some pictures are attached in Appendix 3) (Maikii company's website). In addition, they offer product customisation in order to personalise the items for customer's need. As stated in the website what distinguish Maikii from competitors are prices, quick delivery, quality and certification and a complete package. In Maikii are employed 40 people between Italy, China and USA, most of them have less then 30 years old, those characteristics are considered essential for the company's results and success. Maikii experienced a growth of 180% in the last four years with a turnover of €15,000,000 at the end of 2017 (Maikii company's website).

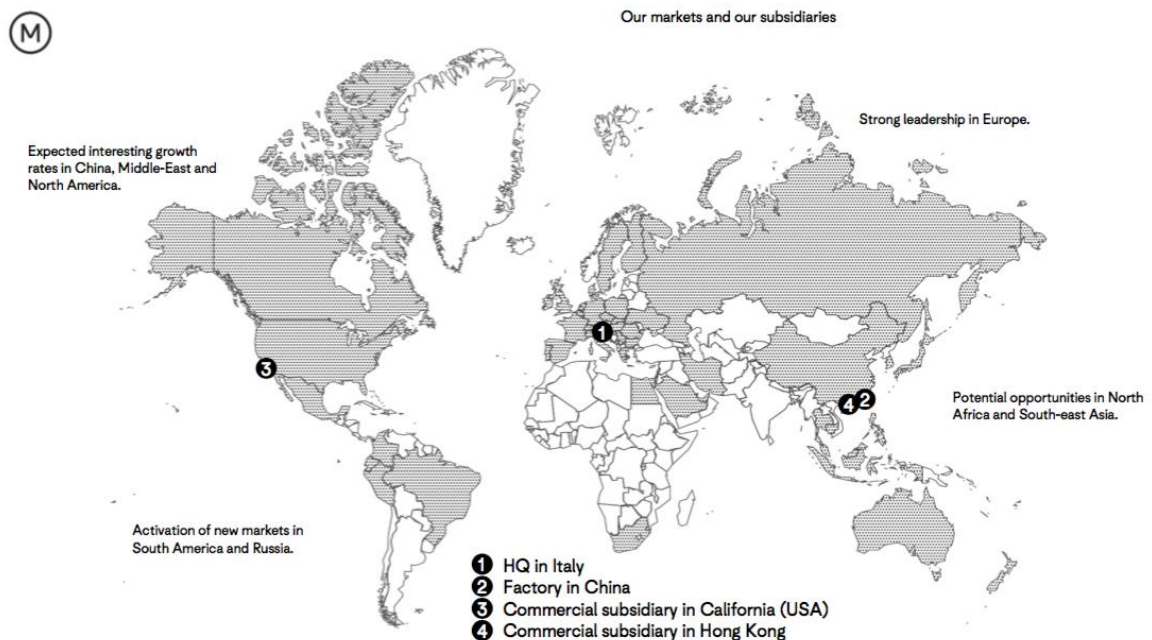


Figure 10. Maikii international presence.

5.1.3 Valvitalia

Valvitalia was born in 2002 from an idea of the founder Cav. Lav. Salvatore Ruggeri, with the purpose to create a company in the valves industry able to compete with the big multinationals. In 2002, the founder was aware that in Italy there was high potential in the valves industry, there were a multitude of small producers that were extremely competitive in the technological field, and also complementary in their resources, products and services. There were not a big group able to face the giants of the sector. The aim of Valvitalia was to supply the oil, water and natural gas industries as well as the petro-chemistry and energy industries. The founder believed that the success of Valvitalia depended on their ability to satisfy completely their customers' needs. To reach this goal was necessary to diversify the products portfolio. At the beginning of 2002 the founder and his son travelled around the world to investigate the firms' needs and to look for the proper facility where start the production. They found it in Rivanazzano (between Milan and Genova), here started the "sales campaign", and in a year they enter in the most important companies of the industry. With those acquisitions they reached their prior goals of acquire qualified and well-known brands and integrate their commercial and productive structure with the network that could rely on a strong experience in the field. The initial strength of Valvitalia was the entrepreneurial orientation and aversion to risk of the founder Ruggeri. He had a strong prior knowledge and experience in the field, he was very well known. He believed in people that constitute a business organisation.

Between 2003 and 2005 the company increased the presence in different markets in order to search for new opportunities and strength their international presence. During the same period, they continue the acquisition campaign in order to differentiate their portfolio offer. At the end of 2005 they reach €212 millions of turnover. The management developed a new philosophy, the ONE STOP SHOP meaning the importance of concentrate the supply for their clients in only one supplier. This is in line with the purpose of diversification and customisation on customers' needs. The global success was reached in 2006 when Valvitalia conquered China, Saudi Arabia and Kuala Lumpur for the production facilities. In addition, Valvitalia opened offices in Seoul, Beijing, Baku e

Moscow. In 2014 and 2015, they consolidate their position by acquiring two of the most important companies in the fire-extinguish industry.

Nowadays, they are among the five world leaders in design, manufactory and supply equipment for energy, marine and civil industry as shown in Appendix 4. They have 11 facilities, among which 8 in Italy, the other in U.K., China and Canada with more than 1300 employees in total. Their products include valves, actuators, fittings, flanges, isolation joints, systems for the measurement, filtration and regulation of fluids and gas and firefighting systems and they are sold in 109 countries all over the world (as shown in the map in Figure 11). The strengths of Valvitalia that bring them to succeed were the Anglo Saxon managerial style model that involve low bureaucracy and a fluid decision making process, they are financially stable, they have an extensive manufacturing capacity and an after sales services 24/7. Valvitalia registered a turnover of 438 million of Euros at the end of 2016. (Valvitalia company's website). The researcher is aware of the fact that Valvitalia is bigger and more expended then the other selected companies. However, this is a perfect case study to analyse the fast-international development of a BG firm.

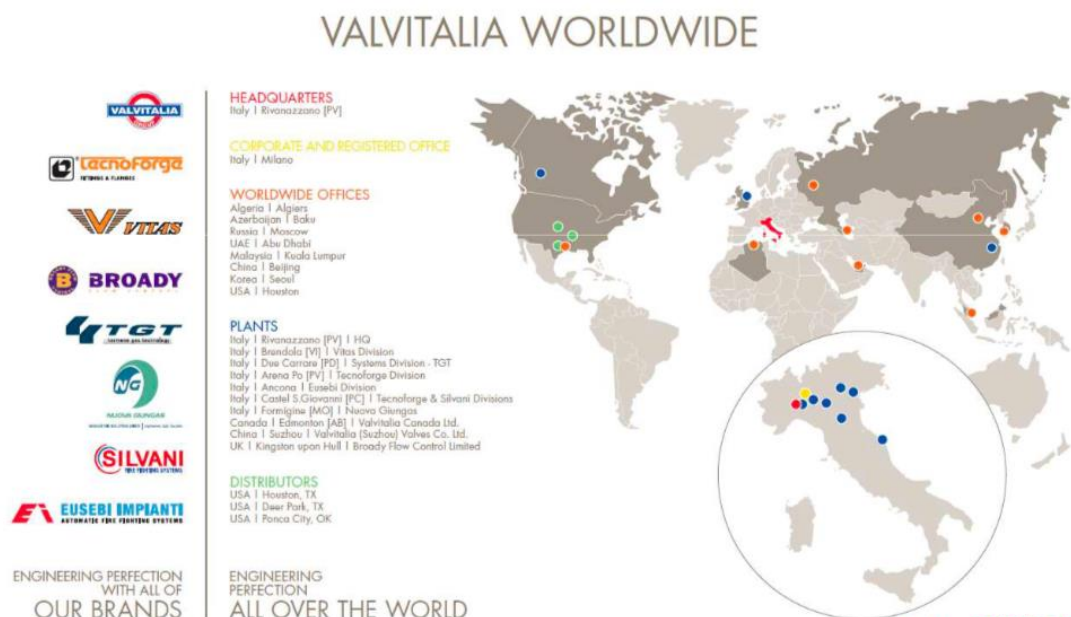


Figure 11. Valvitalia international presence.



Figure 12. Valvitalia history brands.

Since all the case-studies considered are defined BGs by the researcher, in Table 4 are outlined all the features that characterized them as BGs, based on the framework presented in Figure 2.

Table 4. Characteristics of the companies' case study to consider them Born Globals.

	When they begin international operations	% of foreign sales	Number of target countries	Continuity of sales (years after the beginning of foreign operations)
LAPELLE	Since inception	98%	3	12 years
MAIKII	After 2 years of business operations	63%	4	8 years
VALVITALIA	After 1 year of business operations	82%	3	10 years

5.2 Triggers to start international activities

In this paragraph are delineated the triggers and drivers that pushed the case studies companies to start their international activities. In particular, why they decided to expand their business abroad and how Italy as home country influenced their decisions.

5.2.1 Lapelle

The two founders of Lapelle began the international activities since inception. In 2006, Andrea Fabris and Alessandro Trinca started their foreign businesses as sales representatives of raw leather. At the beginning their only purpose, based on their previous experience, was to sell raw leather handled by external producers in the leather district of Arzignano (Italy). Admittedly, they did not have as initial objective to be leader in the sector by expanding abroad their business activities, this means that initially they did not delineate a specific path to follow. However, there were some factors that pushed them to start handle the raw leather in their own facilities and then sell them in foreign markets. In 2008 they started selling in Italy as well as Northern Europe, Vietnam, Malaysia, Thailand and China. Only at this stage their purpose become to internationalize and growth at a very fast pace.

Andrea Fabris reported that the main drivers that pushed them to expand their activities abroad were strictly linked to the home country, Italy. First of all, the raw leather industry suffers from the economic crisis that Italy faced in 2008. As reported by Andrea Fabris during the interview:

“Due to the fact that the Italian business environment in 2008 experienced a financial crisis, increasing our activities abroad was the natural path to follow. We were feeling the need to be present in strong economic countries in order to exploit their financial stability.” (A. Fabris)

The words of Andrea Fabris proved that the economic situation of the home country could employ a pressure on the international activities development of enterprises that seek to gain success.

Furthermore, the founder pointed out that another trigger that convinced them to begin the international operations since inception is linked to one of the main features that characterize a BG firm that means the lack of financial resources and knowledge. Lapelle started to bring their operations in foreign market to solve the lack of liquidity and knowledge that characterize the Italian business environment. Andrea Fabris, during the interview, stated that:

“When we started in 2006 we did not have strong financial resources and market knowledge. We lacked financial resources such as liquidity in order to invest in new machinery to handle raw leather in our own facilities. In addition, we could only rely on the knowledge based on our previous experiences in that field. Those are the reasons why we decided to seek for financial and knowledge resources in foreign markets.” (A. Fabris)

Finally, the founder would like to underline that their entrepreneurial orientation and their global mind-set from inception were the hidden triggers that drove them to internationalize early from inception. The interviewed reported:

“Our previous knowledge of international markets and experiences lead us to be confident in the international expansion, since we could rely on a strong orientation to be global leader.” (A. Fabris)

5.2.2 Maikii

Maikii's business activities started in 2008 in Italy. After two years for inception, in 2010, they become market leader in Italy in the promotional sector and retail market. Since the

market in Italy was saturated the two founders decided to expand their activities in France through participation at trade shows in the promotional field. The France market represents their main foreign country. In the meanwhile, they began to expand also in Belgium and Netherlands. Only in 2015 they tried to conquer also Germany, Austria and Switzerland even if they still have a small percentage of sales there and they are growing slowly. However, the core country for Maikii remain Italy.

Federica Moro, Maikii's marketing and communication manager, during the interview, pointed out that the main trigger that force the company to expand the operations abroad was the unexpected success that they experienced after 2 years. They growth at a very fast pace that the Italian market was saturated, and they felt the need to expand in France first, in Belgium and Netherlands later. As reported by Federica Moro in the interview:

“Since inception there was the purpose to keep Italy as core country due to the fact that we could rely on market knowledge coming from the previous experience of the founders. However, after two years we become market leader in the industry of promotional items and retail market that expanding in close foreign market such as France, Belgium and Netherlands represented a natural path.” (F. Moro)

This means that the Italian environment played a very important role in the decision of expand business operations in foreign markets.

Additionally, another trigger was the determination of the two founders from inception to create a successful business. This was driven by their entrepreneurial orientation to reach the success by exploiting their own knowledge and experiences. This is proved by the words of the marketing manager interviewed:

“Matteo and Federico (the two founders) started in the garage of Matteo's parents working on the idea of producing and selling flash drivers for promotional purpose, they worked on this idea only during the weekends

supported by the willingness to do something new and innovative.” (F. Moro)

5.2.3 Valvitalia

At the beginning of the business operations, Salvatore Ruggeri, the founder of Valvitalia, evaluated the Italian landscape in the valves industry as highly potential. However, it was full of small and medium enterprises that had low financial resources as well as low experience and knowledge of international markets to expand their business activities alone. The founder, through an acquisition campaign, tried to arrange a network in order to put together resources and capabilities to face the big multinationals among the international environment. As stated, during the interview, by the marketing manager:

“Ruggeri tried to put together all the available resources that the small enterprises developed internally in order to be competitive in terms of technology and financial resources and face the big multinationals in the international market. The acquisition campaign that was carried out since inception in order to create a strong network was fundamental to drive the internationalization process.” (M. Gentile)

Secondly, the other driver that pushed Valvitalia to internationalize early from inception was the embedded nature of the founder. He is characterized by a strong entrepreneurial orientation driven by an aversion to risk that lead him to face new and unknown market relying only on his previous experience and knowledge. The interviewer pointed out:

“Thanks to the inborn entrepreneurial spirit and the previous experience of the founder it was easier to develop a network and start to internationalize the operations. Since he could rely on his own knowledge of the industry and the international market he faced the internationalizations process analyzing the risk even if he was averse to it.” (M. Gentile)

In addition, Valvitalia was looking for new business opportunities and enlarge its product portfolio with new technologies in order to be more competitive and strength their presence within the international business scenario.

5.2.4 Companies comparison on triggers to start international activities

What emerged from the interviews and the secondary data collected by the researcher among Italian BG firms is that the main triggers, delineated in the theoretical framework, that push an enterprise to start international business operations are proved to be realistic. First of all, the interviewed enterprises to start international operations relied mainly on the entrepreneurial orientation of the founder/s that had a global mindset form inception. Additionally, they based the initial expansion on their knowledge that derive from the prior experience of the founder/s in international business that lead to an organizational learning culture. These findings, could be detected in each of the three BGs that participated at the study. Lapelle, Maikii and Valvitalia begin form inception to internationalize thanks to the willingness of their founders to bring their businesses to succeed in the international environment based on their knowledge and their strong global mindset.

Secondly, for what concerns the drivers of internationalization within the firms' environment, we could notice that all the three companies by definition lack resources and capabilities. In order to fill in this deficit, they started to seek for financial resources and knowledge outside the home country boundaries to acquire new process and capabilities to be more competitive. On the other hand, for what regards network only two enterprises (Lapelle and Valvitalia) rely on other small companies among their districts to boost their international activities.

Finally, the Italian environment played a very important role in the first stages of the internationalization process. In the case of Lapelle the negative economic situation of the Italian market pushed them to seek financial liquidity and stability outside the home country boundaries. On the other hand, Maikii become the Italian leader in its industry

and at a certain point saw no rooms for growth. This is why they started to expand their activities in other countries that shown new business opportunities. By contrast, Valvitalia was supported by the Italian valves industry to build a network in order to face the power of big international enterprises. In conclusion, all the three BGs analyzed were influenced by the home country but in a different way, sometimes in a positive prospective, sometimes in a negative prospective and sometimes in a mix of the two. In Table 5 there is a summary of the commonalities and differences in the triggers that pushed Italian BGs to internationalize.

Table 5. Triggers to start international activities.

BGs	Entrepreneur's characteristics	Firm's internal environment	Influence of the Italian environment
Lapelle	X	X	X negative impact
Maikii	X	X no network	X negative & positive impact
Valvitalia	X	X	X positive impact

5.3 Performances in the short-term

In this paragraph is delineated how Italian BGs started their international business activities and how they reach short-term goals. For each company are considered the elements that pushed them to choose the countries in which expand their activities and how the Italian business environment influenced this decision. Secondly are analyzed the internationalization strategies adopted in the short-term. Finally, are described the three phases of BG development in the short-term (Gabrielsson et al. 2008).

5.3.1 Lapelle

Based on their prior experience and knowledge of the markets the funders started to expand their activities in the Northern Europe, more precisely in Norway, Sweden, Denmark, Netherlands and Belgium. The respondent stated that:

“We selected the Scandinavian countries, Netherlands and Belgium due to their market stability and their culture. Those populations invest a lot in their house furniture and they ask for high quality products. They used to renew their home often, they like to have essential but modern furniture”

(A. Fabris)

The selection of countries was mainly based on foreign countries characteristics. First of all, the Northern Europe populations care a lot about the interior design of their houses. They seek high quality furniture made with high quality materials. In addition, as the founder said, Northern countries are prosperous with a strong business ethic. In particular, for what concern the ethic they rely on transparency of business relationships and share of information with customers, two essential characteristics on which Lapelle build the business. In other words, the vision of Lapelle and the Scandinavian culture share the same values. These were the fundamental factors that led them to choose those countries as first foreign markets.

Andrea Fabris could rely on his prior experience and strong knowledge about the South-East Asia market, in particular Vietnam, Thailand, Malesia and China. Since they sell raw leather to furniture producers, Asia was chosen because there is the world's most important production area. In Vietnam there are cheaper labor costs, lower than in China. The founder reported:

“We were forced to export our products in Asia because the main American furniture designers produce their products there due to the low labor costs. In addition, in Asia there are higher possibilities to growth

due to the low taxation policies and the high percentage of liquidity, fundamental to make investment in technological machineries” (A. Fabris)

At the beginning Lapelle used export as internationalization strategy by selling directly the products to the furniture producers. They had a direct relationship with their clients in order to understand their needs and offer customized products. They shipped the raw leather in Asia, if there are some issues with the product the Italian managers or the founders flew to the clients in order to solve the problem as soon as possible. This proved the direct relation that they built with customers. The strategy was the same both in Asia and in the Northern Europe countries. Their export constituted almost the entire percentage of total sales (98% of sales). This proved that they were committed exporters since inception.

After having delineated the elements that pushed the company to internationalize the activities in those countries and the strategy adopted in the short-term could be useful to provide an overview of the path followed in the early stages of their international business activities. Resulting from the three stages process delineated by Gabriellsson et al (2008), Lapelle during the launch phase tried to fix the lack of resources by seek among the network in the leather district of Arzignano. In addition, relying on their knowledge some market analysis were conducted in order to better understand the potentiality and opportunities of those markets. For what concerns the growth and resource accumulation stage they accumulate the financial resources by expanding their business in high liquid markets like Vietnam, China and the Scandinavian countries. Finally, they decided which was the proper strategy that fits their business and choose export as right path to succeed.

5.3.2 Maikii

After two years from inception, in 2010, Maikii started to export the products in France, which constitute their most important foreign market, and in Belgium and the Netherlands. They chose those countries since they were conscious about their consumption culture and they were easy to reach. The founders had the purpose to expand

their business in strong economic countries in order to lower the risk and be sure about the strategy to adopt. The marketing manager interviewed reported:

“In 2010, after becoming the leader in the Italian market we decided to expand our business in neighbor countries such as France, Belgium and the Netherlands. We were aware about their culture and their market situation. The startegy we adopted constitute a natural path” (F. Moro)

The strategy used by Maikii to expand in the above-mentioned countries was export. They started to extend their activities in France by taking part at exhibitions in which they showed the products to retailers and potential clients. Thanks to those exhibitions they growth the awareness of their brand within France retailers and they could build a direct business relationship with them. On the other hand, for what concern Belgium and the Netherlands they could rely on the presence of business agents on the field. So what, they used different export strategies in different countries at the beginning. This was due to the fact they that had no experience in Belgium and Netherlands and preferred to trust local business agents. The percentage of foreign sales in the short-term was more or less 63% of the total sales.

For what concerns the production, they own production facilities in China with an Italian staff living there in order to control the quality of the process and products. As reported by the respondent:

“We have subsidiaries in China since the labor costs are lower than in the Western countries. There are people from Maikii that took care of the production quality.” (F. Moro)

At this point we could draft the three stages that Maikii followed in the short-term within the internationalization process. First of all, they took part to exhibitions and rely on business agents in order to gather information about the market. As second stage, they tried to create a network of companies in order to build a strong relationship with

customers and accumulate knowledge. Thanks to this in the break-out phase they could built the strategy on a strong market knowledge.

5.3.3 Valvitalia

Valvitalia began international activities from inception. The country selection was driven by the willingness to grab all the available resources in the sector in order to be competitive against big multinationals. This is directly linked to the rising of the global demand, one of the macro-element delineated in the theoretical background. They reached success in 2006, four years from inception, when they settled down the production facilities in China, Saudi Arabia and Kuala Lumpur. For what concerns foreign sales, they strengthen their presence in Asia by opening owned offices in Seoul, Beijing, Baku and also in Moscow. As reported by the marketing manager interviewed:

“Our company was seeking technological resources in order to be more competitive in the international scenario. China, Saudi Arabia and Kuala Lumpur represented the best locations for the production facilities since they have low labor costs. Subsequently, in the Asian and Russian markets there was a high demand of our product, the expansion there was natural.”

(M. Gentile)

Valvitalia since the beginning adopted a direct export strategy through acquisitions of local companies, this was fundamental for the initial expansion since they were local people with a strong knowledge of the market. Foreign sales, after four years from inception, constitute 82% of the total sales. As the respondent reported:

“Through the acquisition campaign conducted by the founder and his son at the beginning of business operations we adopted a direct export strategy. This was the key to succeed in the first years since the local agents helped us to increase the market knowledge and understand the need of our clients.” (M. Gentile)

This company, even though is the biggest within the considered sample, could be considered a BG and a fast-growing company since they started early from inception to seek resources abroad and they reached a global success within four years from the beginning. Even in Valvitalia we could identify the three stages of short-term development drafted by Gabrielsson et al. (2008). First of all, they did a lot of market researchers in order to understand the costumers' needs and adapt the products offered. Then they build a network through acquisitions and they acquire the resources. During the second stage they accumulate the resources and developed a strategic positioning in niche markets. Finally, they started to sustain their global strategy and choose the path to be followed.

5.3.4 Companies comparison about the performances in the short-term

The sample companies selected the export countries based on their previous experience and knowledge together with the countries' own characteristics. First of all, financial and economic stability of the country were the main reasons to expand the business activities at the beginning. The companies needed financial resources, this was the only way to gather them within a short time period. In addition, the selected countries had high potential market growth that could ensure them a rise in foreign sales.

The strategy adopted was the same, direct export. Except for Lapelle that had no intermediaries in the Asia and Northern Europe, Maikii and Valvitalia trusted local sales agents to strengthen their presence in foreign countries. All the interviewed BGs could be classified as committed exporters since most of their sales derive from foreign countries.

Finally, the three companies followed the stages of international development delineated by Gabrielsson et al. (2008) they begun by creating a network to supply their lack of resources and knowledge. Then they position themselves in the foreign markets during the growth and resources accumulation phase. They finally defined a strategy based on the results of the previous stages within the break-out phase. In Figure 13 are summarized

the steps that the sample companies followed during the short-term international development, meaning the first five years.

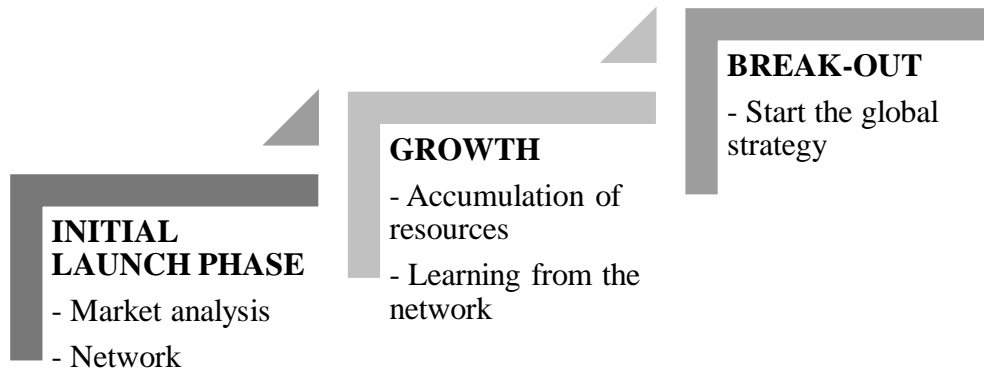


Figure 13. Short-term development of sample companies.

5.4 Performances in the long-term

In this paragraph the researcher goes through the long-term (five years after the beginning of international operations) performances of Italian BGs by analyzing both internal and external elements following the Organizational Capabilities (OC) model. Finally, the measures used by firms to evaluate their performances are considered.

5.4.1 Lapelle

For what concerns the long-term objectives, Lapelle had the purpose to strengthen the presence in the countries that contributed to the success during their first five years of international activities. The export markets remained the same, namely Norway, Sweden, Denmark, Netherlands and Belgium for what concerns Europe and Vietnam, Malaysia, Thailand and China for what concerns Asia. They started to directly approach the American market, more specifically Canada that are beginning to represent an important

pole in the leather furniture. However, in Canada high quality furniture producers are strictly linked to China since they are manufacturing there their products.

Admittedly, the interviewed founder reported that the choice of Canada as export market was due to a mix of internal and external factors that influenced them:

“Canada has a high growth potential and a low risk country. In addition, they have a culture that is very similar to Northern Europe countries, this simplify our entry. Thanks to our innovative process of three quality check points we could offer high quality products that are really appreciated by the Canadians.” (A. Fabris)

At this point he stated that do not feel the need to expand the business in other countries. Their purpose is to offer products with increasing quality thanks to their innovative process and rely on the “Made in Italy” factor against the Chinese producers that used to copy their products with lower quality and lower prices.

The performances that Lapelle achieved up to here are not easy to be measured, as reported by Andrea Fabris.

“Measure and compare the turnovers of different years in the raw leather sector is difficult since the price variation of the raw material does not depend on the demand within this sector, it depends on the meat demand. For example, if we think at six years ago the price is halve. To measure our performances abroad we rely on the sales percentage.” (A: Fabris)

5.4.2 Maikii

After six years from the beginning of international operations, Maikii decided to expand their international operations to the United Kingdom and America. For what concerns United Kingdom, they must face a big and important competitor that use a different business model with sales agents present in each sector. Maikii in UK have only

partnership with retailers. In 2015, they tried to export also in Germany, Austria and Switzerland, but their presence here remains small, and the sales are almost irrelevant. In the same year, they established an office in San Francisco (California), in order to be directly present in the USA. However, without a local partner that is aware about the market and the customer needs it is difficult to position the product and be successful. The marketing manager reported:

“2015 has been the year in which we decided to expand our boundaries, we begin to export in other European countries such as Germany, Austria and Switzerland as well as in UK. In addition, we did the big step in USA by establishing an office in San Francisco. At this point we could consider those expansion a little failure since our turnover decrease in 2016/2017, but it is a natural because we growth at a very fast pace in the previous year and then we did a lot of investments.” (F. Moro)

In the marketing manager's words, we could notice that Maikii did not achieve success in the long-term perspective. External factors such as the countries characteristics and the competitors as well as their management style and export strategy (marketing capabilities) negatively influenced their long-term performances.

For what concerns the performances measures, they rely on the annual turnover divided in home and foreign sales. In other words, as for Lapelle, they measure the percentage of foreign sales to evaluate the performances of business activities that take place abroad. In particular, the success could be measured by contextualizing their performances to the market conditions. For example, UK is a market with high potential, but they have to face a big competitor, for this reason they could not compare the results here with other European countries where they are among the market leaders. The marketing manager interviewed stated:

“We measure our performances by considering the budget we had at the beginning of the year and then we look at the turnover of each country.”

(F. Moro)

5.4.3 Valvitalia

In 2014, after nine years from the beginning of international activities, Valvitalia expand the operations and reached 16 countries with their offices that sells their products. In addition, nowadays they are present in 109 countries all over the world, as shown in Figure 11. As reported by the marketing manager interviewed, what made them to succeed in the long-term was their innovative management philosophy, the ONE STOP SHOP.

“In the industries in which we operate we are the only one that use this type of business model. We provide the products to our client directly in order to customize and personalize the products on the customers’ needs. Through our Anglo Saxon managerial style, we could rely on low bureaucracy decisions processes and give a 24/7 aftersales service to our clients.” (M. Gentile)

As proved by the interviewed the internal factor of managerial capabilities was the boost of their success in the long-term international development.

Concerning how Valvitalia evaluate the foreign performances, what could be gathered from the company’s website and the interview they use the same measures of the other two enterprises. The percentage of export sales is used to quantify the success in foreign countries by contextualizing them within the market potential and size. The marketing manager interviewed reported as follow:

“By approaching the topic from a general point of view, the measure used by Valvitalia to evaluate the foreign performances is the growing rate of foreign sales compared to the effective growing rate.” (M. Gentile)

5.4.4 Companies comparison about the performances in the long-term

In Table 6 are summarized the internal and external factors that positively or negatively influenced the long-term performances if the BG enterprises considered. Moreover, the researcher putted in a nutshell the measures used to evaluate those performances.

Table 6. Summary of factors that influences the performances in the long-term and performances measures.

COMPANY	EXTERNAL FACTORS	INTERNAL FACTORS	PERFORMANCES MEASURES
Lapelle	High potential of export countries (+)	Innovative process (+)	% of foreign sales Turnover (contextualizing them country and market conditions)
Maikii	Export countries' characteristics (-)	Management capabilities (-) Marketing capabilities (-)	% of foreign sales Turnover (contextualizing them country and market conditions)
Valvitalia	High potential of export countries (+)	Management capabilities	% of foreign sales (contextualizing them country and market conditions)

5.5 Entrepreneurial orientation and Innovative Culture

In this paragraph are analyzed the empirical findings for what concerns Entrepreneurial Orientation and the Innovative Culture in the long-term perspective of Italian BGs. In order to follow the scheme delineated within the theoretical framework, the entrepreneurial orientation of the founders is analyzed considering the two dimensions

that constitute it, namely the entrepreneurial behavior and the managerial attitude toward risk. For what concerns Innovative Culture, here are considered the two elements that characterize it: the organizational learning culture and the innovativeness from the interviewed companies point of view. What could the research detect from the interviews is that Entrepreneurial Orientation and Innovative Culture are strictly linked, this is the reason why they are analyzed together in this paragraph. At the end, a comparison between the empirical findings is provided.

5.5.1 Lapelle

The Entrepreneurial Orientation of the two founders played a very important role since the beginning of international operations. What influenced their bearing was the tanning district of Arzignano where they settled down the HQ of Lapelle. There were only small firms owned by entrepreneurs. Andrea Fabris during the interview reported:

“We could be innovative in our products and processes since we are working in a district where the intellectual property is very low, we used to share knowledge and resources. The only way to be innovative was to pursue the objective of being sector leader by developing our entrepreneurial attitude. We started to explore foreign markets with direct export.” (A. Fabris)

The other dimension of EO concern the level of risk that entrepreneurs accept to expand their business. Andrea and Alessandro, the founders, could base their self-confidence facing foreign operations on the deep knowledge of Asian and Northern Europe markets deriving from the prior experience they had in this field.

“We based our success in the long-term perspective on the deep knowledge that we had about Asia and Northern Europe that derive from the experience we had previously. This was how we reduced the risk” (A. Fabris)

During the interview, the researcher could detect the importance of the organizational environment for innovation. As stated before in this field is not easy to bring innovation since the absence of intellectual property. For this reason, being innovative means not only embed innovativeness in process and products but also to create a culture within the employees that could emphasize and protect this innovation. In the particular case of Lapelle the innovation is the way in which they check the quality of the leather they handle. The process provides three different check points (CQ) to ensure the highest quality. This could be done only if the employees are aware about the quality benchmarks that Lapelle want to ensure it he products. The awareness is rose within the organizational learning culture that the founders carry in their business. At the researcher question: *“Were the Entrepreneurial Orientation and the Innovative Culture changed or evolved during the years?”* the founder answered:

“Our entrepreneurial behavior to seek a strong positioning through innovation will never change since it is embedded in the firm’s values”.
(A. Fabris).

5.5.2 Maikii

As a fast-growing company with a global vision since inception, Maikii based the success in the short-term on the previous experience of the founders. Matteo Fabrin worked in the family company that had a strong business relationship with Chinese firms. On the other hand, Francesco Poloniato, art director of Maikii, had previous experience in a marketing and communication firm with partners all over Europe. They foresaw a great opportunity in using USB for the promotional market, they started from this idea working on it only during the weekends.

“At the beginning the resources were very low and we rely only on the partnership within our network. We were supported by our willingness to create a business that could reach a leadership position not only on Italy but also in Europe.” (F. Moro)

Pursuant to their previous experience and knowledge about the markets they lowered the potential risk coming from start operations in a niche market and bring them in foreign markets.

The innovation culture that we could detect in Maikii's business is enclosed in their business model, therefore in their behavior and operations. They directly deal with the distributor (B2B), they do not have a direct contact with the final consumer, in Figure 13 it is represented. This type of B2B is not usual in the promotional item sector. The development of this process was possible thanks to the culture that was improved within the organization.

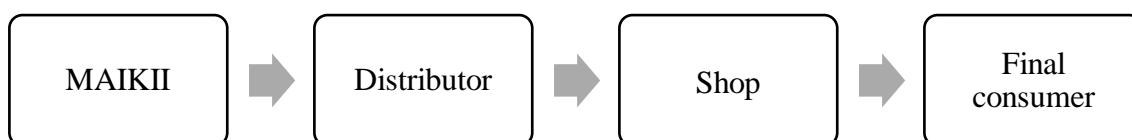


Figure 14. Business Model Maikii.

5.5.3 Valvitalia

What emerged during the interview with Valvitalia marketing manager is that the Entrepreneurial Orientation within the organization was the fundamental trigger to start business activities in foreign countries. Moreover, it is a permanent feature during their long-term development that bring the company to position as leader in the sector and succeed.

“Since the beginning what boost our activities was the willingness of the founder to position our business as leader of the valves industry. Together with his experience and strong knowledge of the sector.” (M. Gentile)

Even if the founder and owner of Valvitalia could rely on experience in the field to start the “sales campaign” at the beginning and expand the operations in foreign countries with really different cultures and rules he needed a high attitude toward risk. In the theoretical framework delineated before the researcher reported that this kind of attitude is typical at senior strategic decision level. However, his prior experience as entrepreneur working in this field gave him the self-consciousness and the knowledge to face even unforeseen events.

For what concern the innovation, during the interview, the manager said that it is not important and prevalent in their products and processes. Nevertheless, organizational culture played a very important role in the long-term development of international business activities. Marica Gentile reported that:

“In the first sixteen years of business operations we experienced a continuous improvement of activities and methods. Since the beginning, thanks to the great experience of the management, the firm effectively and efficiently shapes its processes. However, the single dynamics affected the organization. What represented since the beginning a competitive advantage was the flexibility that allow the processes to be adopted over the value proposition of each market.” (M. Gentile)

5.5.4 Comparisons between companies’ Entrepreneurial Orientation and Innovative Culture

Having in mind the definitions and the characteristics of BG firms together with their entrepreneurial vision and innovative culture some assumptions about their long-term development could be though. First of all, as it was already stated, they are the most important features of the initial steps of internationalisation. Furthermore, they are crucial to preserve the competitive advantage and for future growth. Therefore, the empirical analysis could find out that Entrepreneurial Orientation and Innovative Culture of BG firms does not change during the long-term development in order to survive and preserve

the competitive advantage. In Table 7 are compared the firms characteristics that contribute to long-term success within Entrepreneurial Orientation and Innovative Culture.

Table 7. Comparisons between companies' Entrepreneurial Orientation and Innovative Culture in the long-term.

COMPANY	ENTREPRENEURIAL ORIENTATION		INNOVATIVE CULTURE
	Entrepreneurial behaviour	Managerial attitude toward risk	
Lapelle	Supported by the network	Low risk thanks to the prior experience and knowledge of the founders	Innovation embedded in the process → organisational learning culture
Maikii	Willingness to be market leader	Low risk thanks to the prior experience and knowledge of the founders	Innovation enclosed in the business model thanks to the team that conduct the operations with deep knowledge and competence
Valvitalia	Founder behaviour and attitude	Low risk thanks to the prior experience and knowledge of the founder	Improvement of operations and methods to be more flexible

6. SUMMARY AND CONCLUSIONS

The goals of this study were to summarize the existing knowledge of long-term international performances of BG firms focusing on the Entrepreneurial Orientation and Innovative Culture that characterize the internationalization process. The last chapter has the aim to go through the presented study by highlighting the key findings of the empirical analysis. The limitation and suggestions for future studies are also presented in order to provide a complete understanding of the aspects that characterize the topic considered.

6.1 Summary and key findings

The aim of the researcher is to provide a better understanding of the process that characterizes the international development of BG firms in the Italian environment. In order to answer the research question delineated at the beginning of this study: “*Do Entrepreneurial Orientation and Innovative Culture change in the Italian Born Global firms during the long-term development?*” is essential to analyze the behavior of those enterprises since the beginning by considering the triggers that pushed the firms to internationalize. Secondly, it studies the performances that defined the path of BGs during the short-term. Finally, it analyses the performances in the long-term. The process is investigated under the lenses of Entrepreneurial Orientation and Innovative Culture to detect whether they change or not during the process.

In the theoretical framework, were delineated the triggers that push BGs to start international activities: entrepreneurs’ characteristics, firms’ internal environment and firms’ external environment. For what concern the proper characteristic of the entrepreneur the data collected and analyzed proved that the entrepreneurial orientation and the global mind-set since the beginning were the most important features that bring enterprises to expand the activities abroad and reach success in the short-term. Secondly, the internal elements that boost the internationalization process were the lack of financial resources and capabilities. What characterizes BGs is the deficit of human and financial

resources in addition to the lack of knowledge and experience since they are young and small firms. In order to acquire those resources and position themselves in the niche market they are forced to expand their boundaries in foreign countries. Globalization and the advent of new and innovative means of communication let this process much easier. Finally, the home country economic situation played an important role in the internationalization development. In 2008, Italy suffered from an economic and financial crisis that forced small and medium enterprises to seek financial stability and liquidity abroad. In addition, as proved by two out of three case studies considered, once they become leader in Italy, the market was saturated and they had no choice to go abroad.

What influenced the short-term (time period of 5 years since the beginning of international operations) performances within Italian BGs are first of all the rising of the global demand and the creation of niche market in which they could position. Those elements were delineated by the researcher in the theoretical framework and then proved by the empirical findings. However, the most important factor in the development during the short-term was the knowledge and the experience that the entrepreneurs prior had in the export countries. All the interviewed firms reported that they were conscious about the culture and the situations in those countries. This facilitate their expansion and the achievement of short-term objectives. We could detect, even here, that the specific characteristics of the entrepreneur played a very important role, in particular his entrepreneurial orientation. In addition, likewise the features of the export countries were important since they allow the firms to gather financial and technical resources that lack in their home countries. Furthermore, the export countries had values embedded in their culture that they shared with the enterprises such as the transparency in the business relationship and the aim to offer high quality and innovative products. Finally, the three sample enterprises proved to have perfectly followed the three stages process drafted by Gabrielsson et al. (2008). First of all, in order to provide knowledge and resources they create a network during the launch phase. After that they start to grow in the foreign market by acquiring resources and knowledge and learning from the network. During the break-out stage they finally defined the strategy to follow.

At this point, we could consider the behavior of BGs during the development in the long-term. A BG is “survival” if it was able to maintain independent operations during the long-term development (Agarwal 1998; Audretsch 1995; Segarra and Callejòn 2002; Efrat and Shoham 2012). The sample considered in this study could be defined as survivals since they keep independent foreign operations by achieving their objectives both in the short-term and in the long-term. In addition, the sample proved to maintain the growing pattern over the long-term development as defined by Zucchella et al. (2016) and reported in the theoretical framework.

In particular, despite the rapid change of the environment that could affect the growth of the target market, the demand, the uncertainty and the level of risk, the Italian BGs interviewed maintained their growing purpose. This could be aroused by the Entrepreneurial Orientation and the Innovative Culture embedded in the firms’ processes and operations. As EO and IC characterized since the beginning the drivers that sustain international activities of young and global firms, they were kept inside the firms’ values. More specifically, for what concerns Entrepreneurial Orientation it is a feature that the founders of young and global startups need to have in order to pursue the goal to position in a niche market and be successful. This entrepreneurial feature needs to be triggered by the prior experience and prior market knowledge that fuel the aversion to risk of the management.

Talking about the Innovative Culture, it implies the organizational learning culture within an enterprise. The continue learning in terms of innovation of products and processes is essential to be flexible and achieve a competitive advantage. In a rapid change international scenario, be leader with a supporting organization would be the key feature in order to achieve and maintain success over the years. The conclusion that could be draft at the end of this study is that the Entrepreneurial Orientation and the Innovative Culture must remain stable during the long-term international development in order to guarantee the success. In Figure 15 are represented the staged of internationalization by highlighting the unchangeable presence of Entrepreneurial Orientation and Innovative Culture.



Figure 15. Entrepreneurial Orientation and Innovative Culture through the development of Born Globals.

6.2 Limitations and suggestions

Some limitations about the empirical analysis must be considered when further studies will be conducted. Concerning the sample, the size is small and due to the characteristics, it could not represent all the Italian BG firms and the industries they symbolize. It only provides a specific analysis and a different point of view about the topic. Provide different sectors and different industries is a good point, however it could be difficult to generalize the findings to all industries and markets.

Considering the enterprises, the limitation concerns the selection process. Since they are selected among the list drafted by the Financial Times in 2017 of the European Fastest Growing Companies, except for one, all the firms that could be considered fast growing and BG but not mentioned within the list are left out. In addition, due to geographical constrains - the researcher was in Finland during the writing of this Master's Thesis and the interviewed companies were in Italy – the interviews were conducted via Skype. This could be considered a limitation since the mean of communication sometimes could alter the facial reaction and body language. In addition, the interviews were conducted in

Italian and, within one day, translated in English. The translation could lead to some misunderstandings of concepts and definitions. Finally, it was difficult to find the right person within the companies' case studies, since only who is in charge from the inception has a deep knowledge of the strategies, difficulties and dynamics followed by the firm from the early stages to the mature phase.

Another limitations that must be taken into account is that the study is referred to the Italian business environment. This is a very important limitation since the study could not be applied to other countries. Each country is different and has its own peculiarities. As shown in the study, companies' international operations are influenced by the home country situation. The empirical findings could not be generalized or applied to another country.

Further researchers could be conducted over the topic of this study. By analyzing the long-term development of Italian BG firms and exploring whether Entrepreneurial Orientation and Innovative Culture change or not future researcher must be aware about the theoretical delimitation and empirical limitations of this study. The topic could be study form a different point of view by more deeply analyze the export performances and their measurement within BGs. Since it is not the main focus of the presented study the researcher decided to see the internationalization from a different prospective by analyzing the role and the importance of Entrepreneurial Orientation and Innovative Culture.

Contemplate a wider sample would give a broader overlook of the situations within the Italian BG environment. In addition, since the study considered only business to business (B2B), a future research might be characterized by other types of corporations such as business to consumer (B2C). Finally, here are analyzed the two most important features that boost the long-term development – Entrepreneurial Orientation and Innovative Culture – a more complete study could consider other characteristics that, on the point of view of the researcher, constitute important drivers that allow BGs to succeed.

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APPENDIX 1 – Suggested questions for the semi-structured interviews (in English)

Name of the company

Industry

Date of birth

Number of employees

International presence

Year of starting international operations

Internationalisation strategy adopted

Position of the manager interviewed: For how many years have you been working in this company? Which are your previous experiences?

1. Which were the most important drivers that pushed your company to internationalise the activities? Why do you think they were important?
Some examples of drivers: globalisation - the intensifying of niche markets - new technologies (new innovative means of communication) - cooperation and networks
2. Which were the goals of your company at the beginning of international operations? Did you achieve them within five years (*time-horizon set to define a firm as Born Global*)?
3. What were the main obstacles your company had to face during the early internationalisation (*five years, time-horizon set to define a firm as Born Global*)? How did your company face them?
4. Which measures do your company adopt to evaluate the performances? Does your company base the analysis of performances on current export performances, on historical export performances, a combination of both or on projections of future

export performances? At which level of unit are the performances measured, at a corporate level, at an export venture level or at a product level?

Examples of measures: export sales growth – number of foreign countries – export success or achievement of export objectives. (Katsikeas et al. 2000; Larimo 2006)

5. What was the view about success in the short-term (*five years from the beginning of international operations*)? Which were the problems that you had to face? What do you think were the key features that bring you to succeed in the short-term? Why they were fundamental?
6. Where did your company started the international operations? Why did your company choose this/these country/countries? Did your company adopted different strategies in different countries?
7. What was the view about success in the long-term (*more or less ten years from the beginning of international operations*)? Which were the main drivers of the long-term development? Why do you think they played an important role?
8. Did your company adopted different strategies in different countries in the long-term? Why did your company choose this/these country/countries?
9. How did your firm evolve in the long-term? Which changes did occur? *For example: new products – new target countries – new target customers – new processes – new strategies*
10. What was/were the change/s occurred within your company after ten years of international business activities (*long-term*)?
11. *In my work I consider entrepreneurial orientation as: the processes, practices, and decision-making activities that lead to enter in new countries or to the adoption of new process or products (Lumpkin and Dress 1996: 136).*

How do you define entrepreneurial orientation within your company? Which role does have entrepreneurial orientation in your company? How this is measured in your company?

12. *In my work I consider innovation culture as the organisational learning culture embedded in the process that turn opportunities into practical use.*

How do you define innovative culture within your company? Which role does have innovative culture in your company? How this is measured in your company?

13. Were the Entrepreneurial Orientation and the Innovative Culture changed or evolved during the years? If yes, make a comparison between five years ago and the present. How could this change be measured?

14. Since Italy is a country with an economy mostly based on small and medium enterprises, do you think it had influenced your company's international operations? If yes, how?

15. Do you experience different performances in Italy and in foreign markets? If yes, how do you manage them? Make a comparison between Italy and the foreign markets in general and between Italy and each foreign market did you enter in.

16. How do you see the future of your company in terms of international operations?

APPENDIX 2 – Suggested questions for the semi-structured interviews (in Italian)

Nome dell'azienda

Settore

Anno di nascita

Numero di dipendenti

Presenza internazionale

Anno in cui sono iniziate le attività internazionali

Strategia di internazionalizzazione adottata

Posizione del manager intervistato: da quanti anni lavora per questa azienda? Quali sono le sue esperienze pregresse?

1. Quali sono stati gli elementi chiave che hanno portato l'azienda a iniziare attività a livello internazionale? Perché sono stati importati?

Esempi di elementi chiave: globalizzazione – intensificazione di mercati di nicchia – avvento di nuove tecnologie (nuovi mezzi di comunicazione) – cooperazione e network

2. Quali sono stati gli obiettivi che l'azienda si era proposta di raggiungere all'inizio delle attività internazionali? Sono stati raggiunti nell'arco di circa 5 anni (*orizzonte temporale per definire un'azienda come Born Global*)?

3. Quali sono state le difficoltà iniziali che l'azienda ha dovuto affrontare durante le prime attività internazionali (*5 anni, orizzonte temporale per definire un'azienda una Born Globals*)? Come sono state affrontate?

4. Quali sono le misure che l'azienda utilizza per valutare le performance a livello internazionale? Esse sono basate su performance attuali, passate o proiezioni future? A che livello sono misurate, a livello corporate o a livello di prodotto?

Alcuni esempi di misure che considero nella mia tesi: export sales growth – number of foreign countries – export success or achievement of export objectives.

5. Come è stato raggiunto il successo nel breve termine (5 anni circa dall'inizio delle operazioni internazionali)? Quali sono stati i problemi che l'azienda ha dovuto affrontare? Quali sono state le caratteristiche proprie dell'azienda che hanno permesso il successo nel breve termine?
6. In quale paese o paesi hanno avuto inizio le operazioni internazionali? Perché è/sono stato/i scelto/i questo/i paese/i? Sono state utilizzate strategie differenti per diversi paesi? Se sì, perché e quali?
7. Quali sono stati gli obiettivi a livello internazionale nel lungo termine (circa 8/10 anni dall'inizio delle operazioni internazionali)? Quali sono stati gli elementi chiave che hanno portato l'azienda a raggiungerli? Hanno svolto un ruolo fondamentale?
8. Quali sono i paesi coinvolti nelle attività del lungo termine? Sono state adottate strategie differenti per i diversi paesi? Se sì, perché e quali?
9. Che tipo di sviluppo ha attraversato l'azienda nel lungo termine? Quali cambiamenti si sono verificati? *Per esempio: nuovi prodotti, nuovi paesi, nuovi clienti, nuovi processi, nuove strategie*
10. *Nella mia tesi considero l'orientamento imprenditoriale (entrepreneurial orientation) come "the processes, practices, and decision-making activities that lead to enter in new countries or to the adoption of new process or products".* Come può essere considerata all'interno dell'azienda questa caratteristica? Che ruolo ha? Come può essere misurata?
11. *Nella mia tesi considero la cultura innovativa (innovative culture) "the organisational learning culture embedded in the process that turn opportunities into practical use".* Come può essere considerata all'interno dell'azienda questa caratteristica? Che ruolo ha? Come può essere misurata?

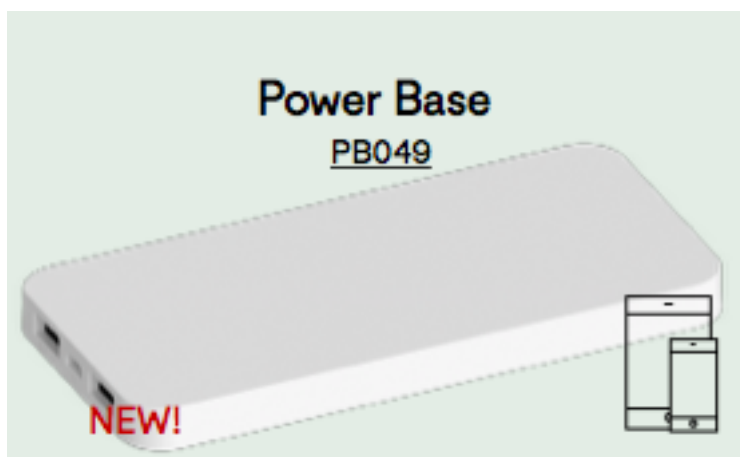
12. L'orientamento imprenditoriale (*Entrepreneurial Orientation*) e la cultura innovativa (*Innovative Culture*) hanno subito dei cambiamenti nel corso degli anni? Se sì, fare un paragone tra adesso e cinque anni fa. Come può essere misurato questo cambiamento?
13. Essendo l'Italia un paese con un'economia principalmente basata su piccole e medie imprese, pensa che questo possa aver influenzato le attività internazionali dell'azienda? Se sì, come?
14. Sono state registrate diverse performance in Italia e negli altri paesi? Se sì come sono state gestite? È possibile fare un paragone tra l'Italia e i paesi esteri in generale e tra i diversi paesi esteri?
15. Come vede il futuro dell'azienda in termini di attività internazionali?

APPENDIX 3 – Lapelle - products offer



(Lapelle company's website)

APPENDIX 4 – Maikii – product offer





(Maikii companies' websites)

APPENDIX 5 – Valvitalia – product offer

fire fighting SYSTEMS



MONOLITHIC ISOLATION JOINTS

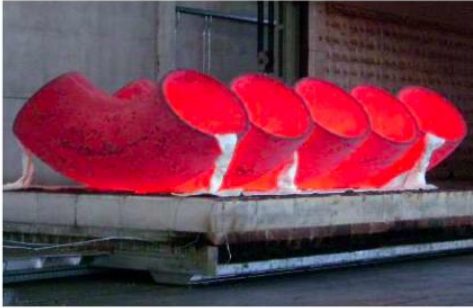


NUOVA GIUNGAS

MONOLITHIC ISOLATION JOINTS | Engineering, Supply, Installation



FITTINGS & FLANGES



ACTUATORS



control & safety VALVES



on/off VALVES



(Valvitalia company's website)