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International Strategy of Portuguese Born Global

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Abstract

The small and medium enterprises (SMEs) are becoming more and more important since they represent the majority of the companies in Portugal. The significant growing of companies that conduct international business at or near their creation has been noticed.

The goal of his dissertation is to identify the characteristics of Born Global by literature review and correlate them with a case study of the company Fly London in order to clarify which strategies this company used to establish and obtain prominence in the competitive international markets. For this propose it is used a qualitative study with primary and secondary data. The conclusion is that, although some key success factors about Fly London coincide with the theory of Born Global some of them do not correspond to the currently Born Global theory. The main key factors identified over Fly London that coincide with the theory of this type of companies are the networking and the high level of technology and on the other hand one of the key factors that differ from the literature is the CEO profile of the company.

Keywords: Portuguese Born Global, SMEs, Internationalization, International Strategy

Sumário

As pequenas e médias empresas (PMEs) estão a tornar-se cada vez mais importantes, uma vez que representam a maioria das empresas nos países europeus. O crescimento significativo destas empresas que realizam negócios internacionais muito perto da sua criação tem sido notório.

O objetivo desta dissertação é identificar as características das Born Global através da revisão da literatura e correlacioná-la com um único estudo de caso desenvolvido com a marca Fly London, a fim de esclarecer quais as estratégias que a marca utiliza para se estabelecer e obter notoriedade nos competitivos mercados internacionais.

Para este propósito, é utilizada uma pesquisa qualitativa com dados primários e secundários. A conclusão é que, embora alguns fatores-chave de sucesso sobre Fly London coincidem com a teoria das Born Global alguns deles não correspondem à teoria actual das Born Global. Os principais fatores-chave identificadas ao longo do estudo de caso da Fly London que coincidem com a teoria deste tipo de empresas é a criação de redes e o alto nível de tecnologia e por outro lado um dos principais fatores que diferem da literatura é o perfil de CEO da empresa.

Palavras-chave: Born Global Portuguesas, SME, internacionalização, estratégia internacional

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Contents

1 Introduction

The goal of his dissertation is to identify the characteristics of Born Global by literature review and correlate them with a study case of the company Fly London to clarify which strategies this company used to establish and obtain prominence in the competitive international markets.

The globalization phenomenon is defined as a process of developing the inter-relationships on a worldwide scale, in which all countries are connected to each other through a network of complex bonds, so that actions and decisions which have occurred in part of the world may unwind significant consequences for people or organizations located in more geographical areas.

The progress of the international market liberalization and the formation of free trade zones are creating commercial spaces where all services and products could circulate across country borders with reduced trade barriers. The GATT (General Agreement for Tariffs and Trade) works to promote and protect free trade, eliminating significant barriers to trade flow. Technological developments have also facilitated this phenomenon, with the ease of communications, transport and all information systems, allowing easier movement of goods and services, people, capital and different kinds of knowledge such as cultural knowledge, social, economic, among others. Such factors promote the internationalization of companies which according to Beanish (1990) is "the process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future and establish and conduct transactions with other countries" (Mort & Weerawardena, 2006, p. 550).

Multinational companies that conduct business across countries are major agents of globalization. Traditional international business literature appears to assume that only large companies are involved in international business and hence, the internationalization of large companies dominates the research focus. However in recent years it has been identified an increasing number of small and medium-sized enterprises (SMEs) which have been established in international markets. Some of these companies have the goal of achieve internationalization right from inception or at the early stage of enterprise formation, they are the so called Born Global. (Ilhéu, 2009, pp. 66,71)

SMEs are defined in the European Union recommendation 2003/361. The main characteristics determining whether an enterprise is an SME are: staff headcount and either turnover or balance sheet total. Extract of Article 2 of the annex to Recommendation 2003/361/EC, European Union defines the category of micro, small and medium-sized enterprises to be ‘made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million (Extract of Article 2 of the annex to Recommendation 2003/361/EC, European Union).

Ghobadian & Gallear (1996) considered that an SME is where informal labor relations prevail and where there is proximity between workers and directors. All these features make the company more flexible and prone to environmental changes (Powel & Levy, 1998). Since the structure of SMEs is simple and that one of its main characteristics is the virtual absence of hierarchical levels, the business turns out to be the central figure and see facilitated direct contact with the operational functions of the company (Gélinas & Bigras, 2004).

Culkin & Smith (2000) affirm that these companies form the largest business sector of the world economy and possibly for this reason, governments around the world make them part of its overall strategy for national development, promoting and supporting their growth (Abdullah & Bakar, 2000, p.3).

Another point in favor of SMEs, is that compared with the big companies, these companies are less affected by expensive information systems and bureaucracies (Covin and Selvin, 1989). Carrol (1984) agree that these are usually considered more innovative, adaptable and have a faster response time when it comes to implementing new technologies and meet the needs of consumers.

In other hand it is commonly recognized that the majority of SMEs are confronted with lack of information, capital and management experience, that they do not use economies of scale and that they have less aversion to risk when compared with big companies. Due to their limited resources, SMEs are also more seriously impeded by internationalization costs than large companies. Thus, most of them cannot follow the same strategy, rather have an emergent one due to their lack of resources and vulnerability to their environment (Freeman, Edwards, & Schroder, 2006). Amidst this common understanding, Born Global has made story with its fast and "early" internationalization from inception or at the early stage of their formation. These companies are also considered to have some unique attributes. They often have higher technological level than general SMEs, with innovative products or even innovative processes and tend to be managed by visionary entrepreneurs.(Hollensen, 2011, p. 87).

Knight & Cavusgil (1996) and Madsen & Servais (1997) defined Born Global as “a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (McDougall & Oviatt, 1994, p. 49).

On this was Born Global revolutionized the international strategy previously studied by academics because they enter global markets instantly from inception outstripping some of the steps underlined by conventional stage models of internationalization, including the Uppsala Model and Dunning Model that will be detailed latter on the literature review. Besides these companies’ internationalization process and pattern could hardly be explained by traditional theories of internationalization, they also moved a bit the idea of what was considered great and indispensable for companies to have in order to arrive quicker to international markets. Their internationalization process is greatly different from other types of firms mainly because of the circumstances in their young inception. Freeman (2006) affirms that one of the most important reasons is their lack of resources like financial resources for example.

Researchers approach this new phenomenon using different perspectives, such as the network view (Sharma & Blomstermo, 2003) or the dynamic capabilities perspective (Weerawardena et al, 2007). Most studies have been focusing on the comparison of the stages models to the Born Globals’ internationalization (McDougall & Oviatt, 1994), however only a few of them involved strategy as part of their analysis (Chetty & Campbell-Hunt, 2004).

1.1 Research Problem

For small countries like Portugal, Born Global firms play a key role in the enhancement of small countries' competitiveness in the international area. Rialp and Knight (2005) affirm that Born Global are increasingly in global markets.

Small markets as the Portuguese has higher propensity to SME become Born Globals (Bell et al, 2003) which triggered the interest for this dissertation in understanding the internationalization process of current Portuguese Born Global.

The Portuguese brand Fly London has been noticed as one of the top Born Global in the country with a presence on 60 markets over the five continents with remarkable results. Its strategy of achieve three new markets every year was the main driver to elect this company for the case study that is presented.

This type of companies need to respond quickly to the market variations and develop mechanisms to gain or maintain competitive advantages in global markets meaning that Born Global must have an emergent strategy (Moen, 2006, p. 35).

This dissertation aims to address two main questions being the first one:

What are the characteristics of Born Global?

The second one is more based on the case study and is:

What strategies did Fly London use to establish and obtain prominence in the competitive international markets?

Additionally, the qualitative nature of this dissertation does not allow generalize the results to all Portuguese born global firms, neither to other markets or industries. However it would be fruitful to a future quantitative or qualitative research which compare the international strategy of Fly London with other Portuguese Born Global. Finally, another interesting future work could be analyse in detailed the characteristics of Portuguese entrepreneurs of Portuguese Born Global.

2 Literature Review

Internationalization has been approached and viewed from numerous perspectives. However, many of them do not fully explain the complexities and variations in the internationalization of different types of firms in in today's globalized and technologically advanced economy. In this Chapter, a theoretical overview of different internationalization definitions and perspectives will be reviewed, then the rapid internationalization of Born Globals will be expounded.

Born Globals will be explained in detail in terms of their special characteristics, the reasons for their emergence, and the resources and capabilities that are especially important for them. Finally, the theoretical background of internationalization strategy will be discovered with a focus on explaining different types of strategies and key decisions that have to be made by firms which are going international.

2.1 Definitions of Internationalization

Between several internationalization definitions, Meyer (1996), says that internationalization is a process by which a company raises the value of the activities that have in international markets. Calof and Beamish (1995), argue that internationalization is a process of adaptation of the strategy, structure and resources to international markets. Internationalization can then be defined as "the process of adapting business operations (strategy, structure, resources, etc.) to international environments" (Johanson & Mattson, 1993 cited by Ruzzier et al 2006).

For this study, the definition of internationalization by Beanish (1990) will be used, of which internationalization is defined as "the process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future and establish and conduct transactions with other countries" (Mort & Weerawardena, 2006, p. 550).

2.2 Motives to the Internationalization

Several authors identify various forces or motivations that lead to the internationalization of a company. Czinkota et al., (1999) specify a set of eleven motivations (Pro-active and Reactive) to internationalize as listed in Table I.

Table 1 Motivating factors for internationalization

Proactive	**Realists**
Advantages in terms of profits	Pressures of competition
Unique products	Excess production capacity
Technological advantage	Saturation of the domestic market
Exclusive information	Proximity to customers and the ports of landing
Commitment management	
Tax benefits	
Economies of scale	

Source: Czinkota et al (1999)

According with Karagozoglu and Lindell (1998), the two main reasons that lead to internationalization of a company are the opportunities identified in the foreign markets and the results of market research in foreign countries.

To Freeman et al., (2006), a small domestic market, advanced technological knowledge and different forms of relationships and alliances are factors that motivate a company to internationalize.

In Hymer (1993) perspective he reported three reasons why companies should take a risk and invest in international production: neutralize competitors, explore unique competitive advantages and for diversification.

2.3 Models and internationalization theories

This section presents an overview of the theoretical perspectives on company's internationalization behavior following Uppsala Model, Network Theory, Dunning Model and Born Global Theory ending with an overview of market selection, expansion and entry modes.

2.3.1 Uppsala Model

Authors like Johanson & Vahlne (1977) and Johanson & Wiedersheim-Paul (1975) presented the Uppsala School model that is based on the company's internationalization behavior, specifically the steps that it takes. This model emphasizes the knowledge like familiarization with the national culture of foreign countries as a driving force behind the internationalization of the business process. This is a dynamic model where the outcome from one stage constitutes the input for the next stage.

The Uppsala model takes into account two aspects:

A - The increased commitment to a country, it develops through four successive stages, which form an "establishment chain" as:

1st stage - at first none export activity is held by the company;

2nd stage - the company starts exporting through agents or independent representatives;

3rd stage - later the company is established foreign, through a sales subsidiary;

4th stage - finally the company established a production unit in the host country;

B - Companies move to distant countries, only after they have established a presence in closer countries.

The evolution through these four stages represents a progressive degree of commitment in the market. Johanson & Wierdersheim-Paul (1975) reported that some steps, made out of the internal market, but within the geographical area of the company, lead to the company's internationalization in small steps.

When companies operate in many markets they experience a high degree of uncertainty. This uncertainty is related to the need to adapt the company to the local habits and business practices. To reduce this uncertainty companies give the smallest sequential steps.

Initially, companies choose nearby countries and subsequently, these will come successively in countries with the largest distances. "If knowledge can be transferred from one country to another, firms will perceive a shorter psychic distance to a new country than they previously saw". (Kamakura & Ramón-Jerónimo &. Vecino Gravel; 2011, p.238)

These distances are not only geographical, are also psychic distances they are also in terms of cultural, political and economic distances. For example, companies which export first to neighboring countries can reduce the perceived risk and the great global uncertainty export.

Johanson & Vahlne (1977) in the development of the Uppsala model investigated the successive establishment of foreign operations and concluded that the temporal sequence of these establishments appear to be related to the psychic distance between the country company and the importer / host country. Being psychic distance defined as the sum of the factors that prevent the flow of information from one market to another market such as may refer to differences in language, in education, business practices, industrial development and culture. Liesch & Knight (1999) say the psychic distance of a market is a function of the uncertainty prevailing on the market for the company that it wants to enter. In other words the more psychologically distant is the market, the greater the uncertainty that the company has to tackle. Bell (1995) says that the psychic distance is a key factor in selecting an export market but became less relevant as global communications, transport infrastructure improves and markets become increasingly homogeneous.

The process of internationalization of Uppsala model have a continuous process of incremental adjustments with two key words like commitment and knowledge. (Johanson & Vahlne, 1977, p.26). Knowledge is divided into experimental knowledge and objective knowledge. The latter (objective knowledge) is obtained by collection and processing of information within a project of market research. The experimental knowledge is a result of specific operations in the market and cannot be transferred between companies, this means that the necessary knowledge can mainly be obtained through experience foreign in the target country. (Andersen, 1993)

The knowledge includes implicit and tactics dimensions together with those that are explicit and codified. The tactical knowledge is acquired through experience and can be considered an intangible strategic asset. (Tallman & Shenkar, 1994; Luo & Peng, 1999). Knowledge comprises also general knowledge meaning, information in the surroundings of business and knowledge located as regards the business information in specific countries.

Some forms of knowledge located, are virtually impossible to internalize through a research project, as objectively cannot be acquired. These are locally rooted intangible assets, and this results exclusively from experience with local operations. The skills and proficiency of local companies to negotiate with governments and community of local businesses, ability to manage the local workforce and competence to enter the local market, are examples of this type of knowledge.

2.3.2 Network Theory

Today's markets are characterized by constant innovation in information, communication technologies, high flexibility, quick reactions to business requirements and critical points of competitiveness.

A review of the literature suggests that the network theory can offer a new perspective on the process of internationalization, specifically for small and medium enterprises because the internationalization process on this type of companies tend to be more dependent on relationships with others.

The definition of business network was initially set by Johanson & Mattsson'S (1988).

Using the theory of social exchange, they defined it as a set of two or more business relationships, interconnected in which each exchange shall take place between companies, which are voluntary collective ‘actors’ in this relationship process. These actors may include suppliers, customers, competitors, governments and distributors.

Hakansson & Snehota (1995, p.269) argue that the essence of the network is presented as business relationships that are born from the foundation of ties between actors, activities connection and commitment of resources. The authors draw our attention also to the definition that is displayed in the dictionary for Network, "a woven which wires that compose it are interwoven, sprained, or otherwise tightened to form an open network."

A few years latter Achrol & Kotler (1999, p.148) present a definition of an organization in network as "an independent alliance of tasks and capabilities of specialized agencies as independent companies or autonomous organizational units, which operate without hierarchical control, but this is present a shared value system". This is a system that is supported by dense relationships, rooted in feelings of mutual and reciprocal trust, and define the starting roles and responsibilities of members.

The networks of business can be seen as sets of related companies or alternatively as a set of relationships of connections between companies. All of these business relationships are interrelated in the sense that what happens in a relationship is related to what is happening in other relationships. For example, what a company offers in the relationship with a client depends on its relationships with R&D centers, banks, suppliers, etc

All this type of relationships are horizontal and vertical interdependencies. The horizontal interdependencies have as main objective the coordination capabilities and functions that contribute to the production of a certain good or service (Elg & Johansson, 2001). In other words, this type of network has as main objective to coordinate the capabilities and functions that contribute to the control of any result of resources.

Horizontal networks are made up of interconnected companies in different industries. Exist wider forms of cooperation in network as consortia for R&D, strategic alliances or export consortium. (Ilhéu, 2009)

The vertical interdependence focus on the exchange of resources between different levels of distribution channels, ensure and coordinate the flow of resources (Elg & Johansson, 2001). The vertical Networks focus resource transactions between interrelated levels of the value chain or transactions along the product chain. In vertical networks the manufacturers are responsible for design, plan and assemble the final products. The best examples of this type of network are in the automotive industry in Japan and South Korea, where Toyota and Hyundai maintain a stable production network. Richter, 1999)

The literature review shows that networks and relationships are important in internationalization phase for all types of companies, because they enable firms to link activities and resources together (Chetty, 2003; Andersson & Wictor, 2003; Coviello &

Munro, 1995, 1997; Jaklic, 1998). Nevertheless the networks are particularly critical for small firms since they depend more on relationships with others due totheir limited resources and because usually they are new inside the market and t tend to be more vulnerable. (Ilhéu, 2009)

Coviello (1995) agree that most of the entry modes are influenced by the interests of other players in the firms. For example, this type of companies generally seek partners who complement their own capabilities in these lead markets (Madsen & Servais, 1997; Johanson & Mattsson, 1988; Oviatt)

The network position of a firm is usually an immaterial market asset once it is necessary take time and resources to establish this type of connection.

A key element for a Born Global is its position within a network since it can determines development opportunities in future time.

A big number of researchers have argued that networks help Born Global firms achieve the success in international markets because they helps to identify new market opportunities, contribute to building market knowledge and help to create a relationships with important partners to work with. (Coviello & Munro, 1995; Chetty & Holm, 2000; Madsen & Servais, 1997).

The future international success depends on the ability to use knowledge through international networks. (Ilhéu, 2009, p. 73) This knowledge is seen as a necessary source of information and provides advantages that facilitate the entry into foreign markets. The same author believes that networks of knowledge brings with it the following advantages (1) increase innovation, (2) improving organizational efficiency (3) the knowledge gained can be used elsewhere.

2.3.3 Dunning Model

The OLI (Ownership, Location and Internalization) or Dunning's eclectic theory as applied to entry mode selection states that different companies will choose the most appropriate entry in global markets.

The firms can considering ownership advantages, the internalization advantages of the particular situation, and the location advantages of the country under consideration.

Dunning and Dunning & Wymbs (1988b, 2001) say that the core of the paradigm is to provide a more integrative form to explain (Why) reasons, and the motives, (How) the manner, and (Where) location, the international operations of firms are carried out. This means that the eclectic paradigm tries to explain why some firms exist and why they have more successful than simply domestic firms.

The theorem seeks to explain the process of internationalization of companies based on foreign investment. Under this approach, a successful investment must fulfill three conditions (paradigm O.L.I. - Ownership-Location-Internalization).

Following briefly review these conditions/advantages:

Ownership advantages (Oa) – these are the competitive advantages that firm holds or may possess and that it could transfer to operations abroad.

Dunning (1993) agree that these ownership advantages are created through a company's global experience, size, their capability to differentiate their service or product, the ability to adapt of the service or product, the technology intensity of their offerings and the service intensity. Some examples of ownership advantages can include services or products which cannot be duplicated by competitors, like control of strategic assets as technology, own brand and management skills.

Location advantages (La) - are country specific characteristics related, this mean that which are the advantages provided by certain specific locations , not only countries regions, regions or cities that may only benefit the firms that are located.

Dunning, (1988) agree that the lower cost labor, would result in a cost advantage in all markets where the company's products or services are sold, through better coordination within city activities, or international markets.

Internalization Advantages (Ia) –it indicate an option to externalize or internalize activities.

Dunning, (1993,1988) refer that the internalization advantages are worried with the costs of choosing a hierarchical mode of operation over an external mode the internalizing of international operations comes at a cost. The internalization advantages are concept that resides in the benefits for company of exploiting their ownership advantages internally, instead of than through market domiciled transactions. The question is apparently simple: "why firms do chose not to commercialize their specific advantages instead of exploiting them internally?" (Serra & Gaspar, 2011, p. 4)

Taking into account the political and technological changes of the 90s, Dunning proposed the reconfiguration of the paradigm property-location-internalization: (Oa) - includes the property advantage of concept the costs and benefits that result from relationships and inter-firm transactions (alliances); (La) - considered new location variables (accumulation capacity of knowledge and standards of R & D spatially related); (Ia) - extended the concept of internalization advantage with other dynamic objectives as the search for strategic assets and demand efficiency.

Dunning's (1988) were not sufficient to explain the international operations of companies and he included two types of ownership advantages – (Ot) related to the transactions and (Oa) related with the assets. These reflect greater ability of firms to capture the rents of the develop activities in house contrasted to those developed in the market. These contribution helped to extend the analysis of the competitive advantages associated with the ownership for the appropriation and elaborate of the rents that have operations transactionally not simply. Hymer & Zaheer (1976, 1995) say that the competitive advantage should be enough to overcome the liabilities, costs of foreignness, operating a subsidiary abroad and the costs of installing. That is, the foreign company needs to generate more value added than the others companies like domestic firms. Foreign direct investment, licensing and export are the three basic forms of internationalization. The companies must insure all initial competitive advantage, for example their ownership advantage. And these are the the crucial condition for firms to internationalize.

The "companies conduct foreign direct investment FDI when they combine their specific competitive advantages with location advantages and when they prefer governing the transactions in house to minimize transaction costs". (Serra & Gaspar, 2011, p. 8)

Dunning (1988) affirm that exist advances different types of foreign direct investment, like: (1) market seeking - to enter a different markets and increasing the number of potential customers; (2) resource seeking - to access productive factor in more advantageous conditions, like raw materials or natural resources; (3) strategic asset seeking - To contributing to augment its competitive advantage with develop the companies competences all for example capabilities, resources; (4) efficiency seeking - to improve all efficiency of the company, realizing it with more productivity.

The Dunning theory has a very strong explanatory value for global companies. Based on the identification of advantages in terms of internationalization of the company and to a certain area, you can determine the most appropriate penetration mode in a simple model which highlights that: any mode of internationalization depends on the existence of a specific significant advantage; the type of investment is only possible with the combination of three types of benefits; in the case of location advantage is insufficient, the modalities and export license should be considered.

2.3.4 Born Global

2.3.4.1 History

The term Born Global was established by Rennie, who first used it in 1993 in order to describe the phenomenon of young companies that internationalize quickly after inception and it was successful in international markets. Other scholars researched in the same area but used different terms like “new international companies”, “startup”, “International New Ventures” or “Born International” to describe this type of company. (Oviatt & McDougall, 1995; Knight e Cavusgil, 1996; Kandasaami, 1998; Madsen and Servais, 2002; Knight and Cavusgil, 2004). (Pock, 2010) & (Ilhéu, 2009)

Next to using different terms for the phenomenon of companies with a high pace of internationalization, researchers also define the phenomenon of Born Global differently. Gabrielsson, (2005) the lack of one universal definition is a critical point for research, because it leads to a small common denominator shared by all papers and hence to few imprecise criteria that can be used in studies with aim to apply the current state of research.

A lack of universally agreed upon criteria furthermore hampers the comparison of the some studies which are based on different Born Global definitions and makes the distinction from other company types difficult. (Pock, 2010)

The common denominator for all Born Global definitions are pace of internationalization, the share of international revenue in total revenue, and the amount and geographical location of foreign markets in which the company is active. (Pla-Barber & Escriba Esteve, 2006)

However, only two terms gained general acceptance: Born Globals and 'International New Ventures', but between the two terms, the term born global enjoys even wider recognition (Pock, 2010). The Born Global "have come of age during the current era of globalization and advanced technologies." (Knight & Cavusgil, 2004, p. 124)

The Born Global firms are define like 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 many countries around the world. (Autio et al., 2000; Knight & Cavusgil, 1996;Oviatt & McDougall, 1994; Rennie, 1993)

Knight & Cavusgil (2004) defined Born Global as "entrepreneurial start-ups that, from or near their founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets." (Knight & Cavusgil, 2004, p. 124)

Oviatt & McDougall (1994) defined international new ventures (INVs) like "business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries." (Oviatt & McDougall, 1994, p. 49)

Knight and Cavusgil (2004), agree that the Born Globals have the distinguishing feature like their origins are international, the commitment of specific resources to the activities in several countries of the world, and demonstrated by management's global.

Following are the common attributes described of that kind companies.

2.3.4.2 Born Global Definition

In contrast to the traditional pattern of companies that operate in the domestic market for long time and gradually advance into international trade. The Born Globals early adopters of internationalization with an international view of their markets, and their have an international strategy very proactive. This type of companies may be able to achieve their goals, through formal agreements as licensing, joint ventures, but coordination can also be informal, as is the case of social networks (Chinese) established, so both cooperation strategies, formal and informal can be followed in foreign business. (Ilhéu, 2009, p. 74) These companies are characterized by "view the world as their marketplace from the outset and see the domestic market as a support for their international business". (McKinsey & Co., 1993, p.9)

Oviatt & McDougall (1994) define an international new venture as a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries. The distinguishing feature of these start-ups the international markets are their origins as demonstrated by observable and significant commitments of resources (e.g., material, people, financing, time) in more than one nation. (Oviatt & McDougall, 1994, p.49)

The same authors affirm that define an international new venture as a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries. The distinguishing feature of these start-ups is that their origins are international, as demonstrated by observable and significant commitments of resources (e.g., material, people, financing, time) in more than one nation".

Oviatt & McDougall (1994) tried to be more specific on the concepts used in the definition through presentation of four types of new international companies. These are organized around the value chain activities of number they coordinate and the number of countries where they operate. Some of them, coordinate the transfer of resources from many parts of the world to outputs that are sold in markets where these outputs have more value. Other them are export companies that add value to transfer outputs where they are to where they are provided.

Figure: Types of International New Ventures

Few Activities Coordinated Across Countries (Primarily Logistics)	New International Market Makers Start-up – Export/Import I	Multinational Trader II
Many Activities Coordinated Across Countries	Geographically Focused Start-up III	Global Start-up IV
Number of Countries involved	**Few**	**Many**

Source: Oviatt & McDougall (1994)

There are the New International Markets marked (I and II) which are the traditional type of companies that operating both as importers and exporters. This companies use the imbalance between market prices and countries in production costs for create new markets.

Their most important competitive advantage is all knowledge about logistics.

Their founders and managers' personal contact and relations, they operate through a large network of business contacts in a large number of countries.

Another type of firm is the Geographically Focused Start-Ups (III), they gain competitive advantage by servicing a few customers with a highly specialized demand in a relatively small part of the world, a specific location. The competitive advantage of these firms normally it due the co-ordination of a number of value chains in regard to technological development, knowledge, production. The tacit nature of the knowledge involved justify the difficult to imitate and complex the co-ordination. Furthermore, all Knowledge is protect due the networks and relations involved are closed to outsiders.

The most radical new international firms are the Global Start-Ups (IV). These firms coordinate almost activities in the firm across regional borders and national. They use use socially complex knowledge bounded in several networks spanning the whole world and have a unique history.

This type of companies are extremely active globally to get access to resources and international markets but do not merely react upon possibilities in the global markets.

The amount and source of funds is one of the key differences between the companies that are already well established and start-ups. Such companies normally have limited resources available for more expensive investment. For example, in distribution channels, entrepreneurs must rely more on hybrid structures to achieve control sales, marketing activities. However the approach network offers some promising solutions for this type of companies.

Most of the time the companies realize their distribution and marketing activities in a specialized network. They seek partners that complement their own skills and all this is an added value because of the scarcity of resources. (Madsen & Servais, 1997)

In this dissertation, Born Global are defined as independent companies that, from beginning, try to gain considerable competitive advantage from the use of resources and sale of products or services in more than one foreign country. Within three years after their inception, respective this type of companies generate at least 25% of their turnover in five or more international markets. (Ilhéu, 2009)

2.3.4.3 Common Born Global Attributes

A. International revenue

International revenues are consider as one of the central elements of Born Globals (Pock, 2010). 25% of revenue to be created abroad is one of the most mentioned relative figures (Kuivalainen,2007). Some authors also mention certain absolute revenue thresholds. (Pock, 2010).

Some studies use relative figures when addressing the important element of revenue in the Born Global definition. The most used criteria at least 25% of sales income derived from exporting (Knight & Cavusgil, 1996), it will be used in this dissertation in order to enable comparison with other research papers.

B. Time of internationalization

Time is another commonly used element in the various definitions of Born Global this element helps distinguish Born Global from other types of companies. The time period between beginning and the first international activity is most relevant for the definition of Born Globals. (Kuivalainen, 2007).

Nevertheless, the term ‘beginning’ remains controversial, once there exist various definitions on when a business can be consider as formed (Oviatt & McDougall , 1997).

Existing attempts to specify the time between beginning and first international operations range from two to six years. (Pock, 2010).

In order to align with existing definitions of Born Globals, to these dissertation the criteria of a time period used are 3 years between beginning and first international activities.

C. Amount of foreign markets

The amount of foreign markets in which the Born Globals operates are less importance than the elements of turnover and time (Pock, 2010). However, this criterion is part of various existing definitions and therefore should not be neglected.

The opinion regarding the minimum amount of foreign markets to operate is not common to all authors. For example Oviatt & McDougall (1994) demand operations in more than one country, Coviello & Munro (1997) state a number of at least 7 foreign markets.

In order to allow comparison with an existing study made by Pock (2010), in these dissertation sets the minimum amount of foreign markets that a Born Global should operate in to five.

D. Number of employees

In general, Born Globals exist mainly in the field of SMEs. Reason for the concentration of Born Globals within SMEs is that Born Globals are usually young companies which possess the capabilities to internationalize quickly (Pock, 2010).

Many authors, therefore set a limit to the maximum number of employees a company can have in order to classify as a Born Global.

A Global Born is typically characterized by being an SME with fewer than 250 employees, and annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.' (Extract of Article 2 of the annex to Recommendation 2003/361/EC, European Union)

E. Independence and Founding year

Another possible element is the independence of the company in order to classify as a Born Global. This means that restructured or merged companies cannot be considered as Born Global, since their drive to internationalize might come from previous activities not linked to the current company (Bell,2004, cited in Block 2010)

To these dissertation independence of a company as defined above is used a criterion for Born Globals. One other intuitive criterion for Born Globals is the age of the company. In order to stay consistent with existing research on Born Globals, studies should focus on companies founded after 1993 (Pock,2010), a suggestion which is followed by this dissertation.

F. Strategic Determinants

The topic of internationalization strategy is not one that has gotten a lot of focus in the literature. There are plenty of research about international and global strategy of a firm, but not so many about their strategy of internationalizing. Why there are no studies on this field and what this field really entails – that will be discussed in this section. It is crucial for this paper to clarify this matter because it is part of my research question and the basis of the dissertation.

First of all, strategy need to be explained in order to be able to answer what internationalization strategy means. For Mintzberg (1994) the strategy is as a plan that organizations create and a pattern that evolves from their past. Forming a strategy is an analytical work based on the companies capabilities and resources that support its competitive advantage (Grant, 2010). For strategic management the analysis part includes the evaluation of the internal and the external environment compared to the companies goals, and the analysis help to define strategic options. (Lynch, 2011)

The analyses of the internal and external environment not always affect the strategy in equal weight. In Porter's (1979) industry-based strategy formation the environment and the competition has a greater effect on the firm's strategy, while in Barney's (1991) resource-based view the firm's resources determine the strategy. Mintzberg (1994) suggests a syndissertation between the two views in order to create a successful strategy. However, we also need to consider his previous paper with Waters, in which they discuss deliberate and emergent strategies (Mintzberg & Waters, 1985). While the planned strategy many times in real life does not get realized other patterns might emerge. In his learning school Mintzberg (2009) also claims that strategy is not a linear process and there is no point in being too analytic when the firm always needs to react to its changing environment.

The author (1994) agree, there is no pure deliberate, nor pure emergent strategy at a firm. Therefore, the dynamic change of these points does not mean that internationalization strategy does not exist, but it is continuously changing. These are especially true for a born global that is usually really dependent on its environment.

G. Resources and capabilities

Resources and capabilities are important foundations of firms, and it is important to distinguish between them. Resources are productive assets of the firm including tangible (e.g. money), human resources and intangible (e.g. brand). While resources represent what a company own, capabilities are what a company can do (Grant, 2010). Barney's (1991) agree that resource-based views, resources can provide sustainable competitive advantages if they are valuable, rare, inimitable, and non-substitutable. In contrast, Grant (2010) says resources cannot provide competitive advantages by themselves, they must work together to create organizational capabilities, i.e. using resources to achieve a certain goal.

Born Globals are lack of tacit resources, which makes them focus more on other resources and capabilities. Knowledge has been named one of the most important resources for this type of companies by many researchers (McDougall & Oviatt, 1994; Knight & Cavusgil, 2004) due to their continuous learning process, which enables them to expand internationally on a fast pace. The knowledge they possess helps them overcome foreign obstacles, particularly the private knowledge of human resources and the mobility of knowledge (McDougall & Oviatt, 1994).

H. Knowledge and R&D intensity

Recently has been some advance in understanding at the broad level with Born Global phenomenon. The internationalization of this type of companies depends developing organizational capability. (Knight and Cavusgil, 2004)

The capabilities view has evolved from the resource-based view (RBV) of competitive strategy. The review of the (RBV), tell us that the long term competitive advantage of a product depends on inimitability, meaning that the product is hard or impossible to copy by competitors. One way to secure this long term competitive advantage is to create knowledge intensive products or services. (Knight and Cavusgil, 2004)

The dynamic capability view, in contrast to the traditional RBV, suggests that the companies needs to develop new capabilities to identify opportunities and respond quickly. (Jarvenpaa and Leidner, 1998).

Although Knight and Cavusgil (2004) adopted the capability-based view of competitive strategy they have given scant attention to the role of networking activity which is suggested by the literature about Born Global to be a key activity which enables this type of companies to overcome their resource-based constraints on international market entry. “The dynamic capability view enables us to capture the development of capabilities which enable the Born Global firm’s rapid markets entry.” (Weerawardena, Mort, Liesch, & Knight, 2007, p. 552)

Born Globals with their products achieve competitive advantage and the products achieve compete sustainably in the international competitive environment (Oviatt & McDougall, 1995). According to the Resource-Based View (RBV), a competitive advantage can be achieved if the product possesses a unique and differentiated feature. VBR models mentions that the company's competitive advantage depends on the speed and efficiency of the company to develop or acquire inimitable knowledge, all in a localized view that is only possible with the experience. (Makino & Delios, 1996) citied by (Ilhéu, 2009, p. 93)

To create competitive advantage the companies need to invest and develop knowledge. And according to Zahra (2000, p.926) the development "of new technological knowledge is important for success in international markets." This is a knowledge that can help companies to better adapt their products to the environment and able to identify emerging technological challenges, as well as consumer trends, which can determine their performance in foreign markets. (Ilhéu, 2009)

The great rise of the Born Global is explained with apparition of niche markets, a result of this, "many companies are producing products or components and specific parts, which have to sell in niche global markets, because the domestic markets for these offers is too small, even in large countries, only in this way small-scale operations become profitable". (Ilhéu, 2009, p. 76) Knight (2004) agree that the Born Globals often position themselves in niche markets and hence require innovative products as differentiator toward their competitors. Organizational performance are unique capabilities of the company resulting from the development of their own knowledge in innovative companies. (Utterback and Abernathy, 1975). When these type of companies may gain new competencies in a number of areas, such as technology, research and development, range of products, marketing and skills. (Elg & Johansson, 2001, p. 97)

With the globalization of communication the needs and desires of customers in market niches become more and more homogeneous, which favors the strategy adopted by this type of companies. (Ilhéu, 2009) The innovative culture a Born Global combined with the accumulated knowledge, supported the development of products or service. (Dosi, Nelson and Winter; 1988. 1982).

I. Competitive advantages and partnerships

A company that has distinctive capabilities whether resources or capabilities, is encouraged to explore foreign markets (Suárez-Ortega & Poplar-Vera 2005). Although, according Cavusgil and Nevin (1981), these capabilities are not sufficient to begin the process of internationalization, they are considered relevant to the company's preparation and also stimulate the motivation of managers (Suárez-Ortega & Poplar-Vera 2005). Thus, from a theoretical point of view, it would be expected that companies with distinctive capabilities are more likely to be involved in export activities (Suárez-Ortega & Poplar-Vera

2005). According Ilhéu (2006, p.34) the very competitive advantages of the company are the high image quality, lower costs, high technology, patents, high liquidity, marketing expertise, hand labor-qualified, recognized brand and control of distribution channels.

Born Globals can often be found in high technology industries. As a result, activities in these industries require high R&D investments on a continuous basis. (Burgel & Murray, 2000) It can be observed that there is a link between R&D investment and success (Pock, 2010).

Liesch and Knight (1999), argue that information and knowledge, are critical factors to the expansion of SMEs in international markets, the authors conclude that "of all the resources, information and knowledge are perhaps the most critical to the expansion of SMEs in foreign markets." (Knight & Liesch, 2016)

Thus it is concluded that SMEs before starting the phase of internationalization of markets, must go through the process of collecting and analyzing information. Management is the factor that determines the best approach to expansion abroad, it is that the "appropriate knowledge acquisition is fundamental to an entry in the foreign market successfully, particularly in SMEs with limited resources". Liesch e Knight (1999) (pt, p.68)

The authors Leonidou and Katsikeas (1997, p.66), agree that "information can help companies improve their marketing capacity, developing customer orientation in international markets by adapting strategies boosted by the market and finally getting advantage of competitive positioning." (pt, p. 68)

The partnerships emerge as a means to overcome the lack of capacity and resources in the company's internationalization process (Beamish et al., 1999). They are considered as advantages of these alliances to minimize transaction costs, increased market power, the risks are thus shared, improved access to key resources such as capital and information (Gulati et al 2000), access to partner resources or "network resources" (Gulati, 1998) and help overcome the shortage of capital, equipment and other tangible resources (Lu & Beamish 2001). However, this process time consuming and may result in errors (Dierickx & Cool, 1989) or problems such as conflicts in the definition of objectives, lack of understanding, cultural differences, lack of confidence and dispute in the control division (Lu & Beamish 2001). An SME has three basic options partners: can choose to partnerships with companies in the host country, with companies in the country of origin or companies of a third country (Makino & Delios, 1996). There three types of alliances could help an SME to overcome shortage of financial capital and tangible resources. A local partner is a primary source of local knowledge and tends to have more detailed knowledge about various aspects of the host country environment from the other partner options. (Lu & Beamish 2001)

J. Dynamic Capabilities, Ecosystems and Product Quality

Many authors identified a number of organizational capabilities or Dynamic Capabilities that enable internationalization and increase performance of born-global firms in international markets. Teece, Pisano and Shuen (1997) defined dynamic capabilities as the company that have ability to integrate, reconfigure, external and internal competences to address rapidly changing (1997, p. 516). This authors “argue most forcefully for a link between dynamic capabilities and competitive advantage”. (paper dynamic capabilities 2, pag 297) In saying, ‘we refer to this ability to achieve new forms of competitive advantage as dynamic capabilities’. (Teece, Pisano and Shuen, 1997, p. 515).

Teece (2007) affirms that dynamic capabilities are ‘the foundation of enterprise-level competitive advantage in regimes of rapid (technological) change’ (2007, p. 1341).

There are three learning capabilities that are instrumental to early internationalization in Born Global firms: market-focused learning capability, internally focused learning capability, and networking capability.

(Kudina and Barkema, 2008) affirms that the attribute of success of technology firms that are Born Global to their effective use of three types of ecosystems or learning capabilities that are instrumental to early internationalization:

1. “Internally focused learning capability is characterized by the acquisition and dissemination of technological and non-technological information generated within the firm”. (paper Dynamic capabilities, p. 300) The ecosystem is rooted around companies that operating in the same industry as the focal firm universities. Being part of this ambient results in a flow of experienced people, new ideas, technological knowledge and contacts with local venture capitalists that benefit the local company. The knowledge and expertise developed within this environment that provide a global competitive advantage. (Paper 24, p.3)

2. Other type of ecosystem establishes are networking capability between their foreign sales subsidiaries and the local operations of firms. This networking help companies obtain important sources of knowledge from experts that are spread out internationally. With the ecosystem are facilities direct contacts between engineers and all clients to satisfy your needs and give a mechanism to winning additional business. (Paper 24, p.3)

3. The last type of ecosystem is “market-focused learning capability that is characterized by the acquisition and dissemination of market information” (paper Dynamic capabilities, p. 300) around local clients that which are essential and foreign sales subsidiaries to ensure quality of service.

This type of ecosystems involve customers and can give relevant information about client all needs in relation how them prefer product development or which product them like more. These type of relationship help Born Global to obtain technological knowledge from through the client’s business partners or through the client that they would otherwise have to develop themselves. (Paper 24, p.3)

The success of a companies is related on its ability to create an ecosystem of companies which goes far beyond its clients. It's composed to companies in many other related industries and companies in the industry in which it has.

Such an arrangement helps the companies to keep your clients and still captivate more customers in a more systematic way like this ecosystems. (Paper 24, p.3)

The entrepreneurs tend to leverage technological prowess, relatively unique products, and a strong quality focus to sell in international markets.

For Born Global gain position themself in international markets, they need emerged with important capabilities like entrepreneurial culture ,operational attributes, marketing skills, superior and distinctively positioned products, and leveraging strong distributors. (paper 9, P.129)

The technological competence are important business strategies employed to Born Global, frequently this type of companies develop unique products, they have quality focus and leveraging of foreign distributor competences. (paper 9, P. 130)

The quality of products are important for this type of industry. The authors Knight and Cavusgil (2004) agree that the Born Globals appear to influence their innovativeness and knowledge base to develop offerings of relatively superior quality to our consumers. For these authors the quality focus reflects efforts to develop products that meet or exceed customer expectations with respect to features, design and performance. (Paper 9, P.131)

This type of companies invest in quality of products because them agree that the consumers favor superior quality products, and willing to pay higher prices for products that they see if a product have quality. The producers and consumers in international environments may be more inclined to benchmark their quality standards. (e.g., Aaker and Jacobson,1994; Buzzell and Gale, 1987; Mohr-Jackson, 1998) and international markets (e.g., McGuinness et al.,1991; Szymanski et al., 1993).Born Globals use innovative processes that drive the excellent development, unique and quality products that justify part of success of this type of companies. The Born Global achieve capability's to adapt quickly to new demand and new international markets and this type of characteristics in your products help them. (Knight & Cavusgil 2004).

K. Product Life Cycle

One of the international trade theories does the analysis for a consumer product standard, with the observation of sales and profits for a long period of time and tracing the product life cycle. (P.42 pt)

Vernon (1966) says that between different developed countries companies there are not differences in access to scientific knowledge and the ability to understand and apply scientific principles to modern technology. The author believes that all developed country is able to start a life cycle of a product and introduce innovative products. With the focus on innovation there has been a salient view for the consumer. The current competition does emphasis on customer satisfaction through value added, which leads achieving differentiation features and rapid product innovation, thus decreasing the life cycles of products.

Saarenketo (2003) and Pock (2010) agree that the Born Global products often have highly technical characteristics. The life cycle of this products are relatively short because It need continuous improvement. The short product life cycle combine with a small amount of customers in each market and the need for continuous innovation and improvement pushes Born Globals to achieve internationalization.

The Born Global have reduction product life cycle but they have limited product range too.

Shrader (2000) agree that exist some reasons for the limited product range of Born Globals for example: limited resources of Born Globals do not allow for a bigger product range, a limited product range helps to manage the wide geographical coverage of the product and a limited product range also keeps complexity manageable.

L. Global Team

This ambitious attitude toward internationalization is one of the central characteristics of the founding team this type of companies according with Andersson & Wictor (2003). (Pock, 2010). The founder of the term Born Globals, Rennie (1993), agree that constellation of the founding team plays a central strategic role for integrate international markets as it influences all decisions to be made.

The innovative company culture, combined with the accumulated knowledge supports the development of new methods of doing business and the products all of these are driven by an entrepreneurial team. Generally this kind of companies are formed in most cases by entrepreneurs who work foreign markets with a strong orientation to marketing and entrepreneurship international.

The international entrepreneurship guidance reflects a mindset of managers, very focused on innovation, which allows companies to enter the international markets due to their unique vision and entrepreneurial skills, these together with a strong hold of the market, allows Borns Global to see and explore opportunities in foreign markets. (Pt, p. 77)

The entrepreneurial culture is a the important capabilities to the Born Global succeed in international markets but the success also due operational attributes, the marketing domain, differentiated products with a good market position.

A global vision means to see the world as one big market place. The Born Global with early jump too for international competition, largely due the entrepreneurial skills and vision of its leaders. (Bell, 1995; Audio et al., 2000) According to this perspective "some entrepreneurs have a constellation of skills and knowledge that allows them to explore and see windows of opportunity that are not seen by others." (Audio et al., 2000, p.909)

One of the major success factors of the rapid internationalization of Born Global is all the functions of the internal capabilities of the company where one of the critical roles is played by the innovative culture and knowledge. Born Global Management teams typically possess a global vision from the beginning (Pock, 2010).

In order to entirely influence the global vision, it has to be communicated to all stakeholders, as it can only be successful if it is understood and incorporated by all stakeholders (Saarenketo, 2003). (Pock, 2010).

The Born Global are mostly composed by entrepreneurs, who work very well foreign markets with a strong ability to manage foreign markets with strong international orientation of entrepreneurship and a strong ability to guide the international markets (Livro pt, p.77)

Born Globals are by definition young companies, their main source of experience is derived from the international experience of the founding team (Shrader, 2000). The main advantage of different experience in many international markets is that it decreases the psychological distance of foreign markets. Countries are more and more seen as one international market rather than separated by borders. (Madsen & Servais, 1997, cited by Pock, 2010).

Pock (2010) proofs that various studies on Born Global identified international experience as a key success factor. For example, education, experience living abroad, market knowledge, presence of networks of entrepreneurs or international relationships are factors required the CEO of this type of companies (Madsen and Servais, 1997). (Livro PT, p. 77)

Normally entrepreneurship studies are concentrated in SMEs in the context of the internal market. But internationalization "evolutionary process by which companies engage in international processes" (Knigth, 2000, p.19) is an entrepreneurship act, because it is a company's growth strategy, the search for opportunities and expansion beyond borders "into new geographic markets have primarily been seen as an act of entrepreneurship" (Lu and Beamish, 2001, p.565)

International entrepreneurship was defined by McDougall and Oviatt (2000, p. 903), as "a combination of innovative behavior, proactive and risky, crossing national borders in order to create value in organizations." This behavior can be analyzed individual, group or organizational levels. (Livro Pt)

The entrepreneurial orientation contains the five dimensions autonomy, innovativeness, risk taking, proactiveness and competitive aggressiveness. Entrepreneurial orientation explain, how internationalization is fulfilled. (Lumpkin & Dess, 1996). A Global Entrepreneurial Orientation allow the founding team to identify international opportunities quicker (Knight & Cavusgil, 2004).

The international marketing management in these type of companies, also identifies a mindset of managers who practice the culture of marketing business, emphasizing the creation of value for foreign clients and seek to offer products and services, in most cases exceeding customer expectations abroad, including exceeding the export value of alternative offers. Managers who have this kind of guidance create specific marketing strategies in order to overcome the challenges that have Born Global to international competition when they enter the global markets. Challenges are often characterized by rapid technology changes and product life cycles are shortened. (Pt, p. 77)

The knowledge thus continues to play an important role in the internationalization of the business process, the experimental knowledge explains the choice and compromise of resources to foreign markets. In this new theory of international vision and entrepreneurial knowledge are presented as keys for fast and aggressive international research opportunities. (p. 77. Livro PT)

M. Global Niche Strategy

The big international market opportunities can mostly be found in niche markets. (Rennie, 1993). Sometimes the term niche is used to describe a specialized product or service being given to a small group of customers. (Christopher Allen Stachowski,paper yhe niche , 2012)

To add some clarity to the concept of niche market strategy “The [niche] is defined as a more tightly focused form of the [segment] and [is] where just one or two firms control the niche segment. Thus, there are many SMEs who practice differentiated, market segmentation, but who lack market power within the segment" (Merrilees & Tiessen, 1999, p. 331).

Madsen and Servais (1997, p.566) agree that "specialized customization and niche production are the most viable alternative in today's markets". According to Madsen and Servais (1997) the rise of Born Global companies can be explained by specialized growth and the consequent apparition of niche markets. (pt, p. 76)

The Born Globals have a special skill to identify international opportunities, this type of companies, frequently pursue a international niche strategy (Pock, 2010). New conditions in the market include the rise of market niches, requiring that ever more specific products or services be created with goal to penetrate other markets that will absorb the new supply generated by products. (paper 5)

Aspelund & Moen affirm that Born Global frequently start in a international niche strategy but change for broader markets as soon, usually when they achieve a critical size to decrease risk. But some author agree that "A strategy based on the niche concept has been associated with competitive advantage" (paper 15, p. 100)

The successful SMEs should dominate, exist with a small and specialized focus for a true niche market. In practical terms it means for owner managers for control a niche segment and some possible manifestations might include: dominating the supply chain through exclusive arrangements with supplies; having the financial wherewithal to being the dominant entity in advertising spaces; having an influencing voice amongst regulators and policy makers and being able to command premium prices. (Christopher Allen Stachowski , paper 15, p.102)

The concept of market power not to a differentiated segmentation strategy but as being native to the niche strategy. In practice a niche strategy might look like: know your context inside out; keep it simple and customer (not country) focused; learn some marketing basics; standardize and specialize; do not be a victim to the actions of other SMEs and seek, develop and leverage professional relationships. (paper 15 (Stachowski, 2012)

Nowadays increasingly escapes from mass marketing, increasingly searching for niche markets, these capabilities can do for SMEs, export champions in the future. (Kotabe and Czinhota, 1992)

2.4 Market selection, expansion and entry modes

2.4.1 Internationalization Entry Models

Rabbit and Mugnol (2012) report that, to select a new market for the company one should taking into account the factors that affect the company's ability to evaluate the market. They can be summarized into three groups:

The first group is called commercial factors. Here are included distribution channels and growth of their income, market size and prices related to consumer habits. The second group is called operational factors and is about laws and associated bureaucracy, access to resources and import barriers. The last and third group comprises risk factors like market economy and competition among others. (Rabbit & Mugnol, 2012)

The market analysis and the assessment of their potential should be made after a holistic view over demographic, geographic, economic, socio-cultural and technological variables, as well as their own national objectives and ambitions (Coelho & Mugnol, 2012).

There are, in the literature, various entry modes that firms use to enter international markets. Among these modes are exporting (direct or indirect), contractual entry (franchising and licensing), Joint Ventures, direct investments and acquisitions. These individual entry modes into foreign markets involve different resource requirements and level of organizational control (Anderson & Gatignon, 1986; Buckey & Casson, 1998; Liang et al., 2009).

Table 2 Entry mode in the markets

Entry Model	Involvement /Control	Cost	Dissemination Risk	Returns
Licensing/Franchising	1 (lowest)	Low	High	Low
Exporting (indirect, agent/distributor)	2	Low	Low	Low
Management contact	3	Low	Moderate	Low
Joint venture	4	Moderate	Moderate	Moderate
Sole ownership	5 (highest)	High	Low	Hight

Source: Skeleton & Sivakumar (1998)

Typically the entry mode selection in a foreign market is made in two steps: (1) Determine the location of the infrastructure for production, and (2) determine the company level of involvement in the control of the subsidiary operating represented abroad. The following table 2 summarizes the entry mode on the market abroad, taking into account the engagement / control investment cost, risk dissemination and return on investment (Ekeledo & Sivakumar, 1998).

The framework show the company has in accordance with the entry model adopting, cost, risk levels and the returns of different entry modes in international markets. But it is important to realize what is the reasons for companies internationalize.

For Anderson & Buvik (2002) have stages model for internationalization three main are identified: the systematic, the non-systematic, and the relationship approach. In the systematic approach international market selection (IMS) is considered as an isolated decision where market potential and competitive advantages are analyzed in order to find the optimal market to enter.

Following the non-systematic approach firms enter markets largely based on psychic distance, just like Johanson & Vahlne (1977) suggested in their Uppsala model. In this case experiential learning is the key that enables the company to have higher commitment and later enter a market with higher psychic distance. In the last, relational approach firms select markets based on relationships to avoid high uncertainty. The selected partner determines the market as well as the future entry mode.

International preparation and Internationalization: The international preparation positively influence the international performance of SMEs. (Knight, 2000) This concerns the preparatory process of internationalization of activities such as market research, commitment to international market operations and adapting products to markets (Knight, 2001). Market studies do not guarantee correct decisions but is considered a contribution that increases the international chances of success. These studies allow the creation of strategies and advance reveals problems. (Knight, 2001). The international marketing environment is very complex, the company is subject to a number of requirements and restrictions while looking to compete and grow. (Bradley,2002, p.15-16) Bradley (2002) consider too that identify the values of customers in international markets requires a greater understanding of the different expressions of customer needs, and many of them are influenced by culture. To formulate international marketing strategy the company has to consider the opportunities, threats, Strengths and Weaknesses (SWOT analysis of the international surroundings.

One of the key factors that have a strong influence on the process of internationalization is the "organization's ability to learn and this is particularly important for the development of business in turbulent markets since learning reduces the perceived uncertainty." (Pt, p. 72)

Reducing uncertainty is one of the goals of the Born Global when they want to enter the international markets, and hence it is of utmost importance to the company's ability to learn, especially for high-tech companies, where the R & D costs are higher, the cycles product increasingly are shorter and forcing such companies to recover these costs quickly. (Pt. 72 and 73) According to Lee & Moon (1989), companies that demonstrate active pre-export activities will have less difficulty in starting the process of expansion.

The changed environment helps them to do so, but it is not the only reason. Their internal characteristics also support rapid internationalization. Valuable unique assets give advantages to Born Globals to internationalize in this manner. Compared to traditional firms and their way of internationalization following the stages of the Uppsala model Born Globals are more innovative in this regard. Johanson & Vahlne (1977) agree that firms with large resources internationalize, but Born Globals prove them wrong since they are actually lack of resources. The Uppsala model also suggests that firms need to enter homogenous foreign markets in order to learn them easier, while the markets this type of companies enter are among the most volatile ones (McDougall & Oviatt, 1994).

Decisions about market commitments do not have to be incremental and slow since the founder has international experience and knowledge. Born Globals can easier commit to a market than traditional firms because their founder has experiential and market knowledge that decreases the risk of the entry (Madsen & Servais, 1997).

Psychic distance became less relevant since the Uppsala model, which Johanson & Vahlne (2009) also admitted, but not for the same reason that born global researchers. In their Uppsala model revisiting Johanson & Vahlne said the firm's relationships create less uncertainty regarding psychic distance. Others authors say, however, that psychic distance is not important for Born Globals because of the background of the founders. They have previous experience and international knowledge that lowers the uncertainty of international markets.

Born Globals usually internationalize on a focused market finding the niche on the global market place (Knight & Cavusgil, 2009). These narrow segments can be found in numerous countries speeding up the internationalization of the company. Technological development and the globalization of markets helped small firms to serve cross-country niches and become Born Globals.

Very comprehensive review of theoretical perspectives. But it appears that you have not discussed any factors/ strategies that may influence/ lead to success of entering international market rapidly, which is your focus of this in-depth case study (based on your question below). Further, you will need to improve presentation, ensure relevance of discussion of individual perspectives, and reduce repetition of this part.

3 Methodology

This chapter presents the methodology of the qualitative research, including the research design and the data collection. Then it is presented the case study of Fly London including an analysis of its CEO characteristics.

3.1 Research design

In order to find the appropriated research method it necessary to look at the aim of the study and how the research question can be answered. On this chapter the question that is address is:

What strategies did Fly London use to establish and obtain prominence in the competitive international markets?

The goal of the following analysis is to explore the process of the internationalization strategy definition at Fly London and to identify which were the crucial factors for the firm achieve international markets with success. In order to do a more practical analysis of this subject, as announced it will be develop a qualitative analysis through a case study with the Fly London (Portuguese company who has every year significantly increased the number of countries where it operates) because it is the most appropriate qualitative research method for answer to the research question above presented. As Schramm (1971) said, case studies try "to illuminate decisions: why they were taken, how they were implemented, and with what result" (Schramm, 1971 in Yin, 1994a). Another argument for using a case study in the current dissertation is because it is defined as a Yin's case study, meaning that it "investigates a contemporary phenomenon within its real-life context" (Yin, 1994a).

In the next section the data collection method will be explained and how it is linked to the research question through the case study.

3.2 Data collection

Data for a research can come from primary and secondary sources. Primary data is collected directly from first-hand experience, while secondary data has already been published in the past. In this research primary and secondary data are both used. The primary source was obtained by an exclusive interview given by Fortunato Frederico, the Fly London

CEO. For secondary sources were used data financial reports, articles, previous interviews, online movies, news and websites.

For some points that the secondary data used did not give satisfactory answer it was used the interview with the CEO of Fly London to address them. The interview was also used to get more details about the international strategy adopted by the company. The interview was performed by mobile phone by the interviewed option and was held for around thirty minutes, time also defined by the CEO. The interview is recorded and the structure can be found in annex 1.

After conducting the interview it was made a transcript using the recordings. It has to be noted that even though the interview guide was used during the interview many important details were spread through the whole dialog.

The analyses of the interview aimed to establish a complete picture of the internationalization strategy for the case study of Fly London with special focus on the strategy determinants and some differentiation characteristics of the company. During the following sections these fields are discussed and compared with literature review.

4 Fly London Case study

Kyaia is an industrial and commercial company of shoes located at Guimarães, Portugal installed in a covered area of 12,000 m^2. At the same location are situated the production sectors, marketing, distribution companies and a software company that develops software for the group. The shoes industry has weight in the Portuguese economy and Kyaia is the largest manufacturer and exporter. The company exports 98% of its production and just 2% is for the domestic market. In 2012 the company had revenues of 51K euros, in 2013 54K euros (up to 6% of increment) and in 2014 60K euros (up to 12% of increment). With an annual turnover of 64 million in 2015, it produces more than 700,000 pairs of shoes per year and the company make its presence over five continents. The Kyaia group have 10 companies and it has more than 300 workers. Kyaia is a reference for the footwear industry not only for its portfolio of own brands but also for the vision and management ahead of its time, and its openness to new ideas and technologies. (Frederico, 2016).

Kyaia is the mother company of the Fly London brand. Fortunato Frederico CEO of Kyaia and so of Fly London says that when he talks about the company's strategy it definitely includes Fly London. Thus in this case study Kyaia and Fly London will be discussed for the reason that Fly London is included in the strategy of Kyaia and vice versa.

Just the brand Fly London has about 300 employees and the Kyaia last year had a turnover of 60 million euros (50% of which generated by the brand) so one can conclude that according to the literature review (Extract of Article 2 of the annex to Recommendation 2003/361 / EC, European Union) the brand have just around 50 employees above the value presented to define a company as a SME. Note also that the criteria to be a Born Global of at least 25% of sales coming from export activities is largely exceed by Fly London once the brand exports 98% of its production. However the company has already 20 years old and by the time it was born had less employees and a turnover far lower than the one obtained in 2015. So as far as it is the concern of this study Fly London is considered as a SME because in the past this company had much less volume of business and employees, fulfilling the criteria previously presented.

Kyaia was formed in 1984 and it started working for major European distributors founding out that those who were bought could sell its products up to three times more expensive to the stores. Fortunato Frederico quickly understood this fact and so he wanted to create his own brand in order to get a higher price for his shoes. His idea was making a lighter shoe with less formalism, comfortable, soft; a casual shoes, young and urban. He was about to present his products at the Dusseldorf fair, where by that time a new brand hat was about to be presented did not open its stand. The Fortunato businessman, well informed ended up to know that the reason by which the stand that was not opening its doors to the public was because its promoters were in disagreement. This brand that was about to be presented by English man corresponded exactly to what Fortunato dreamed. Furthermore these men and project were precisely of the nationality of the market that Fortunato Frederico wanted to explore first, even before bringing the concept to Portugal. The brand had a matching name (FLY London) and symbol (a giant fly) was anything but ordinary so he bought it. As already exposed this brand is still nowadays part of the group of brands that Kyaia have in its portfolio and it is the eighth best-selling brand of shoes in the world.

Here one can directly associate this episode of the purchase of Fly London with Fortunato Frederico having a global vision as presented in the literature review as a characteristic of a Born Global entrepreneur. Fortunato Frederico had vision when took the opportunity to buy the Fly London brand who obeyed to all the features with which he had devised to go into international markets with the shoe industry. As Bell (1995) & Audio (2000) affirm, companies with an early jump to international competition have leaders with unique vision, strong orientation to marketing and international entrepreneurship.

4.1.1 Fly London Brand Characterization

Fly London was launched in the UK 22 years ago in 1994. The brand has a significant representation in the UK market, being one of 10 preferred by British consumer.

Every six months, the Fly London launches a new collection. From the United States to Japan, through most European countries, Fly London collections have already managed to capture attention. The characteristics of their products pass through unique and unmistakable design, small details, unique identity, originality, comfort and all combinations of colors and materials. The target is located, mostly, in the age group of 15 to 35 years old urban persons. The brand direct communicates with people that have interests, hobbies, professions or activities related to the world of fashion, music, new technologies and sport.

The brand sought to develop its products from a philosophy based on the form BE and BE IN LIFE, taking advantage of promising growth and market affirmation of shoes. These became the fundamental personality identification information of its customers. The philosophy of the brand Fly London is reflected in its products.

The intention of brand is attract more customers (increasing the spectrum of available lines in each collection). In order to achieve it, time after time, a research work is made in order to search for niche markets that are not yet being exploited by the brand. The brand has always sought to adopt the global fashion strategy, not opting for any particular market, therefore have been able to establish itself in some fashion reference countries.

The logo FLY London is unique and exclusive, and transmit the same feeling to those who use the brand. The words Fly and London have properties that identifying the brand. FLY is obviously about fly but also freedom, lightness, and movement, travel, meet the world, exchange experiences, strength and vitality. London refers to the city of London and its life style unique in the world. Fly London has as its logo a fly, because as Fortunato Frederico says is a brand that wants to fly to infinity.

The aim of Fly London is to create footwear in an innovative way, with a bold design, but at the same time, comfortable and high quality. These have been the main guidelines that make this brand one of the most referred to as trend fashion or as a novelty.

Knight & Cavusgil (2004) Madsen & Servais (1997) affirm that early internationalization of Born Globals is facilitated by innovation. This has always been the major focus of Fly London, create footwear in an innovative way, with a bold design, but at the same time, comfortable and high quality. As mentioned in the literature review the Born Global greatly facilitates its rapid internationalization. Valuable unique assets give advantages to the brand internationalize. (Johanson & Vahlne, 1977) as well as Knight (2000) agree that the international preparation positively influence the performance of international companies. Fly London shows all this characteristics and the company name itself communicates and is connected to the preparation for the brand go to global markets even before it happened.

4.1.2 Fly London Strategy

4.1.2.1 Diversification

In 1989, with the opening of several industrial groups in Guimarães, Kyaia lost much of its labor force in the city, and thus the first relocation project appeared and the company moves to Paredes de Coura, where it opened four factories.

Fortunato Frederico did not want to waste too much time with the internal market, because he needed differentiation from the existing market in Portugal and from the beginning their strategy compared to domestic market differentiator. The external market has always been the main target being the Internal Market (IM) for further development. All of this because Kyaia designed to manufacture 10,000 pairs of shoes per month and for IM was impossible to drain this production. New markets, especially Asian and American market is essential for a global brand positioning not being thus dependent on the company's domestic market, managing to make a balance with a Europe in recession. With this the company can also go sustaining its growth growing every year something over the previous year, one of its goals.

The Kyaia early on that has the will to move forward with its own brand and not work exclusively for orders companies. A year after its formation in 1985, the company established a commercial partnership with Pakistan. This position was previously uncommon in the Portuguese business. But Fortunato Frederico justifies, he was struggled. He wanted to find other solutions. The footwear sector at the time was not very rich. Business did not give big margins and industrial footwear had many difficulties, most industry enterprises lived recurring to bank credit, or credit from their suppliers. In Portugal skin suppliers had great power over the footwear industry because they were the main financers. The skins suppliers had a great control over the footwear company’s margins. They often did not meet deadlines, they altered many of the agreed prices, failed or did not meet the quality requirements and so on. Fortunato Frederico says that when he started working with these skins suppliers, they failed in their delivery. He wanted other solution to improve the situation and then decided to take a plane to Paris, to go to a fair looking for skins he needed. He found a stand at the fair that had exactly the product that he needed at a much cheaper price with superior quality. He established an unexpected relations with the Pakistani skin producers and for ten years Fortunato bought the skins only to Pakistani producers..

This international vision reflects a mindset of manager, very focused on innovation and explore opportunities in foreign markets. (Ilhéu, 2009) Like McDougall and Oviatt (2000, p. 903) affirms it is necessary "a combination of innovative behavior, proactive and risky, crossing national borders in order to create value in organizations." Suárez-Ortega & Poplar-Vera (2005) agree too that a company that has distinctive capabilities whether resources or capabilities, is encouraged to explore foreign markets. Fortunato Frederico when their suppliers began to fail in deliveries, he gained courage to explore foreign markets, and seek the best solution to the situation which he had in hands. With the commercial agreement with Pakistani the company was more competitive, because its suppliers practiced a cheaper price when compared to the prices practiced by suppliers in Portugal. These alliances to minimize transaction costs, increased market power, and improved access to key resources such as raw material are considered as advantages. (Gulati et al 2000), Furthermore with this alliance the company was sharing the risks and improving its "resources network" (Gulati, 1998), another key element for a Born Global. Initially the company sold shoes using Kyaia brand, but to international expansion Fortunato Frederico knew it had to be a bolder brand and with international markets focus. The difference between the cost of production and the final price of the shoes produced for other brands sharpens the desire of Fortunato Frederico. He wanted to create his own brand and he did not feel stuck to manufacture footwear for others. It is in this context that in 1994, Kyaia set up the goal for creating its own brand.

Fortunato Frederico also invested in real estate (residential and tourist shops), in order to reduce costs related to the main business, the footwear. The aim was be able to accommodate all vendors or customers that were visiting the premises of Kyaia and transfer (in the medium term) all the stores of its chain to own property.

When the CEO of Kyaia made the decision to buy the project Fly London he quickly went to talk with the responsible for the design of the project and for seven years that English men worked exclusively for the brand Fly London of Fortunato Frederico.

The company has flexible assembly lines and is prepared for various types of footwear construction simultaneously, with a production rate compatible with the dynamics of the sector. It is also prepared to respond to orders of different sizes, with the support of an automated vertical storage system, which ensures immediate entry into production of any order less than 150 pairs.

4.1.2.2 Technologically Partnership

The brand was always aligned with technology, maintaining close relations with universities in order to reconfigure the business production model in mass and series. Kyaia had a safe and solid financial structure when it bought Fly London. At the time the company was prepared just for large production and not for small ones. However, in order to adapt quickly and stay one step ahead of the market the company start to work with universities, centers of technology in order to develop machines that could adapt for small series as well. Kyaia have a software company resulting from a partnership established with **a** technological center which allowed develop and adapt existing machines for shoes industry. One of the examples of these developments achieved with these partnerships (its network) was the use of a water jet, which already existed to cut stone. With these network relation Fly London managed to turn the water jet to cut skin, creating a robotic warehouse where the company now register a production of about 65,000 pairs per month. This was developed in partnership with EFACEC. Another partnership this time with INESCE allowed the development of an automated whole sewing system for small series helping the brand suiting its needs.

By 2011, Kyaia won an international award when using RFID technology (Identification by Radio Frequency) in Fly London shoes. This technology allows two things: a control in the manufacturing process and storage logistics. The consumer may also have an experience with this technology in certain stores getting the feeling of trying the shoes in cities as Tokyo or New York without leaving the same store.

With a million pairs of shoes in different colors the company felt the need to know very well the tastes of its consumers in the different parts of the globe. When introducing a new product at a trade fair, through the RFID system the company can know how many times that the shoes was touched and so conclude what was the most sought color and the one that attracted its customers. It also enables the company with the possibility of making a cross-check with the data collected in order to meet the most suitable shoes for taste of its consumers. Once that French consumers interests of are different from English, or from Americans, this allows an adjustment to the definitive collection. The RFID system extends from the manufacturing area to purchase of the product, i.e. it is possible to always see in which stage of production and sales is the shoes and each agent can access it in real time and thus can know what is in stock at the moment and if necessary to block immediately the item as sold. With this platform there is no loss of information in the ordering chain and the company is closer to its consumers.

All partnerships with technology centers, investments in education and research always attended the company's business strategy and is keep going being the proof the investment of one million euros in technology in 2013 and just recently with a new network relation with the University of Minho to develop a new product in the next 4 years.

Born Globals can often be found in high technology industries. As a result, activities in these industries require high R&D and innovation. (Burgel & Murray, 2000) All brand investment in research & development have helped Fly London increase knowledge and reduce uncertainty about the strategy of its products, helping raise the level of innovation, differentiated products and also improve their marketing capacity, developing customer orientation and finally getting advantage of competitive positioning (Ilhéu, 2009). The brand results proved that there is a link between R&D investment and success as affirmed by Pock, 2010. It also makes the brand being always one step ahead and gain competitive advantage within the industry as proposed on Ilhéu, 2006. All of this allowed Fly London to keep up with technological advances in the industry. A concrete measure of this is the fact that with the help of technological developments Fly London has now an automated new assembly line which resulted in a 25% increase of production.

The information and knowledge, were critical factors to the expansion of Fly London in international markets, like Knight & Liesch (2016) conclude "all the resources, information and knowledge are perhaps the most critical to the expansion of SMEs in foreign markets."

4.1.2.3 Entry and Expansion

Global thinking started since creation of the company and its planetary footprints confirm much of the investment in research and development that the company has made and continues to make.

The huge projection abroad presented itself as the salient feature of Fly London brand. The presence of Fly London collections events as well as the use of shoes by various personalities of the show business along with the reference in the specialized press is reflected on its sales volume. Also important in terms of image and visibility of the brand is the participation in the main international fashion fairs. The brand participates with its own stand in the various bi-annual fairs, and the most relevant are: Bread & Butter, Berlin; Vision, Copenhagen; Fashion Footwear, Birmingham; Magic, Las Vegas; Sole Commerce, New York; Pure, London; G.D.S, Dusseldorf; Who's Next, Paris; Micam, Milan; ISF, Tokyo.

The company, today with 20 years old, is present in 60 markets. For achieving them the strategy established was entering in three new foreign markets each year. It was needed lot of persistence and a lot of strength to be able to achieve all of these markets and the process was not always the same. Initially for the London market Fly London had to work with the English designer that know about the system, but for other markets was different. Usually the brand takes part in the market fair wherever it wants to enter showing the product for two years. During this period the company tries to sell its products and according to Fortunato the market just start to give revenue more or less after the second year. The CEO of the brand says it is not done any market research to detail, the company is guided through intuition.

A review of the literature suggests that the network theory can offer a new perspective on the process of internationalization, specifically for small and medium enterprises, because for this type of companies the internationalization process is more dependent on relationships with others. (Johanson & Mattsson'S, 1988). The company penetrate international markets with networking arranged with the participation in various annual international fairs because here it is where the Fly London shown and get business partners (such as multi brand stores where Fly shoes are present). Nevertheless the brand also started in international markets with the export entry model. (Skeleton & Sivakumar 1998). As illustrated in table 2 in this form of entry, the products of a company are manufactured outside target market and subsequently transferred to it. In early ages the entry form considered had lower levels of involvement and risk control. The main forms are export direct and indirect export (CATEORA and GRAHAM, 2001; ROOT, 1994; Kotler, 1998; TERPSTRA and sarathy, 1997; NICKELS and Wood, 1997). The Indirect Export occurs when the company that want to export makes use of intermediaries. (Kotler, 1998; NICKELS and Wood, 1997; ROOT, 1994)

Initially Kyaia began with indirect export, seeking partners to establish a channel to be able to export with import agents / distributors who had installed structures that could ensure the collection exhibition, contact with the retail, distribution and billing. Although the brand gained visibility and large number of consumers Kyaia wanted to dominate the full cycle. The company already had the development and production, but lacked the distribution as Fortunato said. Today in all European countries, the distribution and billing are also done by Kyaia. Only in countries where there are still tariff contingencies is that the process is still done with importing partners. Moreover sales began to be made electronically. Direct exports offer advantages to exporters as partial or full control over the marketing planning; a higher speed of market information due to fewer intermediaries and greater protection of the company's assets (trademarks, patents, technologies and processes) (KOTLER, 1998; NICKELS e WOOD, 1997; ROOT, 1994).

4.1.2.4 The CEO

Fortunato Frederico born in Guimarães in 1943 and began working in footwear companies since he was young (1955), having set up his first company, KYAIA – Fortunato O. Frederico & C.ª LDA in 1974. His mother left Fortunato to the care of a nun, who saw in him a son and gave him education in a Franciscan monastery. With just 15 years old he begins to work to help his family, his job, swept the floor in the shoes manufacture Champion Portuguese and since then the footwear industry never left him. He says that this company was the University of Industry of shoes at the time for being so developed technologically, both in equipment and in the organization that it already had. Although he started by sweeping the factory, right after he turn to machinery and became responsible for an assembly line. He leaves his first job in 1972 and became a mechanic and then machine salesman, but with a single well defined objective that was to go to international fairs and meet all industry and footwear market.

Nowadays, the CEO of Fly London is the president of APICCAPS- Associação Portuguesa dos Industriais de Calçado, Componentes, Artigos de Pele e seus Sucedâneos. Fortunato did not speak English, but he did business around the world and he is keen to follow his all business closely. He is a follower of new technologies, technological innovation, integrated management and logistics system. Usually the daily difficulties he constantly has to overcome do not frighten him, he feels encouraged to go looking for solutions. He is the largest exporter of footwear in Portugal, he is at 8th in the world ranking and reach the first place is what motivates Fortunato to get out of bed every day and face new challenges.

In 1976, Fortunato was 33 years old when he decided to set up his own business in society. Eight years later tired of working for big brands and already with the dream of creating his big company he decides to become autonomous of the society and founded Kyaia, just with Amilcar Monteiro, The conditions were appropriate and the sector recorded strong growth being an opportunity to little new entrepreneurs.

He has a close relationship with employees. He knows most of the employees by name and likes to know their personal stories. He is keen for information related to all his workers when they pass over him. However this does not mean that he speaks to them every day, but he likes to approach them and have a few words. He knows for example if employees are married or if they had children. This easy way to communicate without major formalities shows the informal environment of the company. Besides many of the employee's children are already working for the company as well, following the footsteps of their parents.

Fortunato says that Fly London does not have large marketing studies, which it has its instinct, something of human nature, and so it was that decided it should and could risk a project like Fly London.

"The Born Global are mostly composed by entrepreneurs, who work very well foreign markets with a strong ability to manage foreign markets with strong international orientation of entrepreneurship and a strong ability to guide the international markets". (Ilhéu, 2009, p.77)

According to Gabrielson et al. (2004), what influences decisions internationalization by companies is the entrepreneur's profile, advocating also that the key factors for the creation of Born Globals are the entrepreneur and his global vision.

One can recognize that Fortunato Frederico had a preponderant role directing the quick internationalization Fly London corroborating all the following authors Brooks and Rosson, 1982; Cavusgil 1984, Aaby and Slater,1989; Baird et. al., 1994; Reuber and Fischer, 1997; Leonidou et. al., 1998; Chetty, 1999; and Di Gregorio et al., 2008. The CEO was a key factor for the development of Fly London, in the sense that had and still has a key role on the company strategy definitions Therefore, his characteristics are also fundamental as they allow him to identify and create conditions to detect innovative and international business opportunities. Fortunato was able to control resources and define the strategies so one can conclude that he is endowed with abilities to create and explore the different opportunities in different countries, which confirms the statements of Yeung, 2002.

In terms of education entrepreneurs with an academic degree have higher expectations and are more aware to market opportunities (Westhead et al., 2001). There are also authors that argue that the influence of knowing some foreign language is essential because it shortens the distances that might ensue, helping communication and leading to a clearer understanding between the parties (Hutchinson et al., 2006). Although the Fly

London CEO does not know any foreign language or have an academic degree, one can assume that he acquired all the necessary knowledge for the success of his company through his personal life and work experience. He has participated in international fairs before building his own company which gave him experience and a global vision of both the markets and the footwear industry.

On the interview the CEO said that the company has 24 graduated employees in a population of 300 people in executive positions. The vast majority of workers began their professional life in the company and currently the company is holding 98% of these trainees.

He claims that affection between the producer and the final consumer is a way to build customer loyalty and that when a customer search for a Fly London shoes, he does not buy it just because the product is cheaper or expensive, is because he identifies himself with the brand.

Fortunato Frederico always dreamed of Fly London throughout the world, nowadays his dream is a reality and the brand is spread around the five continents

One of the company's goals for 2024 assumed by Frederico is to be the largest company in the industry on the Iberian Peninsula and he claims that the only thing he needs to achieve it is time. Since Fly London continue to enter three new markets every year so by 2024 the brand will add twenty four more markets which gives strength to his statement.

5 Conclusion

This dissertation aimed to explore the internationalization strategy of a Portuguese Born Global Fly London. The dissertation started with an overview of the theories about internationalization according to the traditional approach and continued with theories about Born Globals and their internationalization. It was defined the key decisions for an internationalization strategy as: market selection, expansion pace and entry mode. These were in the focus of the study and I wanted to understand what international strategy that this Portuguese Born Global adopt for achieve international markets with success.

It was conducted an interview with the Fly London CEO with the goal of attempt to get an overview of the internationalization strategy of the firm he leads. Based on newspapers, movies, news reports on television, websites, articles, papers and this interview the case study about Fly London was written and analyzed. The analysis showed some consistency with existing theories along with some points where Fly London study case differs from it.

Born Globals are lack of tacit resources, which makes them focus more on other resources and capabilities. Knowledge has been named one of the most important resources for Born Globals by many researchers (McDougall & Oviatt, 1994; Knight & Cavusgil, 2004) due to their continuous learning process, which enables them to expand internationally on a fast pace. On this Fly London was not an exception and the knowledge it accumulates is a great attribute, all of the years that the firm invested in knowledge allowed it to be one step ahead in the industry. These knowledge and consequent technology development helped Fly London overcome foreign obstacles easier.

The early internationalization of Born Globals is facilitated by innovation (Knight & Cavusgil, 2004; Madsen & Servais, 1997), which is why knowledge-intensive industries globalized rapidly (McDougall & Oviatt, 1994). Innovation culture is vital for Fly London and the brand heavily invests in research and development presenting innovative products and developments in the production and distribution chain making the integration in international markets easier unlocking the capability of replicate their organizational capabilities in other countries and markets like the author Teece (1997) agrees. Furthermore with the technological high level of Fly London the brand can adapt itself and respond quickly to market changes achieving competitive advantages as Moen (2006) explains.

Partnerships are very important for Born Globals as Freeman et al (2006) declares which is supported by this study case where strong partnerships helped to overcome lack of resources. However, investors also help in this by providing financial resources, and most importantly, their business knowledge and extensive network. This is especially true when talking about venture capital firms and business angels, which was not the case in Fly London.

The main factors affecting the internationalization strategy of Fly London were found to be network, innovation, technology, resources & capabilities and the demand on certain markets. Close partnerships have influenced market selections, as it happened on the beginning with the UK market, the expansion pace, and the entry mode as well.

Weerawardena *et al*'s (2007) agrees that the dynamic capability model of Born Global, the capability of building processes is driven by entrepreneurial founders with global mindset, and strong international experience. Exist four capabilities that affected (directly or indirectly) the accelerated internationalization of Fly London: market-focused learning capability, internally focused learning capability, networking capability, and marketing capability. The marketing capability helped the company to find global niche markets in order to continue its international expansion, while the other three capabilities enabled Fly London to create knowledge-intensive products and helped early internationalization.

The internationalization strategy of the Fly London differs in some ways and it does not paint an obvious picture of Born Global firm's internationalization strategy, however, some aspects seem to be the same. Export modes are present at Fly London in this study as the literature suggested – it makes internationalization faster and easier, but in this case it is probably caused by the network and technology achieved that became crucial to get the control of the value chain. Another theory that is consistent with this case is the special characteristic of Born Globals of operating on a focused market and finding a niche, which forces the firm to enter international markets because the domestic market is too small.

Bell (1995) agree that high-tech industries is very usual at Born Globals (Bell, 1995). It is a Key factor that influence Fly London process of internationalization. The speed of internationalization is one factor that influences the SMEs performance in dynamic high-tech markets (Crick and Spence 2005). The Fly London are in a high tech industry and it is help reducing uncertainty.

Usually big companies rely on their tangible resources to enter the international markets and on the other hand in this case it was studied a SME that achieved it based on intangible capabilities. Fly London had the capacity of successful early internationalization because it’s internal capabilities such as innovative culture and knowledge. Fly London has remained with flexibility on the part of its systems, routines and even in the mindset of its employees in adapting to the environment of global competitiveness.

In a world that is turning more and more to the niches, companies that have innovative capabilities, are more targeted to their consumers and keep the ability to respond each time faster when it comes to adjusting to their customers or to new technologies have a high probability of become the big leaders in export markets in a very near future. (Kotab & Czinhota). Fly London is one of this success cases and did it in a sustainable way, meaning that it did not needed to recur to any loan during his existence so far and this is one key factor that was never mentioned by the literature so far.

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Annex

Annex 1 -Interview Script

Guia do questionário: Sr. Dr. Frederico Fortunato – FLY LONDON

1. A experiência do Sr. Frederico Fortunato anteriormente na indústria e a constante frequência em feiras no estrangeiro antes de construir a Kyaia abriram-lhe os horizontes e foi ai que descobriu o que queria para a sua própria empresa?

2. Disse em várias entrevistas que não sabia falar Inglês.

Nos dias de hoje ainda não sente a falta de falar Inglês dado que a Fly London já está nos 5 continentes?

3. Li numa entrevista que deu que um dos mercados que gostava de alcançar com a marca era o mercado Africano. A Fly London já se encontra neste mercado?

4. Qual é a Hierarquia da empresa?

5. Qual a média de funcionários e pessoal em cargos de chefia que frequentaram o ensino superior?

6. O pessoal em cargos de chefia da Fly London teve experiências no Estrangeiro? E na Industria?

7. Como é que a Fly London entrou no mercado Inglês?

8. A Fly London está nos 5 Continentes a forma de entrar nos mercados foi diferente?

9. O que falta à Kyaia para atingir este objetivo ser o grupo mais forte da Península Ibérica na indústria do calçado?

10. A partir de que ano a Kyaia começou a exportar sapatos da marca Fly London?

11. Na sua opinião qual a vantagem competitiva da Fly London face aos seus concorrentes ?

12. De quanto em quanto tempo a Fly London lança um produto inovador? E coleções novas Fly?

13. Li numa entrevista que deu que um dos mercados que gostava de alcançar com a marca era o mercado Africano. A Fly London já se encontra neste mercado?

14. Quatro regras de liderança que aplique diariamente junto da sua equipa de trabalho?