Master thesis

Entrepreneurs and the internationalization of a born global firm

The role of the entrepreneur in the early and rapid internationalization of born globals: the case of Swedish companies

Authors:  Mohammed Bader
          Ekaterina Shilykovskaya
Examiner: Richard Owusu
Supervisor: Niklas Akerman
Date: 26 May 2016
Course code: 4FE419
Abstract

Background and Problem: The number of companies aiming at operating in the international markets right after their inception is at constant growth. According to Knight and Cavusgil (2004), these firms, which are quite often small and technology-oriented, have the tendency to adopt a global market vision from the initial stage of company’s establishment. The vast and rapid technological change is one crucial reason behind the spread of the born global phenomenon. Born globals can reach out much earlier and faster to the international market than traditional firms. The phenomenon has been studied earlier, however with a focus on the firm-level drivers of early and rapid internationalization without giving enough importance to the role of the entrepreneur.

Purpose: The main purpose of this study is to understand the early and rapid internationalization process of born global firms based on the characteristics and the behavior of the entrepreneur managing the firm. In addition, the research team will contribute to the existing born global literature by applying existing models from the International Business and International Entrepreneurship disciplines.

Methodology: In order to answer the research question presented in this thesis, a qualitative research approach was chosen. The research team included 5 Swedish born global Internet–based companies, namely Klarna, Sqore, the Local, Asket and 46elks.

Analysis and conclusion: Our findings concluded that the entrepreneurs of born global firms play a significant role in the early and rapid internationalization of the firm. The entrepreneurs tend to subconsciously use effectuation logic at the early stages of the firm establishment by possessing traits of an entrepreneur such as innovativeness, proactiveness and risk-taking behavior. Furthermore the educational background and prior work experience were found to be of equal importance, however international experience and entrepreneurial background were observed to be of an utmost importance. Social and business networks were also noticed to play a significant role in the early stages of a firm. Finally, it was spotted that the entrepreneurs tend to change their effectuation logic to a causation one at later stages of firm development including its expansion to international markets.

Keywords: Born global, International Entrepreneurship, International Business, Internet-based firms, Entrepreneur, Effectuation, Innovativeness, Networks, Internationalization
List of Abbreviation

CEO  Chief Executive Officer
IB   International Business
ICT  Information and Communication Technology
IE   International Entrepreneurship
INV  International New Venture
IT   Information Technology
MNC  Multinational Company
SME  Small to Medium-sized Company

List of Tables

Table 1: Conducted interviews
Table 2: Basic information on case companies
Table 3: Summary of the subjective characteristics of interviewees
Table 4: Types of risks reported
Table 5: Networks utilized at or prior to firm establishment

List of Figures

Figure 1: Definition of an entrepreneur
Figure 2: Conceptual framework
Figure 3: Summary of the educational background of co-founders
Figure 4: Summary of the prior work experience of co-founders
Figure 5: Summary of the international experience of co-founders
# Table of Contents

1. Introduction .............................................................................................................. 1
   1.1. Background ...................................................................................................... 1
   1.2. Problem discussion .......................................................................................... 3
   1.3. Research purpose ............................................................................................. 6

2. Theoretical framework .............................................................................................. 7
   2.1. Literature review .............................................................................................. 7
      2.1.1. From traditional to born global ................................................................. 7
      2.1.2. International Entrepreneurship ................................................................. 8
      2.1.3. The Effectuation theory ......................................................................... 9
      2.1.4. What forms a leader of a Born Global firm? .............................................. 11
      2.1.5. Educational background and previous knowledge .................................... 15
      2.1.6. Internationalization of born global’s through networks ......................... 16
   2.2. Conceptual Framework .................................................................................... 19

3. Methodology ............................................................................................................ 21
   3.1. Research approach ......................................................................................... 21
   3.2. Research Method ............................................................................................ 21
   3.3. Research strategy and design ......................................................................... 22
   3.4. Case selection ................................................................................................. 23
   3.5. Data collection ............................................................................................... 24
      3.5.1. Secondary Data ..................................................................................... 24
      3.5.2. Primary Data .......................................................................................... 24
   3.6. Operationalization ......................................................................................... 26
   3.7. Research Quality ............................................................................................ 27
      3.7.1. Construct Validity .................................................................................. 28
      3.7.2. Internal Validity ..................................................................................... 28
      3.7.3. External Validity .................................................................................... 29
      3.7.4. Reliability .............................................................................................. 29

4. Empirical Findings .................................................................................................. 30
   4.1. SQore ............................................................................................................... 30
      4.1.1. The company ......................................................................................... 30
   4.2. The Local ......................................................................................................... 34
      4.2.1. The Company ....................................................................................... 34
   4.3. Klarna ............................................................................................................. 36
1. Introduction

1.1. Background

The number of companies aiming at operating in the international markets right after their inception is at constant growth. According to Knight and Cavusgil (2004), these firms, which are quite often small and technology-oriented, have the tendency to adopt a global market vision from the initial stage of company’s establishment and follow the path of internationalization using exportation or any other entry mode, thus skipping some stages of the traditional internationalization process. These companies, which start conducting their business activities in the international markets within three years of their foundation, are labeled as “born globals”.

Lately, born global firms have been of a great interest for a lot of researchers in the fields of international business (IB) and international entrepreneurship (IE). However, a unified definition of a born global firm has not been determined yet (Canonne and Ughezzo, 2014; Cavusgil and Knight, 2004). Based on some researchers, who study firms that internationalize at an early stage, they refer to them as an international new venture. (INVs) (McDougall and Oviatt, 1994), global start-ups (McDougall and Oviatt, 1995), whilst others use the ‘born global’ (Cavusgil and knight, 2004; Dib et al. 2010; Franko and Hasse, 2016; Hennart, 2013; Madsen and Servais, 1997). According to Cavusgil and Knight (2015), the term INV and born global cannot be used interchangeably since the two terms are different in some ways, which could lead to a change in the whole perception of a firm. They argue that born global firms are more evocative while INVs are more accurate to some extent (Cavusgil and Knight, 2015).

The common characteristic of the stated above firms is that they start their international activities very early, either at the very beginning of the firms operations or shortly after (Cavusgil and knight, 2004; Dib et al. 2010; Franko and Hasse, 2016; Hennart, 2013; Madsen and Servais, 1997). The crucial fact is that born global firms are generally referred to as firms that operate within the high-technology industry (Cavusgil and knight, 2004; Dib et al. 2010; Franko and Hasse, 2016; Madsen and Servais, 1997).
Servais, 1997), however, according to Knight and Cavusgil (2004), a firm can still be born global even if it operates within a non-technological industry. In the present thesis, the born global is defined as a firm that internationalizes within 5 years of its inception, uses the internet as a platform to sell their product/service and has more than 25% of their sales outside its domestic market.

The vast technological innovation is one of the significantly influential factors that have had, and will continue having, an impact on the internationalization process of born global firms (Knight and Cavusgil, 2004). Due to the rapid ongoing development of the innovative technologies, Internet based companies tend to become the essential players in the product/service market. The opportunities, which were available for the companies due to the specifics of the Internet, stimulate the firms to expand the horizon of their business activities (Osarenkhoe, 2009). Technology has boosted the capability of companies to process information on a larger scale, as well as a faster pace, and made it more attainable for firms to expand in the Global market. The given situation led to the improvement of the companies’ competitive advantages, not only for big multinational corporations (MNCs), but also for relatively small Internet-based firms, providing the stimulus for the early rapid internationalization. Quelch and Klein (1996) suggest that the Internet allows the companies to use the “global niche opportunities “more efficiently, which are seen as an effective approach for small and medium sized enterprises (SMEs) to speed up the process of internationalization. The Internet technologies help stimulates the company’s ability to globalize their business activities (Osarenkhoe, 2009).

Sweden occupies one of the leading positions when it comes to the development of hi-tech Internet-based companies, with about 42 000 companies with high reliance on technology, according to the Statistics Sweden (Stockholm IT Region, 2016). Stockholm area is reported to be the central location for the establishment and further development of hi-tech companies, currently the approximate amount of such firms is 22 000 (Stockholm IT Region, 2016). This is a number two world technological hub right behind the Silicon Valley based on an independent report prepared by an investment company Atomico (Davidson, 2015). The Swedish capital possesses highly developed infrastructure thus stimulating entrepreneurs to allocate the companies there. Kista Science City in Stockholm is considered to be the European
leading information and communications technology (ICT) cluster. More than 1000 technology oriented firms are now carrying out their business activities in Kista, so called the Nordic Silicon Valley, thus making that area an international center for innovations in the sphere of information technology (IT) services, hosting many top international companies engaged in the aforementioned sector (Kista, 2016).

1.2. Problem discussion

In the past few decades, researchers in IB and IE disciplines have been extensively studying the trend of born global firms and the different forces that drive their rapid and early internationalization from both conceptual and empirical perspectives (Zucchella et al., 2007). Rennie (1993) and McDougall and Oviatt (1994) pioneered that stream of research alongside other scholars namely Madsen and Servais (1997) and Cavusgil and Knight (2004). Their work has resulted in substantial improvements in understanding the rapid internationalization phenomenon of born global firms. Cavusgil and Knight (2015) identified the uniqueness of the product/service offering and the entrepreneurship mindset of the founder to be the main drivers behind the early internationalization of born global firms. According to Madsen and Servais (1997), born global firms tend to internationalize early primarily due to the changing market conditions, rapid technological development and highly experienced employees. Dib et al. (2010) argue that customer orientation is a main driver of early internationalization besides the technological development and the entrepreneurship orientation that was suggested by earlier researchers.

In a study conducted by Kaur and Sandhu (2013), the researchers designed a framework that divides the drivers of early internationalization into three different levels, specifically the individual level, firm level and the environmental level. The individual level primarily focuses on the characteristics and the profile of the founder and employees, the firm level analyzes the firm’s resources and capabilities which attracted the greatest attention of scholars in earlier IE and IB literature (Cavaille, 2015) and the environmental level looking at market conditions, technology development and business networks which are analyzed through the institutional theory (Kaur and Sandhu, 2013); it was noticed that a similar approach had been embraced by few researchers when identifying the most important drivers for early internationalization of born global firms (Amoros et al. 2016; Dib et al. 2010;
Matiusinaite and Sekliuckiene, 2015). However, the aim of this paper is mainly concentrated on explaining in depth the individual level and focusing on the role of the entrepreneur in the internationalization process. Based on the aforementioned, it is noticed that the literature lacks a mutual understanding of the most important forces which drive the early internationalization of born global firms, and there is a profound need for developing the IE literature with specifically focusing on the level of the individual (Cavusgil and Knight, 2004; Kuivalainen et al., 2012; Matiusinaite and Sekliuckiene, 2015; Rialp, Rialp and Knight, 2005). The focus of earlier literature was mainly to understand firm-level drivers of early and rapid internationalization; however, the individual-level has been hardly touched upon. Once the most important drivers are identified, born global firms can reinforce their activities and transform them into exceptional and unique resources (Matiusinaite and Sekliuckiene, 2015).

As already mentioned, scholars detected the importance of studying the entrepreneur’s role as a main decision maker in the rapid internationalizing born global firms (Cavusgil and Knight, 2004; Dib et al. 2010; Gabrielsson et al. 2008; Kaur and Sandhu, 2013). In a commentary by Coviello (2015), the author stresses the importance of studying the individual or the founder of a born global firm in order to have a better understanding of the firm’s entrepreneurial internationalization behavior. Though, the IE literature offered a more robust explanation of the entrepreneur’s role in rapid and early internationalization, than the born global literature. In addition, the IE theory generally suggests that born global firms are mainly influenced by their founders (Andersson and Wictor, 2003; Kuivalainen et al. 2007). Nonetheless, the importance and the approach of explaining the individual level in the early internationalization of born global firms varied among scholars. Few researchers focused their work on exploring the entrepreneur’s personal characteristics in born global firms (Amoros et al. 2016; Andersson and Wictor, 2003; Cannone and Ughetto, 2014; Ganotakis and Love, 2012; Matiusinaite and Sekliuckiene 2015; McDougall et al. 2003; Stucki, 2016), others took a different approach by observing the entrepreneurs precocity and analyzing their behavior based on their level of innovativeness, proactiveness and risk tolerance (Cavusgil and Knight, 2004; Li et al. 2012, 2015; Zhou, 2007).
Madsen and Servais (1997) found that foreign experience and knowledge of entrepreneurs and top management enhance the internationalization of born global firms. Their findings support Cohen and Levinthal’s (1990) concept of absorptive capacity; as entrepreneurs at born global firms begin their operations with basic prior knowledge that helps them detect opportunities and accumulate knowledge faster. However, Zhou (2007) argues that prior foreign market knowledge of entrepreneurs, which is suggested by the Uppsala model (Autio, 2000; Bloodgood et al. 1996; Cavusgil and Knight, 2004; McDougall and Oviatt, 1994), is not a determinant of early internationalization of born global firms, but rather their proactive and innovative pursuit that makes them detect opportunities beyond national borders (McDougall and Oviatt, 2000; Zahra and George, 2002). Zhou (2007) supports his argument by adopting the entrepreneurial market-learning framework introduced by (Matsuno et al. 2002) which proposes that entrepreneurial precocity facilitates the learning process of the firm and its willingness to expand its knowledge base which results in having them respond at a faster pace to external market opportunities. On the other hand, Chetty and Galkina (2015) found that an entrepreneurs network plays a critical role in determining the foreign markets that they enter and the rapid internationalization of SMEs, by applying the effectuation theory to reduce uncertainty.

In a recent study by Casulli and Jones (2014), the authors argue that research in the IE area should be directed towards studying the entrepreneurs logic or reasoning in which their experience is useful. Sarasvathy (2001) effectuation theory, which defines an entrepreneur as a comprehensive bundle of identity, knowledge and network, can best explain the reasoning behind decisions an entrepreneur takes. However, her theory was slightly tested on entrepreneurs of born global firms (Coviello, 2015). The strand of literature clearly lacks a unified conceptual framework, which can better explain the main drivers affecting the entrepreneurs internationalizing decision.

1.3. Research question

*How is a rapid and early internationalization of a born global firm stimulated by the entrepreneurs’ traits, decisions and networks?*
1.4. Research purpose

The main purpose of this study is to understand the individual characteristics, e.g. behavioral traits and skills, of an entrepreneur who manages a born global firm, emphasizing on their impact on the early and rapid internationalization. In addition, the research team will contribute to the existing born global literature by applying existing models from the IB and IE disciplines.
2. Theoretical framework

Firstly, the chapter analyzes the traditional internationalization model developed by Johanson and Vahlne (1977; 1990; 2003) with comparing it to the early and rapid internationalization of born global firms. Secondly, a clarification is provided for the reader regarding the reasons behind choosing the IE literature as a base for the present research. Thirdly, the effectuation theory and principles are being introduced to create an understanding for the reader on how we are carrying out the research. Fourthly, the chapter further presents earlier literature on the characteristics of an entrepreneur. Fifthly, the following section also explains the importance of networks in the internationalization of born global firms and expands with identifying the different types of networks, namely social and business networks. Lastly, the chapter concludes with the designed conceptual framework for this study.

2.1. Literature review

2.1.1. From traditional to born global

Despite their relatively small size and limited resources, born global firms tend to internationalize much faster than large traditional firms without being deterred by the high cost and uncertainty of entering foreign markets (Cavusgil and Knight, 2004), which contradicts with the original Uppsala internationalization process model from 1977, which is the most frequently used in internationalization literature (Cavusgil and Knight, 2004; Chetty and Campbell-Hunt, 2004; Hennart, 2013; Weerawardena et al. 2007). As argued by Cavusgil and Knight (2015), the Uppsala model is made for a “different era”. An era that could explain the traditional multinational companies like Philips, Sony, General Motors and Honda which took them decades to internationalize their business after establishing themselves thoroughly in their domestic markets (Cavusgil and Knight, 2015). The traditional model also suggests a gradual international expansion of business based on close psychic distance first and later entering larger psychic distance markets (Johanson and Vahlne, 1990; Chetty and Campbell-Hunt, 2004). In addition, the traditional stages model argues that a firm internationalizes when it is well established in its domestic market, which challenges the born global model as firms are in most cases not well established in their domestic markets, yet they are successful when they internationalize (Rennie, 1993; Chetty and Campbell-Hunt, 2004). Born global founders have a global vision
and perceive the world as one market (Chetty and Champbell-Hunt, 2004) by treating the international market as an opportunity rather than uncertainty (Madsen and Servais, 1997). Born global Internet-based firm serves as an example that regardless of the firm’s age, international experience, resources or domestic development, it’s unnecessary to enter foreign markets incrementally as suggested by the original Uppsala internationalization process model. Some researchers within the field of IE suggested the adoption of different internationalization processes when looking into the rapid and early internationalization phenomenon namely, the phase-model of born global development presented by Gabrielsson et al. (2008), the international entrepreneurial dynamic framework designed by Mathews and Zander (2007) and the dynamic capabilities perspective introduced by Weerawardena et al. (2007). By digging into the IE literature, the authors are not excluding the relevance of existing traditional internationalization theories, but rather focusing on the entrepreneur as the main driver behind born global firm’s success.

2.1.2. International Entrepreneurship
Increasing their global presence is becoming more crucial for born global firms. The development of the communication and information technologies as well as transportation services improvements, which as a result have decreased the level of governmental protectionism, have motivated the entrepreneurs to start looking beyond the domestic markets and focusing on the international business operations (McDougall and Oviatt, 2000). Due to the increased interest in this study field more works were presented and more researches were carried out. As a result, the field of IE expanded from its early studies dedicated to the firm’s internationalization. It is no longer a disputable fact that the area of IE has a reputable amount of opportunities for new explorations, and it still contains many research questions that are yet to be answered by academia.

IE as a terminology, was observed for the first time in the paper conducted by Morrow in 1988 (Zahra and George, 2002). Later the following year McDougall (1989) carried out an empirical analysis focused on the comparison of domestic and international new ventures, which served as a foundation for the academic researchers in the field of IE. During the 1990s, the theoretical constituents of IE were formulated in a more precise manner (McDougall and Oviatt, 2000). Wright and Ricks (1994)
defined as business activity on a firm level that crosses national borders, focusing on the relations between businesses and the international environments in which the firm operates. The definition of entrepreneurship is a subject for an ongoing process of continuous debates and adjustments. The suggestion that the entrepreneurship is a mix of innovative, proactive, and risk-taking behavior, dates back to the strategic management literature (Covin and Slevin, 1989), but these are not the only aspects of the entrepreneurship that researches highlighted. At the same time, Lumpkin and Dess (1996) claimed that a diversity of “entrepreneurial orientation” emphasizing that entrepreneurship consists of two components such as opportunities and individuals who aim at taking advantages of them. McDougall and Oviatt (2005) elaborated the definition of IE phenomena stipulating, that “International entrepreneurship is a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations”. Whilst studying the international entrepreneurship field, the researchers are focused on either the analysis of such behavior or dedicated to the comparison of domestic entrepreneurial behavior in several countries. However, the size and the age of a company, were not key aspects that were looked into.

2.1.3. The Effectuation theory

In a study conducted on 27 entrepreneurs in the US with firm size ranging from $200 million to $6.5 billion, Sarasvathy (2001) managed to understand the reasoning and logic behind turning an idea into a successful firm. The one thing that almost all entrepreneurs had in common was the effectual reasoning. Traditionally, business schools tend to teach students the causal reasoning, which in other words is identifying a set of means that leads to a number of alternatives to achieve a given goal in the cheapest and most efficient manner (Sarasvathy, 2008). However, effectuation is defined as logic of thinking in which it exclusively helps entrepreneurs to start their business and offers a way to control the unpredictable future. The effectuation theory suggests three categories of means for all entrepreneurs, namely who they are? - Their behavior, ability and characteristics, what they know? – Their knowledge, experience, expertise and training, and who they know? – Their social and business networks. By acknowledging those means, Sarasvathy (2001) points out that the entrepreneur creates a thinking framework with a set of heuristics that are easily achievable without planning, in comparison to causal reasoning.
Principles of effectuation

Furthermore, Sarasvathy (2001; 2008) proposes a set of effectual logic principles, which serve as techniques that help entrepreneurs shape, rather than predict, their future. The first principle is the ‘Bird-in-hand’, where effectuation is considered a mean-driven action rather than goal-driven. Entrepreneurs initially start with their means: who am I?, what I know? and whom I know?. The second principle is the ‘Lemonade’, they leverage contingency rather than avoiding surprises. The third principle is the ‘Affordable loss’, where entrepreneurs’ focus on how much they can afford to lose rather than how much they are expected to earn. The fourth principle ‘Patchwork Quilt’, entrepreneurs seek strategic alliances and partnerships that help reduce uncertainty rather than competitive analysis. The last principle is the ‘Pilot-in-the-plane’, which implies controlling the future rather than predicting it. Sarasvathy (2001) further explains that entrepreneurs might use few or all principles mentioned depending on the circumstances and the decision to be made.

Effectuation theory in born global literature

Recently, scholars in IE started to use the effectuation theory to assist them in providing a better explanation for the entrepreneurial processes and the decision making followed by born global firms (Galkina and Chetty, 2015; Knight and Leisch, 2016). Instead of following a more traditional and formal entry strategies into international markets, effectuation theory suggests an unplanned approach (Sarasvathy, 2001). In a study carried by Harms and Schiele (2012), they found that most entrepreneurs follow the effectuation logic, relatively unplanned approach, rather than the causation in the firm’s early internationalization decision. In addition, Galkina and Chetty (2015) suggest the use of the effectuation logic to understand how entrepreneurs use networks in the early internationalization of SMEs. The entrepreneurial network relation is one of the core principles presented in the effectuation process, as it comprises the “Whom I know?” and the “Patchwork Quilt” principles (Galkina and Chetty, 2015; Sarasvathy, 2001). What the theory basically argues is that an entrepreneur can reduce the uncertainty of entering foreign markets through the strategic alliances and the collaborations that one establishes, with the network at a relatively inexpensive and more secure path (Galkina and Chetty, 2015). In the same vein, Andersson (2011) discusses the importance of applying the effectuation theory on born global early findings, because it helps create a structure
for the firm level, individual level and environmental level and combines them through a process perspective. In addition, Sarasvathy et al. (2013) recommend the application of the effectuation principles to the IE research, specifically the internationalization decision as it offers a useful and logical explanatory variables for further empirical research. Its evident that the effectuation theory has been well developed theoretically; however it still needs to be measured empirically (Read at al., 2009).

2.1.4. What forms a leader of a Born Global firm?

The personality of the entrepreneur has a great influence on the internationalization process of the company. McDougall et al. (2003) assume that it is necessary to look at the characteristics of the entrepreneur, what kind of experience and background they possess which allow to ease and speed up the process of company’s internationalization. Cavusgil and Knight (2015) share the common opinion observed among the members of the academia, stating that the entrepreneurial mindset plays an important role at the time of making decision regarding the internationalization of a born global company. Franko and Hasse (2016) have also come to a conclusion that the mentality of an entrepreneur of a born global firm clarifies the direction of the company’s development with regards to its early internationalization. Business opportunities with regards to geographical expansion in foreign markets are estimated and taken according to the entrepreneur's vision on the specific situation, which is at the same time based on his personal characteristics (Oviatt and McDougall, 2005).

Entrepreneurs in born global firms are not classified as a specific type of business people with regards to "who they are". The previous researches are focused mainly on how born global firms are developing, in parallel making analysis about the changes in entrepreneurs’ behavior. Andersson and Tell (2009) assume that the entrepreneurs in born global firms tend to develop inductive logic, which drives them to come up with the decision that their firms should expand internationally, thus behaving as effective leaders who can change leadership style in accordance with different contexts.

The theory of effective born global leaders has been elaborated greatly by Andersson (2011). The researcher specified two types of an entrepreneur's logic, such as
effectuation logic and causation logic. In unpredictable circumstances the entrepreneur demonstrates the first type, however in predictable circumstances, he refers to another type. Effectuation logic serves as an explanation for the international behavior in the born global firms. Born global firms enter many markets in a short time and market choice is not controlled either by cultural differences or by psychic distance.

In contrast to Andersson's (2011) opinion, Blomqvist (2008) states that some of the challenges with which the leaders of born global firms are likely to face are language, culture specifics and differences in regulative base. Moreover, the entrepreneurs experience difficulties acquiring necessary information, as their priority is to expand the technological knowledge. The problems tend to be revealed in the first years after firm’s establishment but the number of them declines with time. Suarez-Ortega and Alamo-Vera (2006) divide the characteristics of an entrepreneur into two groups. The first group is *subjective characteristics*. It covers risk taking behavior, possibility to adapt to changes in business environment, personal ambitions, attitude towards innovations etc. As for the second group, it combines *objective characteristics*, which include, for example, age, educational level, language skills, work experience and international experience.

The importance of the entrepreneur in the international development of new ventures has been emphasized in many studies: the background, international attitude, motivation, experience, and expertise are generally regarded as the key factors that can influence his engagement in international operations (Ruzzier et al., 2007; Westhead, Wright, and Ucbasaran 2001). Based on the commonly used definition of international entrepreneurship by McDougall and Oviatt (2000), the entrepreneur involved in international business activities demonstrates such traits as innovativeness, proactive attitude and risk taking behavior. (McDougall and Oviatt, 2000). Figure 1 illustrates the entrepreneur’s definition by McDougall and Oviatt (2000).
Innovativeness

Innovativeness is seen as an opportunity to successfully implement creative ideas (Carland and Carland, 2009). In general this phenomenon includes creation of commercially successful products or services, or it means being the first to successfully apply a new idea related to marketing, management or organizational and production processes/activities (Trott, 2002). The terms entrepreneur and innovator tend to be interlinked in the literature. In particular, innovativeness is often used to determine an entrepreneur (e.g. Carland et al., 1984; Fairly and Holleran, 2011). Innovators have certain features in common with entrepreneurs, such as a risk-taking behavior, ambiguity tolerance and persistence (Sandberg et al., 2013). Osarenkhoe (2009) goes along the same line as aforementioned scholars, defining the entrepreneur as an innovative person. Brouwer (2002) adds that the innovative entrepreneur is often mission-oriented. He believes in his own capabilities and those of his employees. No entrepreneur would set up the venture, not being assured about its success. What is important to stress is that the more innovative entrepreneurs are, the more successful they are (Kropp et al., 2006).

Proactivity

Matiusinaite and Sekliuckiene (2015) describe an entrepreneur as the individual who possesses a global vision. Wild et al. (2007) go in line with these scholars, stating that one of the crucial traits of a successful entrepreneur is a global mindset. Global mindset implies a mental attitude, which is defined by being a tolerant person with some knowledge about international business. Osarenkhoe (2009) follows the same trend and claims that the leaders of born global firms demonstrate an obvious global vision, without distinguishing the domestic and international markets. This reflects a desire of entrepreneur to move forward courageously by introducing new products and services earlier than competitors (Keh et al., 2007). These features characterize proactive individuals, allowing them to enter the foreign markets and to achieve a
greater international scale (Pérez - Luño et al., 2011). Furthermore, proactive entrepreneurs seem to be more sensitive to the needs of foreign market and are ready to exploit foreign opportunities that match their abilities (Morris et al., 2011).

**Risk taking**

Zucchella (2004) and Brouwer (2002) see the entrepreneur as an initiative person, who may accept a high level of professional and financial risks whilst carrying out business operations. A risk-taking behavior refers to a person’s ability to make decisions under high level of uncertainty. It is closely related to ambiguity tolerance (Cromie, 2000; Shane et al., 2003), which means an ability to consider ambiguous situations more desirable than frightening. It should be noted, however, that although entrepreneurs seem to be willing to take risks, and have a higher tolerance of ambiguity, they are cautious while calculating and carefully assessing the risks beforehand (Bernardo and Welch, 2001; Cromie, 2000).

Risk-taking ability and initiative personality are regarded as one of the most important factors in finding international opportunities and increasing the volume of activities abroad. Although a certain tolerance towards risk-taking is necessary in seeking international expansion (Pérez-Luño et al., 2011). Opportunities based motivation of entrepreneur is related to personalities that seek to benefit from new business opportunities (Shane and Venkataraman, 2000). Acknowledgement and use of opportunities become very important at an early stage of internationalization (Matiusinaite and Sekliuckiene , 2015).

The level of trustworthiness is one of the aspects also highlighted in academia (Blomqvist, 2002). The entrepreneurs have to create fast and individual-based trust in order to encourage their partners to collaborate as it is crucial for born-global firms, it may be assumed that this type of trust is an important component in the internationalization process of Internet-based born global firms. In the international context born global firms cannot rely on regular development of trust based on character and social similarity, and there may not be enough time for the traditional evolution of trust based on experience and investments. Nevertheless, in order to establish a partnership, the partners are to have mutual understanding, in order to rely on their partners’ capabilities and knowledge about relevant cultural and legal issues.
They require quick access to information that may never become an issue for other firms.

Perceptions are an important issue to examine also, because in the international context the role and notion of trust, as well as the mechanisms through which trust is built, may vary. Societal values and norms that guide people’s behavior and beliefs in different national cultures have an impact on entrepreneur’s perception and expectation of trustworthy behavior (Doney et al., 1998; Zaheer and Zaheer, 2006). The international entrepreneurial orientation of the entrepreneur has been analyzed over different dimensions, such as his risk taking attitude, proactive behavior, motivation and position towards innovation (Johnson, 2004; Kuivalainen et al., 2007).

2.1.5. Educational background and previous knowledge

The experience, background, international mindset, and the experiential knowledge (incl. international experience) are the key objective characteristics of the entrepreneur, which have a significant impact on the internationalization process of the company (Cannone and Ughetto, 2014). Previous experience of entrepreneurs complements a lack of organizational experience in internationalization process. Experience is seen as an acquired knowledge for entrepreneur (Federico et al., 2009). Previous entrepreneurial experience is grounded on human capital and entrepreneurial social capital (Unger et al., 2011). According to Madsen and Servais (1997), the prior knowledge and work experience of entrepreneurs reduce the uncertainty and risk linked with entering a foreign market. It is believed that prior business experience allows creating knowledge, based on practical skills, thus increasing the ability of entrepreneur to identify opportunities and use them.

Such factors as a high level of education and knowledge of foreign languages are generally reckoned to be drivers for internationalization process, especially for born-global companies that aim at internationalizing from their start (Madsen and Servais, 1997; Oviatt and McDougall, 1997). The experiential knowledge accumulated by the entrepreneur through his exposure to foreign cultures (through prior work or study experiences) has also been proposed as playing an important role in early internationalization. The entrepreneurs engaged in business operations of born global firms see the world as one big stage for carrying out companies’ operations (Chetty
and Champbell-Hunt, 2004). To the extent that the entrepreneur has prior knowledge on the markets where his company is seeking to operate, barriers in languages, culture and business practices are overcome and the likelihood to internationalize early is enhanced (Chetty and Campbell-Hunt, 2004; Madsen and Servais, 1997; Schwens and Kabst, 2009). This goes in line with Cohen and Levinthal (1990) absorptive capacity concept, which supports the argument that founders with basic knowledge in internationalization are more capable of absorbing new internationalization knowledge faster. Entrepreneurs with work experience in the same industry as their current firm can accumulate industry-specific know-how, which allows them to become acquainted with their customers and to develop more appropriate market niches (Westhead et al., 2001).

2.1.6. Internationalization of born global’s through networks

Madsen and Servais (1997) suggest that when studying the internationalization of a firm, the researchers need to understand the relationships and the environmental conditions in which the firm operates. Prior network literature offers rich and significant foundation to gain better understanding on how born global firms enter global markets (Oviatt and McDougall, 1994), and reach efficient commercialization of their product/service among them (Vasilchenko and Morrish, 2011). In both born global and the extended traditional internationalization model (Johansson and Vahlne, 1990), there is a great emphasis on the position of networks in the internationalization process. However, the only difference between the two views is that, the networks in born global firms should be larger and faster developed in order to achieve global reach (Chetty and Champbell-Hunt, 2004). In a commentary by Johansson and Vahlne (2006), the authors revisit their model and put more focus on not only the role of networks in uncertainty reduction, but also on the role of networks in opportunity development. The authors of the traditional internationalization model saw the need to adjust the model in accordance to the current era.

In an internationalization context, born global firms can overcome their size, resources and distance from international market barriers through an effective utilization of the entrepreneurs network (Chetty and Wilson, 2003; Oviatt and McDougall, 1994). Earlier research has identified that for entrepreneurial born global firms; the entrepreneur’s ability to utilize their network can expedite their
internationalization process (Chetty and Wilson, 2003), and enable their firm to compete in the international market (Freeman et al. 2010). According to McDougall et al. (1994), networks assist entrepreneurs or founders of born global firms in identifying international opportunities. They add that a network appears to have a large impact on the entrepreneur’s choice of global markets. In line with the aforementioned, Johanson and Vahlne (2003) in their revisited internationalization model, argue that entrepreneurs should promptly identify their network which has the power to drastically influence the internationalization path of a born global firm, specifically in the early stages, as networks can be used to collect information on global business opportunities and potential strategic partners. In addition, the revisited model suggests a network model that can integrate existing IE internationalization theories with network theory. In line with the aforementioned, a study was carried out by Chetty and Blankenburg Holm (2000) using Johanson and Mattsson’s (1988) network model as a framework for their study, shows the important role of networks in the internationalization of firms. However, Johanson and Mattsson’s model does not have a category that explains the born global phenomenon. Taking a different view on networks, the reliance on existing networks may hinder the ability to detect market opportunities that might lie outside the network (Chetty and Campbell-hunt, 2003).

**Types of networks**

Scholars differentiated between types of networks in which entrepreneurs can pursue. The most common classification of networks in IE literature is social and business networks. Social networks are defined by Gilmore and Carson (1999), as a group of individuals on the societal level that do not necessarily know each other; however, they contribute in some way to the entrepreneur passively, reactively or proactively. According to Coviello and Munro (1997), they found that the location is highly important when entrepreneurs consider internationalization and choosing what markets to enter based on their social networks location. The uncertainty that comes along with entering a foreign market can be reduced through the information gained from the social network of an entrepreneur (Vasilchenko and Morrish, 2011). Despite the extensive use of social networks in earlier literature when describing the rapid and early internationalization of born global firms, business networks had also been highlighted upon. Anderson et al. (1994, p.2), defined business networks as “a set of
two or more connected business relationships, in which each exchanged relation is between business firms that are conceptualized as collective actors.” Business network actors are often the suppliers, competitors, customers and distributors (Johanson and Axelsson, 1992). The development of business networks facilitates the born global firm expansion into foreign markets by acquiring experiential knowledge about the market (Eriksson and Johanson, 1997).
2.2. Conceptual Framework

The effectuation theory is chosen as a backbone for the model, which will allow to meet the goal of the current research - to identify the individual characteristics of an entrepreneur which accelerate the internationalization process of an Internet-based born global company and its further success. The effectuation theory (Sarasvathy, 2001) focuses on three categories of means for all entrepreneurs. All the following categories “Who am I?”, “What I know” and “Whom I know?” will be studied applying other theories highlighted earlier. Figure 2 illustrates the conceptual framework designed for this study.

![Figure 2. Conceptual framework (Own model)](image)

The first category “who am I?” covers behavior and psychological traits of the entrepreneur (Sarasvathy, 2001), thus the subjective characteristics will be analyzed in this section. Moreover the definition of an entrepreneur presented by McDoughall and Oviatt (2000) serves as the foundation, as the subjective characteristics will be studied through the analysis of such traits of the entrepreneur as innovativeness, proactivity and risk-taking ability. Whilst looking at the innovativeness, it will be analyzed through the definition of the innovative entrepreneur by Brouwer (2002), stressing out how mission-oriented the entrepreneur is. As for proactivity, the global
mindset of a company leader will be studied (Matiusinaite and Sekliuckiene, 2015). Whilst digging into risk-taking issue, Zucchella (2004) and Brouwer (2002) theories stating that the entrepreneur should accept a high level of professional and financial risks are chosen for the present analysis.

The second category “what I know?” covers the so-called objective characteristics presented by Suarez-Ortega and Alamo-Vera (2006). However in the suggested model only three components will be applied, such as educational background, previous work experience and experiential knowledge with regards to international experience.

Finally, the third category “whom I know?” is dedicated to networking. In the present analysis two types of networks will be studied, namely the social network referring to Gilmore and Carson (1999) definition, and the business network in accordance to the definition by Anderson et al. (1994).
3. Methodology

3.1. Research approach
There are three different research approaches a researcher can choose from to find a link between theory and the empirical world, namely inductive, deductive and abductive (Patel and Davidson, 2011; Saunders et al., 2009). The inductive approach is used when a researcher is investigating a certain phenomenon without having existing theory to test, but rather develop theory based on the empirical findings (Eisenhardt, 1989). The empirical data gathered would then show a relationship between different variables, which helps the researcher develop a theoretical framework. On the other hand, a deductive approach is used when a theory has already been developed on a particular phenomenon and the researcher wishes to test the theory empirically. Finally, the abductive approach is considered to be a combination of the aforementioned approaches (Patel and Davidson, 2011). According to Dubois and Gadde (2002), an inductive approach allows the researcher to move back and forth between empirical findings and theory.

The difference between the inductive and the deductive approaches is quiet distinct and in order to land the best choice, we had to examine both theoretical approaches thoroughly. Firstly, we are using the effectuation theory by Sarasvathy (2001) as theoretical framework to explore the role of the entrepreneur in the rapid and early internationalization of born global Internet-based firms. By doing so, one could argue that the research should adopt a deductive approach as a theory is being developed. However, the effectuation theory was developed for a different discipline, namely the IE. Hence, the aim of the research is to try to explain the entrepreneur’s behavior in born global firms based on the effectuation theory. Despite the fact that a theoretical framework was developed, it was necessary to go back and forth to match the empirical data gathered with the theory while analyzing the findings. As a result, we saw the need of having an abductive approach as a base for the present thesis.

3.2. Research Method
There are primarily two methods used to conduct a research, explicitly the qualitative and the quantitative method when gathering, processing and analyzing data (Jacobsen, 2002). The two methods are commonly used in business researches to differentiate the
data gathering techniques and the analysis process (Saunders et al., 2009). The quantitative method is mainly used when conducting an explanatory or descriptive research that requires a large amount of numerical data, whereas the qualitative method is used in exploratory research that requires non-numerical data that helps give a deeper understanding of a given phenomenon (Patton, 2002). While choosing what theoretical method to be used, it is important to have a clear vision on the theoretical aim of the research. As mentioned previously, the present research is exploratory and similar researches are almost exclusively carried out through a qualitative approach. Qualitative studies aim to reveal the human side of a story, gives a deeper understanding of human’s motivations, experiences and interpretations (Cooper and Schindler, 2011). The following research is strongly based on in-depth interviews to gain a deeper insight into the entrepreneur’s personal and cognitive experience which further helps understand the early and rapid internationalization phenomenon.

3.3. Research strategy and design

As the research paper follows a qualitative approach, the choice of having a case study strategy for the following paper, is highly recommended and is the most repeatedly used strategy in similar studies (Yin, 2007). The case study design would give a deeper understanding into the studied phenomenon (Bryman, 2006; Saunders et al., 2009), and in the given thesis, it’s the decision-making behavior of entrepreneur in born global firms that is being elaborated on. As explained by Robson (2002), the case study requires an in-depth empirical investigation of the given phenomenon, which covers real life situations, and the use of different sources to support the evidence provided. In addition, the research strategy goes hand in hand with the exploratory design of the research. Yin (2007) explains the importance of choosing a research strategy based on the formulated research question, in the present case it’s the “how” question, which provides a strong hint on what strategy should be chosen for the study.

A case study strategy used in the following paper could take either a single-case or a multiple-case design. According to Yin (2007), a single-case design is when the researchers base their study on one case, whereas the latter design takes two or more cases into the study. If sufficient resources are available, then a multiple-case design
is highly recommended as it provides a more robust analysis of the studied phenomenon (Yin, 2014). In the following research, we have chosen the multiple-case design as a base for the study. The intention of having such an approach is generally to obtain a larger amount of respondents, which improves the quality of the research and enriches the empirical findings. In addition, the multiple-case approach would help to track repetition in the cases and create a robust ground to connect empirical findings with the theoretical framework designed.

3.4. Case selection

According to Merriam (1994), in order for researchers to investigate a particular problem, they ought to delimit the research by choosing a sample to be studied. There are primarily two sampling methods used by researchers, specifically probability and non-probability sampling. In principal, both sampling methods can be used in case study research. However, the non-probability sampling fits more with the qualitative case study research and particularly with a purposive sampling form, which enables the researcher to set criteria for the sample selection process (Merriam, 1994). Therefore, we picked the non-probability sampling, as it’s the most appropriate method for the study.

Based on the aforementioned sampling approach, the chosen cases will have to either predict similar results (literal replication) or predict contrasting results (theoretical replication). We looked at firms that started their operations after the year 2000. Secondly, firms selected for the study had to be Internet-based firms. A careful selection of companies was followed based on the firm’s year of first international transaction, and that to be up to 5 years of the firm’s inception. A sum of over 25% of their sales needs to take place outside the borders of their home country, in our case it’s outside of Sweden. The cross-case analysis will be based on the data gathered from 5 Swedish born global Internet-based firms, that are briefly introduced in the empirical findings chapter, with further data comparison following pattern-matching logic and cross case synthesis. The cases selection process was followed earlier by researchers of born global firms, in both IB and IE fields of research (Cavusgil and Knight, 2004; and Mort and Weerawardena, 2006). By selecting the following sample, it is achievable to get a closer insight into the role of entrepreneur in the rapid and early internationalization of Swedish born global Internet-based firms.
3.5. Data collection

Data collection can be divided into two major types, namely primary and secondary data collection. Secondary data is basically the data that already exist as a result of other researcher’s work, which come in form of numbers and text (Jacobsen, 2002). On the other hand, primary data are data collected by a researcher directly through interviews, questionnaires or observations. According to Jacobsen (2002), he explains the importance of having a combination of both data collection types as they support each other in different ways and strengthen the outcomes of the research. For this reason, we have used both primary and secondary data in this thesis.

3.5.1. Secondary Data

There are different ways of collecting secondary data, namely through the Internet, online university databases, books and personal networks (Christensen et al., 2010). On the one hand, the main advantage of using secondary data is that it is easily reachable and can be accessed relatively at any point in time. On the other hand, there is enormous number of publications on a given topic, which makes it relatively time consuming to find the right information in a short time (Christensen et al., 2010). The secondary data used in the following study are case company home pages and online press releases.

3.5.2. Primary Data

According to Christensen et al. (2010), the main reason behind collecting primary data is due to the lack of sufficient secondary data to conduct the study. The main advantages of having primary data in a study are the relevance of the information gathered, reliability of the information and the contemporary nature of the information. The researchers are flexible to a large extent and can customize the questions with accordance to their needs (Christensen et al., 2010). On the other hand, collecting primary data can be difficult and time consuming as researchers needs to well prepare for interviews ahead of time and most importantly have access to the right person to be interviewed. For the purpose of this research, we have conducted face-to-face and telephone interviews with the five selected case companies. A further explanation will be provided below on the techniques used to conduct the interviews with the case companies.
Interviews

According to Denscombe (2009), interviews can be carried out in three different forms, namely structured, semi-structured and unstructured interviews. Structured interviews are interviews that have a set questions prepared ahead of the interview with limiting the respondents to few alternatives. Semi-structured interviews are still prepared in advance, however, the interview takes a more flexible form where respondents can speak freely about their views and experiences. Unstructured interviews, which basically mean introducing a certain topic to the interviewee and letting them talk freely.

The key basis of the following paper will be presented by a detailed semi-structured in depth interviews with the entrepreneur behind the born global firms selected. The chosen technique gives the flexibility to skip questions based on the interviewees’ response and also considered a good match with the exploratory and qualitative nature of the study (Sunders et al., 2013). Interviewing the founders of the selected firms provides with the most accurate and detailed information needed, as they are the core of the study. The interview questionnaire was constructed in an understandable manner with short, open ended and straightforward questions. We avoided using questions that has a “yes/no” answers and rather took a story telling format to break the ice with the interviewee and get a closer insight into their experiences. In addition, we ensured that the questions asked at the interview match the designed framework of the study. The interviewees were asked for follow up questions in case questions come up later in the process. The interviews were recorded to support the research with a hard copy of the notes taken into the research (Bryman and Bell, 2011). In addition, the gathered information will be supplemented by secondary data from the websites and other available online sources. Three of the interviews took a face-to-face format (Klarna, Sqore and 46elks), which is highly recommended in similar researches (Bryman and Bell, 2013). In Klarna’s case, the data were gathered mainly from a speech given by Niklas Adalberth, one of the co-founders at Klarna, at the Start-up day 2016 in Stockholm and was further followed with face-to-face questions. However, due to limited resources, the other two interviews were held over the telephone (Asket and The Local). Table 1 demonstrates the names of the respondents, company name, designation, date of the interview and duration.
<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
<th>Position</th>
<th>Date</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Niklas Adalberth</td>
<td>Klarna</td>
<td>Co-founder</td>
<td>23 April, 2016</td>
<td>35 min</td>
</tr>
<tr>
<td>Gustav Borgefalk</td>
<td>Sqore</td>
<td>Co-founder</td>
<td>2 May, 2016</td>
<td>25 min</td>
</tr>
<tr>
<td>Paul Rapacioli</td>
<td>The Local</td>
<td>Co-founder</td>
<td>3 May, 2016</td>
<td>25 min</td>
</tr>
<tr>
<td>Johannes Lundberg</td>
<td>46elks</td>
<td>Co-founder</td>
<td>3 May, 2016</td>
<td>25 min</td>
</tr>
<tr>
<td>Jakob Dworsky</td>
<td>Asket</td>
<td>Co-founder</td>
<td>9 May, 2016</td>
<td>25 min</td>
</tr>
</tbody>
</table>

Table 1. Conducted interviews

3.6. Operationalization

Answering the research question requires narrowing down the research into a set of measurable variables. Once we had the theoretical background information needed about our topic, it was easier to formulate questions to the interview accordingly (Saunders et al., 2009). It was noticed that a semi-structured interview form is more suitable than the unstructured form. In an unstructured interview, the authors would have generally less prior knowledge on the topic researched which could also deviate the direction of the research from the designed theoretical framework (Merriam, 2009). Therefore, we designed an interview guide that allowed respondents to speak freely about the selected topics and build on new ideas, which were brought up during the interview (Saunders et al., 2009).

In order to explore the behavior and logic of the entrepreneurs interviewed, it was important to develop easy and straightforward questions that would enable the interviewees to speak freely and tell us about themselves. At first, we asked the entrepreneur to talk about their work experience, knowledge, and experiential knowledge. By doing so, we would be drawing back to our conceptual framework and answering the ‘what do I know?’ question. In some cases the interviewees didn’t give us enough answers that were required to carry out our analysis, so we had to be more specific and ask the question again. In some cases, we received unexpected answers so we had to dig into it and know the reasons behind such answers. For instance, one of our interviewees dropped out from the university, so we asked for the reasons
behind his decision. Furthermore, we emphasized on prior industry knowledge and whether they believe it’s necessary to have such knowledge or it can be acquired through human capital.

The second set of questions was developed to get insight into the entrepreneur’s networks. More specifically, we asked the interviewees to what extent they utilized their social and business networks when starting their business and how did their networks facilitate their internationalization process at a later stage. Network related questions gave an answer to our ‘whom do I know?’ question in the conceptual framework and the ‘Patchwork Quilt’ effectuation principle. This set of questions portrays to what extent the entrepreneurs use the effectual logic in making decisions related to internationalization.

The third set of questions focused on the subjective characteristics of the entrepreneur, with accordance to McDougall and Oviatt (2000) definition. The entrepreneurs were asked to tell us three of their entrepreneurial traits. In some cases, the interviewees deviated the question and answered what traits they believe should be in a successful entrepreneur. In most cases, we received feedback on the proactivness and innovativeness of the entrepreneurs and their ideas; however, the interviewees didn’t touch upon the risk associated with starting a new firm. Therefore, we had to be more specific and ask about the risks they took at the early stages. The third set of questions gave us an insight into the ‘Who am I?’ part of the conceptual framework.

All questions developed in the interview guide were based on our designed conceptual framework model. The in-depth semi-structured interviews with the 5 selected case companies enabled us to have a better understanding of how the logic, behavior, characteristics and networks of an entrepreneur drive the early and rapid internationalization of their firms.

3.7. Research Quality
The quality of the research is one important aspect that needs to be carefully considered. One of the most common criteria for evaluating the quality of a business research is understood to be the validity and reliability of a research (Bryman and bell, 2011). According to Merriam (2009), validity and reliability serve as basis for
any study. In line with the aforementioned authors, Yin (2014) argues that in a qualitative research, validity and reliability are the most important aspect to be considered. However, Merriam (2009) argues that it’s difficult to guarantee validity and reliability in a qualitative research. The researcher or the interviewees can be subjective in their interpretation of statements or questions at the interview.

Nonetheless, the data gathered in this research were treated in a fair and transparent manner, which will be discussed further. Yin (2014) suggests a four-step test to ensure the validity and reliability of the research.

3.7.1. Construct Validity

The first test to be considered is called the construct validity, which basically looks at the number of cases considered in the study. A sufficient number of cases and measures would eliminate the subjective interpretations that might rise through data collection. Thus, we have considered five case companies operating within different industries, to compare findings and look for similarities (Yin, 2014). To ensure construct validity, we also recorded and transcribed all interviews and compared them. In addition, throughout the research process, we worked closely with a supervisor who critically regularly reviewed our work and suggested different approaches to develop the thesis. Furthermore, our interviewees were the co-founders and CEOs of their respective companies, which further reinforce the validity of our findings.

3.7.2. Internal Validity

The second test suggested by Yin (2014) is the internal validity, and that is more relevant to experiential research, which explains the cause and effect nature of a given phenomenon. Internal validity exists when the case studies are robust, accurate and consistent. The aforementioned goes hand in hand with the purpose of our study, whereby the thesis aims to understand the individual level drivers of early and rapid internationalization of born global firms. To ensure we meet the internal validity test, we compared the findings of our five case companies to prior theory in IB and IE disciplines. In the same vein, Merriam (2009) argues that internal validity is all about matching empirical findings with reality and the ability to understand the reasons behind certain behavior. Therefore, we suppose that by considering five case companies in our study, the actual behavior becomes more obvious and transparent.
3.7.3. External Validity

External validity is the third test suggested by Yin (2014) and that basically means setting sample criteria when selecting cases for the study. In line with Yin, Merriam (2009) sees external validity as related to the generalization of the findings and whether it’s possible to apply the findings in different circumstances. In this paper, our challenge was to identify born global firms that use the Internet as a platform to sell their product/service. Our selection of case companies had to pass through a set of criteria to match the born global definition, which was earlier discussed in the case selection chapter. By doing so, we narrowed down our selection and only choose case companies that have a global vision.

3.7.4. Reliability

The fourth test is the reliability of a research, which aims at minimizing the faults in the study. Merriam (2009) argues that if a research is to be conducted again by another researcher, the results should be similar to ensure the reliability of data. However, ensuring complete reliability is a challenge for the researcher, which goes in line with Merriam (2013) argument that human behavior is of a dynamic nature. For instance, interviewees might be bias in some sensitive situations and provide inaccurate feedback or might answer to some of the questions subconsciously, particularly in a semi-structured interview. Nonetheless, we believe the questions asked to our case companies did not comprise any sensitive details, which implies the reliability of our finding to a large extent. In addition, a transcribed version of all interviews is available to ensure transparency.
4. Empirical Findings

4.1 Sqore

4.1.1 The company

Sqore is one of “the hottest” startups in Sweden (Lundell, 2016). The company provides a platform for managing competitions initiated by universities and corporations all around the world. The company assists in organizing challenges for students by opening unprecedented global opportunities for young talents from all parts of the world (Swedish startup space, 2016), thus motivating them to achieve career goals. As stated by Borgefalk, the company was global from the start with its first covered markets being Sweden, Holland, Switzerland and the UK. At present it operates in the US, Europe and in a number of emerging markets such as India and Nigeria. The mission of Sqore is to link talented people with existing opportunities in a global arena, as it follows from a company’s motto - “opportunities for all”. At present the service unites about 1 million job seekers, the figure has been doubled in comparison with the previous year statistics. The potential for further growth is also supported by the fact, that Sqore is planning to raise about $12 million in the near future for international expansion (Lundell, 2016). Strategic goal of the company, according to co-founder Gustav Borgefalk, is to reach the level of 100 million people who are connected with the service by 2020.

Sqore was established in 2010 by four enthusiastic entrepreneurs who met in a business incubator at Stockholm School of Economics. At present Sqore’s team, being less than 50 employees is one of the most international among Swedish startups, with 20 different nationalities working at this project. All employees share the vision of the company, which is based on the idea of creating “life-changing” opportunities for young talents no matter what background they have (Sqore blog, 2016). In this thesis, Gustav Borgefalk, the co-founder of Sqore was interviewed for further insight into the company’s business model and his personal experience. Borgefalk expressed his passion in taking challenges and participating in competitions. He has won various prestigious academic competitions on both country and international level. Back in 2008, he was listed as one of Sweden’s 100 Super Talents. Possessing impressive experience of taking part in competitions, he has
found out that so far there has not been a really good and convenient website which would be collecting numerous challenges offered by universities and companies, that inspired Borgefalk to create Student Competitions AB in 2010 which later turned into Sqore.

“Who am I?”

Borgefalk sees himself as an optimist and a person who always strives to see positive in any situation, no matter how hard it seems to be. He was always following his goal and believing in the success of his idea.

“When everything goes to hell and it does two or three times per week, and then you need to believe that it is workable”.

Another important trait for the entrepreneur highlighted by Borgefalk is the necessity to be sales focused. It is important to see the needs of the market, to follow the current trends whilst keeping updated about ongoing changing conditions in business. It is highly important to know what to sell and how to sell the offered service. The last but not the least characteristic underlined by Sqore co-founder is to be open-minded. The entrepreneur should be open to ideas, being able to see what is likely to lead to an effective performance of the company thus following the path to a success of the business:

“Having an open mind in a sense being open to ideas, not having a prestige in your ideas, if my colleagues’ idea is better than mine, than I shouldn’t defend my idea”.

Considering the risk-taking side of an entrepreneur, Borgefalk mentions two types of risks which he has faced himself – financial and social ones, highlighting uncertainty to achieve financial stability running your own company and as a possible consequence inability to keep in touch with your successful peers who chose the path to make career in different business fields:

“If your friends go to consultancy, investment banking earning lots of money…and you think “if I ever going to reach there”.”
However at the time of company’s foundation he along with other co-founders did not assess risks much. Due to the fact that during the first year of operations the team experienced various struggles, all the challenges and problems allowed adjusting business operations accordingly. For Sqore, it was important to assess the demand for the service offered.

“What I know?”

The idea of establishing own business came to Borgefalk when he was a student at Stockholm School of Economics. As it was mentioned above, his passion for competitions played an integral part in making decision to set up business in this sector, however another situation that drove him towards entrepreneurship was his job experience. Whilst studying on his second year of Bachelor program in International business, he got an internship at an investment bank in London. Borgefalk did not want to spend his working life in such environment, and that motivated him to start thinking about possibility to run his own firm:

“I just finished an internship in investment bank in London. I spent the summer there in a terrible environment. I mean banks are. I spent 10 weeks there and I realized I never going to work in a regular company. And after that I decided, I am going to start my own company”.

Student Competitions AB is not the first company co-founded by Borgefalk, prior to this, he was running another company engaged in file sharing, and at the same time during his studies he carried out various summer jobs including an executive assistant position in a PR company. In addition, he sees his prior work experience as very valuable and he estimates its high contribution into his success today.

“It told me about how business works and the language spoken in business.”

As for the educational background, Sqore leader does not share an opinion, that education was a key to the efficient performance of the firm at the beginning, however, the longer the company operates, the higher value of education is:
“I didn’t see use of my education when we started this, and now as it grows, I see the value of what we were taught at school”.

However, his studies at Stockholm School of Economics gave an opportunity to meet the idea-driven people with whom Gustav created an ambitious team.

“Whom I know?”

Borgefalk stresses the importance for a potential entrepreneur to be surrounded by inspiring people who want to start running their own firm:

"It is important to have in your proximity people who started business, and whether it is family or teachers, in incubator environment, you need to see the possibilities to start your own business”.

Borgefalk got acquainted with future Sqore co-founders on the field of business incubator in Stockholm School of Economics. All four students have already started their own businesses, however all of them were in quite different areas, some were involved in TV industry, whereas others possessed experience in IT. The diversity of skills made it possible to make the best out of the appeared business idea in a half-year time before they got their first investment.

As for the business network, Borgefalk highlights that it facilitated the process of international expansion of their business activities. At last Borgefalk stresses the luck of being able to establish business in Sweden, where young entrepreneurs have all possible opportunities to make business ideas real:

“Sweden is a great place to start your own business, so much support is available, really good institutions like Stockholm school of entrepreneurship, the Government and non-profitable organizations”.

4.2. The Local

4.2.1. The Company

The Local is a leading online English news portal that was founded in Sweden in 2004 by Paul Rapacioli and James Savage (The Local, 2016). At present the Local has branches in Germany, France, Spain, Switzerland, Norway, Denmark, Austria and Italy. Last year the audience of the Local was about 4.5 million readers per month, which makes it the largest European English-language news network in Europe. In 2009, the Local also was claimed to be a Swedish Digital Newspaper of the year. In this thesis, Paul Rapacioli has been interviewed to give us an insight into his entrepreneurial experience. As highlighted by Rapacioli, the company was initially set up with a vision of international expansion. The first region covered outside Sweden has been Germany; the launch of the local edition of a daily newspaper took place in 2008. At the time of moving to Sweden, Rapacioli was amazed how much news took place on a daily basis. Having seen the necessity to be aware of what is happening in the local society, Rapacioli started analyzing the market, later coming to a conclusion that there is a lack of the news publishers who would be highlighting the current, mainly local, events in English:

“I realized that there is an opportunity to create a news international brand”.

“Who I am?”

When asked about his entrepreneurial traits, Rapacioli sees persistence as a key characteristic of a successful entrepreneur. It is crucial to keep going no matter what problems and challenges the company comes across.

“The most import thing is persistence, being able to take knock downs but trying again and then again.”

Secondly, The Local co-founder sees positive mind as an integral constituent of an entrepreneur’s life position:
“There is always going to be negative experience. You can be kicked out of the game pretty quickly. But you always have to believe that you are on the right path”.

Finally pragmatism is equally important in order to survive in the business world:

“You have to listen to what market is telling you. And be pragmatic about who you are, and what you are going to do.”

However, without the ability to manage sales, Rapacioli believes no efficient performance can be achieved. Regarding the attitude towards risk, he is a tolerant person, though financial risk took place at the time of company’s establishment:

“At that time I was pretty young, you know, so I didn’t assess much risk. But yeah I risked all money I had into the Local”.

“What I know?”

Rapacioli is considered to be an entrepreneur with global mindset due to the fact that originally he came from the UK, however The Local was established in Sweden. Rapacioli does not possess any journalist background, and the lack of that experience was compensated by the skills of the second co-founder, who used to be working in editorial sphere prior to start working at The Local. However, Rapacioli had experience of running his own firm as he used to be a director of Reed, an employment agency (Tarling, 2015).

“Whom I know?”

The role of networking was more evident and highly important during the period when the co-founders were searching for the investments in order to launch their
digital newspaper. Due to this reason the co-founders joined an incubator program called IQube in order to expand their networking contacts:

“We joined an incubator program called IQube, this is where we established networks in Sweden. And it really changed a lot for us, helping to meet our investors.”

4.3. Klarna

4.3.1. The company

Klarna is a company that provides online payment services. It is one of the fastest growing firms in Europe with the mission to turn into “the World’s favorite way to pay”. The company was founded in 2005 by three co-founders who met at Stockholm School of Economics, namely Sebastian Siemiatkowsky, Niklas Adalberth and Victor Jacobsson. In 2008, it was the first year when the company expanded its operations outside Sweden, with the first foreign markets being Norway, Finland and Denmark. At present, the firm provides services in nearly 18 markets (Klarna, 2016). Initially, Siemiatkowsky, who faced the problem with e-payment system whilst working at a debt collection agency, suggested the idea. The idea was introduced to Adalberth and Jacobsson, and they decided to give it a try during a six-month period time (Weverbergh, 2016). In this thesis, Niklas Adalberth was interviewed for further insight into his experience starting Klarna.

“Who am I?”

Adalberth highlights that one of the essential traits of entrepreneur’s character is to be hardworking. It is crucial to set up heavy goals, which seem difficult to be achieved, however the entrepreneur should always seek for the best and most efficient way to solve a problem. Secondly, being innovative is one of the components of a successful idea. It is important to understand the needs of the market and to improve the services that are at clients’ disposal, using new business approaches and creative solutions. Finally the entrepreneur has to be an ambitious person who is never satisfied with the
results and that keeps him motivated to go further without being scared about possible negative results:

“You have to try not to be afraid of failures. I was in the beginning afraid of being failed mainly due to a mind of a student of Stockholm School of Economics”.

“What I know?”

At the time of establishing the business, Adalberth did not have any prior experience in an entrepreneurship field. It was vital to involve in the process the people with necessary knowledge and skills:

“As when we started we didn’t possess any previous experience in that field, that is why we had to “share” the company with the engineers, who had necessary knowledge for service development.”

What inspired the co-founders to start their own company is the environment of business incubator in Stockholm School of Economics, where their idea was greeted with enthusiasm, when later the master students were given a place to start elaborating their business idea:

“Stockholm School of Economics provided a working space for our project.”

“What I know?”

Adalberth stresses the importance of being in an environment, where one is surrounded by people that are willing to be engaged in the business world. However without financial support, the company would not be able to exist. And mainly networking helped talented young entrepreneurs to receive their first seed money for company’s foundation. Klarna co-founders managed to get support from an angel investor, Jane Walerud, who not only assisted with investment, but also gathered skilled tech team, whose expertise was vital for a startup company (Weverbergh, 2016).
4.4. Asket

4.4.1. The Company

In 2015, Jakob Dworsky and August Bard Bringeus, co-founders of Asket, had a brilliant business idea that could change the whole clothing industry. In this thesis, Jakob Dworsky was interviewed to give us a closer insight into the process he had gone through to make their business idea come to life. Out of their own frustration, the duo decided to start an online clothing store that sells timeless t-shirts for men that are made to fit. With their idea, they challenged the traditional industry rule of having only 5 sizes that all men try to squeeze into and decided to add 10 more sizes to make it reach to 15. The company still uses the standard 5 sizes (XS, S, M, L & XL), however they added the short and the long version to their offerings. In May of 2015, Asket came to life after a kick-starter campaign that made them secure nearly 46,000 Euros. Their backers believed in the business model and seemed they had similar frustrations themselves. Asket delivers premium quality non seasonal essential t-shirts for men at a fairly reasonable price compared to their competitors in the market with a vision of having pricing transparency with their customers. The company had already sold their products in 47 different countries with major markets being Germany, Finland, Denmark, UK and USA making it count for 60% of their total sales (Asket, 2016).

“Who am I?”

Looking at the subjective characteristics of entrepreneurs, Dworsky thinks it’s difficult to box the trait of an entrepreneur and name only three because there are different types of entrepreneurs. However, the most common traits of an entrepreneur in his opinion were first, passion about what you are doing. The second trait was to have stamina and be able to survive the struggles an entrepreneur would pass through. Third was having a practical side and being capable of getting things done. When asked about his personal traits, Dworsky laughs and says:

“I am not sure actually if am a successful entrepreneur but I would say I am quiet analytical, realistic and creative”.
Talking about the risks that Dworsky had to take, the first thing that he brought up was if there was actual demand for their products. However, they overcame that risk by assessing the demand through informal surveys and the kick-starter campaign. The second was the inventory risk, as they had to estimate the demand in terms of colors and sizes that sell the most before hand. As mentioned earlier, the company doesn’t have seasonal offerings, which means they can sell their t-shirts through out the year, but still they will have to tie up a lot of capital in inventory.

“What I know?”

Speaking about prior knowledge and experience, neither Dwosky nor Bringeus had any fashion background prior to Asket. Dworsky received his master education in international business from Stockholm School of Economics. During his bachelor and master studies he had part time jobs within different industries. First, Dworsky worked for 1 year at a PR agency in Stockholm. Later he joined Rocket Internet where he travelled around with them to Turkey, Azerbaijan and Germany trying to establish with them Zalando, the well-known online fashion retailer. Just before starting Asket, Dworsky worked at a management consultancy in Stockholm. As it was clear, Dworsky had no prior industry knowledge, however, he had good experience working with online firms.

“Since we do things differently anyways, we don’t follow their rules so we think its actually beneficial not know much because then we will not get into the habits of the industry.”

Dworsky believes that knowing less about the industry actually helped them in bringing the idea to life. The duo work with freelancers to cover the knowledge gaps they have, for instance in product development.

“My short answer will be is that you don’t need to have industry knowledge yet you need to be passionate and curious about it.”
“Whom I know?”

When asked about social and business networks, Dworsky sees networks as definitely beneficial. However, he believes that only their social network is what helped them start the business. He recalls that at first, the duo met with a close friend’s brother that worked as a designer with Peak Performance to sort of get all the basic knowledge needed in order to start an online clothing business. The designer helped them as well in getting some contacts with pattern makers. In addition, a communication firm that is co-founded by Dworsky’s brother, helps them in building the companies website and has been a major contributor to where they are today.

4.5. 46elks

4.5.1. The Company

In 2011, the success story of Johannes Lundberg, the CEO and founder of 46elks began. Lundberg was passionate about software development and IT from a very young age where he once said “I’m a hacker at heart”, (Hassis, 2014). Lundberg believes that entrepreneurial stubbornness along with personal sacrifice is what made his idea come true. With the rising number of developers worldwide, Lundberg noticed the need of offering a telephony service that would help application developers improve their services. 46elks provides a platform with simple features and tools for these developers to incorporate telephony infrastructure, namely SMS, MMS and voice into their applications. In late 2014, 46elks managed to get in 2.6MSEK investment into the firm with a promise to spread the service all around Europe. The company today sells their services to nearly 30 countries and opened its first cross border office in Finland with a vision of having offices all around Europe. Lundberg introduced a new slogan for the firm at that is “We do local globally” (46elks, 2016).

“Who am I?”

When asked about the successful traits of an entrepreneur, Lundberg first emphasized on his entrepreneurial stubbornness, which made his idea come true. Persistence and
not giving up is one critical aspect of a successful entrepreneur. He adds the importance of continuous learning by teaching yourself and following what your heart tells you is also crucial. The third important trait that he pointed out was openness to other people and being social because it helps in building long-term customer relations. In addition, Lundberg underlined that he is an innovator.

“However, I don’t believe that every entrepreneur needs to work with disruptive innovation as it all depends on what kind of venture an entrepreneur is building”.

Talking about the risks in general that Lundberg took when starting the business, there was two main risks that he stressed upon. The first risk was customer stickiness due to the complicated nature of IT language and the second risk was the risk of not being able to secure access to telephone carriers in other countries in order to release their service. It took Lundberg over 2 years of negotiations with a Swedish telephone carrier to secure access to their network and start their services which made him worried that he would have to pass through a similar experience in other countries. When asked about financial and social risks, he didn’t see them as risks at all, at least from his own perspective.

“What I know?”

With respect to prior knowledge and experience, Lundberg started his studies in computer science at Uppsala University, but dropped out after 1 year.

“It was too much of a repetition”

Lundberg didn’t see the need to pursue with his studies, as he already knew everything he was being taught at school. However, he believes that once someone starts working with software development, they get to learn things that they haven’t done before and constantly teach themselves new skills. Hence, he stressed on the importance of knowing the field an entrepreneur operates in so that a change can be made in that particular field. In addition to his software development skills, he studied Russian and German. With respect to past experience, Lundberg had prior experience working as a software developer in Stockholm.
“I think it wouldn’t have been possible to start this business without the past experience I had from my old job.”

Lundberg clearly points out the importance of past experience and he finds his new job to be a continuation to what he did at his last job.

“Whom I know?”

When asked about social and business networks, Lundberg said he was somehow lucky to have his old job, which made him widen his business and social network. His old boss helped him out with his network in the telecommunication industry and Lundberg personally had a quiet robust developers network. Both networks were important for the company to receive investment, as such a business require a large capital. Lundberg also highlighted that it was important to have some personal networks and friends whom he could rely on for support because he believes it’s easy to get lost on the way.
5. Analysis

The cross case analysis is built on five Swedish born global Internet-based firms and serves as a basis for the present research, attempting to identify the key individual factors of companies’ co-founders which have influenced the process of an early internationalization of their firms by means of application of the effectuation principles of entrepreneurship. Each sub-chapter is dedicated to one component of the suggested by the researches model, thus simplifying the process of detecting the key factors and at the same time allowing us to identify the common pattern. All case companies selected for the study match the born global definition, as these companies started operating outside Sweden within a period of 5 years or earlier of their inception. Table 2 gives insight into the basic information regarding the selected companies and their co-founders:

<table>
<thead>
<tr>
<th>Case №</th>
<th>Company</th>
<th>Year of establishment</th>
<th>CEO</th>
<th>Activity</th>
<th>Industry</th>
<th>Internationalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sqore</td>
<td>2010</td>
<td>Gustav Borgefalk</td>
<td>Online service, running global competitions for universities and corporations</td>
<td>Recruitment</td>
<td>2010</td>
</tr>
<tr>
<td>2</td>
<td>The Local</td>
<td>2004</td>
<td>Paul Rapacioli</td>
<td>Online daily news portal</td>
<td>News</td>
<td>2008</td>
</tr>
<tr>
<td>3</td>
<td>Klarna</td>
<td>2005</td>
<td>Niklas Adalberth</td>
<td>Online payments</td>
<td>Finance</td>
<td>2008</td>
</tr>
<tr>
<td>4</td>
<td>Asket</td>
<td>2015</td>
<td>Jakob Dworsky</td>
<td>Online brand of t-shirts</td>
<td>Fashion</td>
<td>2015</td>
</tr>
<tr>
<td>5</td>
<td>46elks</td>
<td>2011</td>
<td>Johannes Lundberg</td>
<td>API service</td>
<td>Software development</td>
<td>2011</td>
</tr>
</tbody>
</table>

Table 2. Basic information on case companies

5.1. “Who am I?”

The following part looks into the founder’s profile of the five Swedish case companies, analyzing subjective characteristics of the entrepreneur, thus estimating their impact on the entrepreneur’s performance which affects to a large extent the
internationalization process of a company. Table 3 below depicts the main specifics of the CEO characters, which allow us to detect whether the entrepreneurs are innovative and proactive.

<table>
<thead>
<tr>
<th>Sqore / Borgefalk</th>
<th>The Local / Rapacioli</th>
<th>Klarna / Adalberth</th>
<th>Asket / Dworsky</th>
<th>46elks / Lundberg</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Optimistic</td>
<td>• Persistance</td>
<td>• Hard-working</td>
<td>• Analytical</td>
<td>• Persistance</td>
</tr>
<tr>
<td>• Sales-focused</td>
<td>• Optimistic</td>
<td>• Innovative</td>
<td>• Realistic</td>
<td>• Continuous learning</td>
</tr>
<tr>
<td>• Open-minded</td>
<td>• Pragmatism</td>
<td>• Ambitious</td>
<td>• Creative</td>
<td>• Open-minded</td>
</tr>
<tr>
<td></td>
<td>• Sales-focused</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 3. Summary of the subjective characteristics of interviewees*

### 5.1.1. Innovativeness

Sandberg et al. (2013) see persistence as one of the constituents of an innovative personality. The empirical findings from The Local and 46elks, whose CEOs highlight the importance of being persistent for an entrepreneur, support this observation from the literature. With regards to Adalberth, he mentions the importance of working hard and setting heavy goals and being ambitious. Since ambitions are driven by the set goals, we assume that Adalberth is a mission-oriented entrepreneur, which leads to a suggestion that he is also an innovator, as this assumption is supported by Brouwer (2002), who argues that innovative attitude is a substantial trait of an entrepreneur.

Additionally, in Sqore and The Local, the CEOs state the importance of being sales-focused. We draw parallel between the definition of sales focused with mission oriented feature of an entrepreneur, since the goal of being focused on the high rate of sales can be seen as one of the aims of the firm, which allows to suggest that being sales focused drives the CEO towards the development and further expansion of the company. That assumption motivates us to conclude that being sales focused partially also means being mission-oriented.
In case of Dworsky from Asket, he was classified to be innovative, not according to his traits of character, but based on the fact, that he stood behind the creative business idea. We perceive him as an innovator, taking into account the definition by Trott (2002), saying that innovativeness implies creation of successful products or services, applying new ideas in the sphere of marketing, organizational or production processes. This would also apply to the co-founders of 46elks, Klarna, Sqore, and the Local as they were all behind the innovative business idea of their firms.

To sum up, all five interviewees that took part in this study are considered innovative which goes in line with McDougall and Oviatt (2000) definition of an entrepreneur.

5.1.2. Proactivity

Proactivity is another key subjective characteristic of a successful entrepreneur. All 5 interviewees were characterized as proactive leaders. Borgefalk and Lundberg state the relevance of being open-minded, open to new ideas and new opportunities, which goes in line with Wild et al (2007) and Osarenkhoe (2009) who stress the importance of possessing global vision and characterize it as a specific of a proactive entrepreneur. The CEOs from the start were thinking global and started seeking possible opportunities to expand their firms.

The CEO of The Local also stresses the necessity to be pragmatic. Where we see pragmatism as an ability to estimate the business idea and adjust it to the needs of the market. Thus going in line with Morris et al. (2011), who stress the importance of being sensitive towards the demand expressed in the foreign markets and classifies that feature as one, which describes a proactive entrepreneur.

In addition, being positive and optimistic is another trait that allows the entrepreneurs to keep going and stay on track by overcoming the struggles which they face on a permanent basis, whilst carrying out their business operations, thus following the idea expressed by Keh et al. (2007) about necessity to be brave and move forward. Borgefalk of Sqore and Rapacioli of The Local put stress on that particular trait. In the first case, Borgefalk describes himself as a person who possesses positive state of
mind, thus thinking that his business idea is successful and that efficient results will be achieved. However, Dworsky also mentions the importance of having stamina, which helps him to go through the challenges. We link that feature with an optimistic mind discussed earlier, as it also allows the entrepreneur to move forward and believe in the success of his idea.

Since all the interviewees touched upon the influence of having a proactive behavior, we consider this behavior to be equally important for company’s early and rapid internationalization along with innovativeness, thus going in line with McDougall and Oviatt (2000) definition of an entrepreneur.

5.1.3. Risk taking

Table 4 depicts the different types of risks, which were reported by the entrepreneurs interviewed in this study.

<table>
<thead>
<tr>
<th>Risk type</th>
<th>Borgefalk/Sqore</th>
<th>Rapacioli/The Local</th>
<th>Adalberth/Klarna</th>
<th>Dworsky/Asket</th>
<th>Lundberg/46elks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Social</td>
<td>Financial</td>
<td>Financial</td>
<td>Financial</td>
<td>Customer stickiness</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td></td>
<td>Risk of failure</td>
<td>Risk of actual demand</td>
<td>Institutional</td>
</tr>
</tbody>
</table>

Table 4. Types of risks reported

As illustrated in table 4, risks faced by the interviewees took different forms. One of the most common risks, which have been outlined by 4 of the interviewed entrepreneurs, is the financial risk. We assume that this particular risk is the most common due to the fact that a huge amount of capital is necessary when establishing a new venture. Since all the interviewed companies seek for external financial opportunities, it led to the situation that the CEOs of Sqore, The Local, Klarna and Asket touched upon this risk. Based on this observation, we classify these entrepreneurs as risk takers, thus going in line with Brouwer (2002) and Zucchela (2004) who see the entrepreneur as a person who may accept financial risks.

The second most popular risk among the interviewed entrepreneurs is the high level of uncertainty and ambiguity that come along starting any new business. Niklas from Klarna expressed the risk of failure. We linked that risk with the uncertainty, which
the entrepreneur had about the success of the company. At the same time, Jakob from Asket pointed out the risk of the demand for their product in the market, which we also consider as an ambiguity risk. And the last interviewee, who had gone through the same risk, was Lundberg from 46elks, who claimed that the risk of customer stickiness is applicable for the market niche, where his company operates. These observations go in conformity with the findings of Cromie (2000) and Shane et al. (2003) that entrepreneurs are highly tolerant to uncertain situations. As a result, the discussed above entrepreneurs are also characterized by a risk taking behavior.

Two other types of risks covered by the interviewees have been mentioned only in singular case. These are social risk and institutional risk. Regarding social risk, it has been highlighted by Borgefalk from Sqore, who believed that having almost no time to spend with friends and family is one important risk that he had to consider when starting his new venture. The institutional risk has been notified by Johannes from 46elks, as due to the specifics of the provided service, the firm was under risk to organize it due to possible institutional obstacles.

Since all the entrepreneurs had to take the risks, the researching team states that they all have risk-taking attitude, thus supporting the theory by Zucchella (2004) and Brouwer (2002) who see the entrepreneur as an initiative person, who takes a high level of professional and financial risks. When asked about their subjective characteristics, the entrepreneurs didn’t define themselves as risk takers but still they all took risks in some way, which, according to the researching team, confirms the statement by McDougall and Oviatt (2000) that entrepreneurs are pursuit with a risk taking behavior.

5.2.“What I know?”

The following sub-chapter investigates the impact of the entrepreneur on the early and rapid internationalization process of a born global firm by looking at their objective characteristics. As it has been stated earlier, previous experience and knowledge play a significant role with regards to formation of the entrepreneurial mindset and at the same time, facilitate the company’s internationalization process (Cannone and Ughetto, 2014). According to the model designed for this study, the effectuation
theory pillar “What I know?” includes three components, which influence on the company’s model of going international is evident, however it varies from one constituent to another. The sub-chapter is divided into three parts covering each component- educational background, work experience and experiential knowledge accordingly.

5.2.1. Educational background
The co-founders of Sqore, The Local, Klarna and Asket interviewed in this study are university graduates with specialization in either economics or international business. Whereas Lundberg from 46elks has reported that he dropped out after his first year studying computer science due to repetition of information, thus stating that he is a self-taught entrepreneur. The information regarding educational background of CEOs is summed up below in figure 3, and used as a foundation for the cross-case analysis.

<table>
<thead>
<tr>
<th>Borgefalk/Sqore</th>
<th>Rapacioli/The Local</th>
<th>Adalberth/Klarna</th>
<th>Dworsky/Asket</th>
<th>Lundberg/46elks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockholm School of Economics</td>
<td>University of Bristol</td>
<td>Stockholm School of Economics</td>
<td>Stockholm School of Economics</td>
<td>Incomplete, dropped out after a year</td>
</tr>
<tr>
<td>International business</td>
<td>Economics</td>
<td>International business</td>
<td>International business</td>
<td></td>
</tr>
</tbody>
</table>

Since 4 of the interviewed entrepreneurs are graduates from top universities, we estimates that educational background is highly important and support the argument raised by Canonne and Ughetto (2012), which states that founders of born globals tend to have high credentials. We assume that educational background drove these entrepreneurs to take the challenge to enter global market, thus going in line with the scholars (Madsen and Servais, 1997; Oviatt and McDougall, 1997), who share a view that high level of education motivates leaders to make choice in favor of internationalization. In addition, we consider basic prior knowledge that the entrepreneurs had, enhanced their ability to absorb new knowledge with respect to internationalization, which goes in line with Cohen and Levinthal’s (1990) concept of absorptive capacity.
5.2.2. Work experience

The present sub-chapter is dedicated to the analysis of the impact of prior work experience on the business decisions of the CEOs. The figure 4 gives insight into the prior work experience of the CEOs interviewed for this thesis.

<table>
<thead>
<tr>
<th>Borgefalk/Sqore</th>
<th>Rapacioli/The Local</th>
<th>Adalberth/Klarna</th>
<th>Dworsky/Asket</th>
<th>Lundberg/46elks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internships in banking and PR</td>
<td>Prior entrepreneurial experience</td>
<td>No prior entrepreneurship experience</td>
<td>No entrepreneurial experience</td>
<td>Software developer</td>
</tr>
<tr>
<td>Prior entrepreneurial experience</td>
<td>No prior experience in journalism</td>
<td>Various part-time jobs in the sphere of management, PR and online services</td>
<td>No background in fashion</td>
<td>Self-taught entrepreneur</td>
</tr>
</tbody>
</table>

Figure 4. Summary of the prior work experience of co-founders

With regards to entrepreneurial experience, only CEO of Sqore and CEO of The Local possess prior work experience as entrepreneurs. In both cases, the entrepreneurs have managed firms before starting their new ventures. However, in case of Lundberg from 46elks, the founder had experience working in the very same field, namely software development. We consider that the impact of both entrepreneurial experience and work in the same sphere gave advantages and necessary knowledge for the interviewed entrepreneurs and drove them to establish ambitious born global firms. The present statement is supported by the findings made by Westhead et al. (2001), Madsen and Servais (1997) and Oviatt and McDougall (1997) with regards to the importance of prior experience in the industry and the entrepreneurial background.

On the other hand, in case of Adalberth from Klarna and Dworsky from Asket, both entrepreneurs possess neither entrepreneurial background nor work experience in the same sector. However, with respect to Dworsky, he had no fashion background but did have prior online retailing experience working at Zalando, which helped him to start his online retailing firm. This situation demonstrates that work experience didn’t play significant role in these two cases, thus contradicting with Cannone and Ughetto (2014) who claim that work experience have a big impact on the internationalization process of a firm.
5.2.3. Experiential knowledge (International experience)

The third component of the objective characteristics of an entrepreneur analyzed in this study is the experiential knowledge that basically implies any experience no matter educational or working one in an international environment. Figure 5 summaries the international experience of the interviewed entrepreneurs:

![Figure 5. Summary of the international experience of co-founders](image)

Regarding job experience abroad, 3 CEOs reported working in foreign countries prior to establishing their born-global firm. Borgefalk from Sqore had an internship in London. As for Rapacioli from The Local, he used to work in the UK before moving to Sweden. And the last is Dworsky from Asket, who also had international experience working at Rocket Internet in different countries. We consider work experience abroad as an international experience, thus it is assumed that these entrepreneurs benefited from having such experience, as it is one of the drivers for the entrepreneur to make choice in favor of the internationalization of the firm according to Cannone and Ughetto (2014).

Looking at the educational background abroad, it has been observed only in 2 cases. Rapacioli from The Local graduated from a university in the UK. And Lundberg from 46elks underwent a course in German language in Berlin. We also link such educational background with an international experience, thus again supporting the theory by Cannone and Ughetto (2014). However, the CEO of Klarna has not specified any international experience. It does not provide the evidence that in case of this company international experience was not one of the individual specific drivers of the early and rapid internationalization, as Niklas is one of 4 founders, who equally contributed to the success of the company.
The analyzed data allowed us to conclude that for these companies international experience was essential and contributed for the decisions, which the interviewed CEOs made regarding the internationalization of their firms.

5.3. “Whom I know?”

According to the conceptual model designed for the present research, the last part looks into the influence of networks on the early and rapid internationalization process of born global firms. In all cases the role of networks cannot be underestimated, as it eased the establishment of the firm in one way or another. The CEOs reported about connection with the specific network which played an important role for the company. Table 5 sums up the feedback received by interviewees with respect to their networks and how it was exploited to start their business operations and later expand their operations abroad.

<table>
<thead>
<tr>
<th>Network details</th>
<th>Borgefalk/Sqore</th>
<th>The Local/Rapacioli</th>
<th>Adalberth/Klarna</th>
<th>Dworsky/Asket</th>
<th>Lundberg/46elks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Business incubator member</td>
<td></td>
<td>• Business incubator</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Investors</td>
<td></td>
<td>• Angel investor</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Access to investments and skilled employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5. Networks utilized at or prior to firm establishment

The co-founders of Sqore, The Local and Klarna highlighted the importance of the network to get seed money for their business ideas. In an internationalization context, born global firms can overcome their size, resources and distance from international market barriers through an effective utilization of the entrepreneurs’ network (Chetty and Wilson, 2003; Oviatt and McDougall, 1994). We assume that such type of a network is considered one of the most crucial for the company, since it was the only available way for these firms to find financial support that allowed establishing their firms.

In all companies except 46elks, business networks contributed into the firm creation, however according to Lundberg, only social networks were utilized to access the
industry. As for the social networks CEOs of Asket and 46elks stated that it helped the entrepreneurs to get necessary knowledge about specifics of the industry. Although business networks dominate the study findings, we stress that social networks are deemed to be of high importance. In all cases, social networks were utilized in some way, for instance the other co-founders in the first three cases are either friends or earlier co-workers of the interviewed CEOs. Finally in some occasions, networking may motivate young entrepreneurs to start running their own firm. In case of Sqore and Klarna the entrepreneurs were members of a business incubator, which environment inspired them to elaborate their business idea and to implement it further.

In all cases, the entrepreneurs either used their business or social network to help them get started in their early stages, which goes hand in hand with Johanson and Vahlne (2003) revisited model. However, the entrepreneurs interviewed did not seem to emphasis on the role of networks in their internationalization process. The networks utilized by the co-founders were mainly their local networks, which helped in establishing the business and gaining market knowledge. No international network relations were depicted according to our findings. This contradicts with the findings of Chetty and Chapbell-Hunt (2004) that born global firms tend to build larger global networks to assist them in the internationalization of their firms.

5.4. The effectuation logic

Earlier literature on born global firms was primarily focused on the entrepreneur’s decision-making behavior, characteristics, and networks distinctly. However, the framework designed for this paper managed to consolidate the earlier findings in literature into the effectuation theory introduced by Sarasvathy (2001). It was noticed in all cases studied that the ‘Bird in hand’ effectuation principle applies. All entrepreneurs interviewed subconsciously used the effectuation logic when starting their own firms by acknowledging their means. As pointed out by Sarasvathy (2001), the entrepreneur creates a thinking framework with a set of heuristics that are easily achievable without planning in advance. Their subjective characteristics, objective characteristics and networks were analyzed prior to starting their own firm. They utilized their skills, competencies, knowledge and networks to achieve their goal,
which is bringing their ideas to life. Speaking about networks, in all cases the entrepreneurs used their networks, either the business or social networks, to facilitate their internationalization process, which confirms the practice of the ‘Patchwork Quilt’ effectuation principle by Sarasvathy (2001). For instance, in case of Sqore, the Local and Klarna, business networks helped the entrepreneurs secure investments to start their operations abroad. In the case of Asket and 46elks, their social networks were used to gather market knowledge, which also helped in their early and rapid internationalization. Based on the individual level of born global firms studied in this thesis, we believe that the ‘Bird in hand’ and the ‘Patchwork Quilt’ effectuation principles were applied. However it has also been depicted in the current findings that the entrepreneurs tend to shift to causal logic in the later stages of the internationalization process.
6. Conclusion
This research explores the behaviors and traits that the entrepreneurs pursue in a born global Internet-based firms. Earlier researchers in born global literature put much focus on the firm-level drivers of early and rapid internationalization and gave slight attention to the role of the entrepreneur in the process. Therefore, the present thesis outlined how the characteristics, behavior and networks of the entrepreneur influence the early and rapid internationalization process of born global Internet-based firms. The researching team contributes to the theory by developing the born global literature through integrating concepts from the IB literature with the effectuation theory from the IE literature.

Having analyzed entrepreneurs’ characteristics from 5 Swedish born global companies, the researching team defined the influence of both subjective and objective characteristics of the entrepreneur, as well as the importance of network at the time of firm’s early internationalization. It was concluded that the entrepreneur of a born global firm is an innovative, proactive and risk-taking leader, thus confirming the definition by McDougall and Oviatt (2000), which served as a backbone for the analysis of the subjective characteristics. Considering objective characteristics, educational background is noticed to play a vital role, therefore following the findings of Canonne and Ughetto (2012). Work experience is found to be of greater importance than the educational background, as all interviewees had prior work experience before starting their new venture. Nonetheless, it is an asset if the entrepreneur worked in the same field where their firm operates today, thereby confirming the statement made by Westhead et al. (2001), Madsen and Servais (1997) and Oviatt and McDougall (1997) about the importance of work experience in the industry and an entrepreneurial background. But the key role belongs to an experience of having practice in international environment, either studying or working. Finally, business and social networks are also deemed to be important for the early stages of a born-global company. However, the entrepreneurs interviewed did not seem to emphasis on the role of networks in their internationalization process. This contradicts with the findings of Chetty and Chapbell-Hunt (2004) that born global firms tend to build larger global networks to assist them in the internationalization of their firms.
The effectuation theory goes in parallel with the findings with respect to the principles used in the paper. It has also been notified, that in the beginning of the early and rapid internationalization process, the entrepreneurs demonstrate effectuation logic, but on the later stages they tend to put into practice the previously acquired knowledge which implies the use of the causal rather than effectual reasoning.

The research presents practical implications for entrepreneurs engaged in international business. Many companies choose to follow the internalization path at the early stage of the firm’s life cycle thus expanding business operations to foreign markets in order to be a competitive player in the global arena. The present work explores different individual specific drivers that play a significant role in the early internationalization of born global Internet-based firms.

6.1. Limitations and future research

There are evident limitations in this study, which should be approached in future research. Firstly, the size of our sample is considered acceptable compared to other works in the born global arena, however, the larger the number of cases comprised in the study, the higher the likelihood of generalizing the findings. An analytical generalization can be made on the present study, nonetheless, a statistical generalization is recommended through carrying out a quantitative research which includes a larger sample. Secondly, the study considered born global firms that sell their product/service using the Internet as a platform and discarded the industry context. Some could argue that the industry the firms operate in plays an important role in the behavior of the entrepreneurs. However, by choosing different industries, the researchers could generalize their findings to a large extent considering repetition of behavior among entrepreneurs. To further affirm the research findings, future research can consider multiple firms from the selected industries in their study. Thirdly, the study was focused on Swedish born global firms, which are located within an open and small economy. The findings might not be applicable to entrepreneurs operating in closed and large economies for instance. The researchers see a need in cross-country comparison studies, such as emerging countries with Sweden, to observe if there is a difference in the behavior and decision-making of entrepreneurs when the size of the economy and its openness is dissimilar. In
addition, since it has been notified that the studied companies internationalized primarily to neighboring countries, we suggest the psychic distance to be of another interesting variable that should be looked further into. As Andersson’s (2011) findings claim that born globals tend to discard close psychic distance. Finally, the framework designed for the study only considered few of the effectuation principles. Future researchers should attempt to integrate more effectuation principles through both, qualitative and quantitative longitudinal studies. Longitudinal studies could also support the IB and IE disciplines in understanding the behavior of entrepreneurs over time by tracking the process, thus providing more reliable findings. The effectual logic is a relatively young yet widespread topic that needs to be further developed to get more conceptual and empirical attention.
7. References


Sandberg et al. (2013). Highly innovative and extremely entrepreneurial individuals: what are these rare birds made of?, European Journal of Innovation Management, vol.16, no. 2, pp. 227 – 242


7.1. Online sources

46elks (2016). Company website (online). Available at: https://www.46elks.com
(Accessed 15 May 2016)

Asket (2016). Company website (online). Available at: https://www.asket.com
(Accessed 15 May 2016)

Davidson, L. (2015). “How Sweden became the startup capital of Europe, The Telegraph”. (online) Available at:


Kista, (2016). Urban ICT Arena. Kista portal (online). Available at:
http://kista.com/about/kista-interacts/urban-ict-arena/ (Accessed 28 March 2016)

(Accessed 10 May 2016)


Sqore blog (2016). About us (online). Available at:
https://blog.sqore.com/category/about/ (Accessed 13 May 2016)


The Local (2016). With independent, daily reporting from around Europe, The Local is a window on life in other cultures (online). Available at: http://www.thelocal.se/page/view/aboutus (Accessed 11 May 2016)


7.2. Interviews


Rapacioli, P. (2016). The role of the entrepreneur in the early and rapid
Appendix I

Semi-structured questionnaire:

1) When did you decide that you want to establish your own business?
2) How did you come up with this particular business idea? What inspired you?
3) Do you consider your business idea innovative, if so, then why?
4) How did you assess your risks at the time of entering the domestic and foreign markets?
5) Have you had profound knowledge of the industry prior to entering the market?
6) Can you tell us about your prior work experience?
7) To what extent do you think your prior experience has helped you to run your company?
8) How crucial was your educational background to run the company? Do you have an experience studying abroad?
9) What are the three traits of your character which you think help you to be an effective leader? (What is your life motto?)
10) Could you briefly describe your recipe of success?
11) Can you tell us how you made use of your social and business networks prior to establishing your business?
12) How did you use your network to take your firm abroad?
13) Do you think by the use of your existing network you had limited your choices (In terms of Industry choice and foreign market)? Why?