



UNIVERSITÀ
DEGLI STUDI
FIRENZE

DOTTORATO DI RICERCA IN ECONOMIA

CICLO **XXIX**

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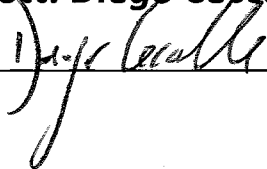
**Immigrant Entrepreneurship And Born Global Firms: Conceptual
Issues And Empirical Evidences**

Settore Scientifico Disciplinare

SECS-P/08 - Economia e gestione delle imprese

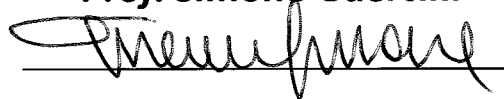
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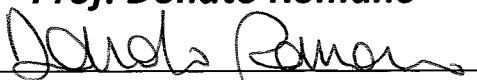
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Anni 2013/2016

ABSTRACT

La tesi ha come obiettivo quello di indagare, con riferimento al comparto industriale italiano, due tra le direttrici di International Entrepreneurship, sempre più in grado di apportare un significativo cambiamento alla tradizione morfologia e alla dinamica di sviluppo internazionale delle aree territoriali in cui sono ubicate. Mi riferisco alle *Born global firms* e alle *Ethnic firms*. Nel far questo, l'indagine ruota in gran parte su un loro studio integrato, attraverso le rispettive configurazioni mix d'imprenditorialità. In particolare, ruota su quella da noi denominata *Immigrant Born global*; ovvero la *Ethnic firm* che s'internazionalizza seguendo il *Born Global Approach*. Si evince, pertanto, come l'attenzione è posta, non sulla visibile quanto ormai ampiamente dibattuta International Entrepreneurship che scaturisce da imprenditori autoctoni, ma su quella promossa da individui intraprendenti, che sono costretti a migrare in Paesi stranieri per cercare le situazioni in cui sia possibile svolgere e sviluppare la propria business idea.

Allo stesso modo, la ricerca si prefigge, l'arduo e ambizioso tentativo, di formulare un modello di sintesi, in grado di schematizzare le principali traiettorie evolutive del loro operare sui mercati esteri. La tecnica investigativa utilizzata al riguardo, è quella dedicata a misurare il *Degree Of Internationalization* durante i vari momenti del ciclo di vita dell'impresa.

Per concludere, con la *multiple case study method*, è possibile cogliere quegli aspetti del fenomeno indagato che, per loro natura, difficilmente si prestano a essere analizzati in maniera separata dalle condizioni del contesto, o catturati, in tutta la loro intera ricchezza e complessità, attraverso altri strumenti metodologici, e raggiungere una sua comprensione dettagliata, piuttosto che una conoscenza generalizzabile.

Keywords: Imprenditorialità Internazionale, Approccio Born Global, Imprenditorialità Immigrata, Piccola e Media Impresa (PMI), Contesto Italiano.

The object of this thesis is to study two of the guidelines being taken by International Entrepreneurship, with particular reference to the Italian industrial sector, and with its ever increasing ability to bring about significant change to morphological traditions, and to the dynamics of the international expansion of the areas in which they are located. By this, I am referring to *Born global firms* and *Ethnic firms*. By doing so, the research mainly centres itself on the integrated study of these firms as well as the study of the mix of their diverse forms of entrepreneurship. The study particularly refers to the configuration of what we refer to as *Immigrant Born globals*; that is, the Ethnic firms which reach out to the international market by following the Born Global Approach. Therefore, the attention is not only focused on the visible and widely debated International Entrepreneurship deriving from the activity of native entrepreneurs. But it is also focused on the entrepreneurship promoted by resourceful individuals who are forced to immigrate in foreign countries in order to find the right opportunity to develop and implement their own business idea.

In the same way, the study sets its sights on the challenging and ambitious attempt to create the synthesis of a model which is able to outline the main directions of their business development on foreign markets. The methodology used is that of measuring the *Degree Of Internationalization* (DOI) during the different moments of life cycle of the enterprise.

In conclusion, by using the *multiple case study method*, we can more easily observe those features that are inherently not inclined to be analyzed separately from the contextual conditions, or captured along their entire prosperity and complexity through different methodological tools. As well as, understand them in greater detail, rather than just reach a general concept.

Keywords: International Entrepreneurship, Born Global Approach, Immigrant Entrepreneurship, Small and Medium Enterprise (SME), Italian Context.

ACKNOWLEDGEMENTS

Per questo lavoro è stata indispensabile la presenza di determinate persone, che non possono non essere ricordate.

Il primo ringraziamento va al mio Tutor, il Professore Simone Guercini, per la disponibilità, sostegno e cortesia dimostratemi, nonché per il fondamentale aiuto durante la stesura della tesi.

Nel periodo di ricerca all'estero, un ringraziamento particolare va al Professore Bernard Paraque, il quale è stato fonte preziosa di suggerimenti e consigli.

Ci tengo a ringraziare di cuore anche la Professoressa Luciana Lazzeretti, instancabile Coordinatore sempre presente durante gli anni del dottorato.

Infine, voglio rivolgere un ringraziamento speciale alla mia famiglia, che pur subendo i riflessi del mio tempo dedicato al lavoro (studio) ha saputo comprendere.

ABBREVIATIONS AND ACRONYMS

ASIA	Statistical Register of Active Enterprises
BG	Born Global
CEO	Chief Executive Officer
COE	Statistics on Foreign Trade
DCV	Dynamic Capability View
DOI	Degree Of Internationalization
ENT	Entrepreneurship
EU	European Union
FDI	Foreign Direct Investment
IB	International Business
IBG	Immigrant Born Global
ICE	Italian Institute for Foreign Trade
IE	International Entrepreneurship
INV	International New Ventures
I-M	Innovation-Related Internationalization Models
ISTAT	Italian National Institute of Statistics
NBG	Native Born Global
RBV	Resource-Based View
RQ	Research Question
SME	Small and Medium Enterprise
U-M	Uppsala Internationalization Model
VMI	Vendor-Managed Inventory

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CHAPTER 1 – THE OBJECT OF THE RESEARCH

SUMMARY: 1.1) INTRODUCTION - § 1.2) JUSTIFICATION FOR THE RESEARCH FOCUS - § 1.2.1) *Why Small to Medium-sized Enterprises?* - § 1.2.2) *Why Italian Context?* - § 1.2.3) *Why Born Global Firms?* - § 1.2.4) *Why Ethnic Firms?* - § 1.3) OBJECTIVE AND QUESTION OF THE RESEARCH - § 1.4) OUTLINE OF THE THESIS

“Internationalization is the process of increasing involvement in international operations”
(Welch and Luostarinen, 1988, p. 36)

1.1) INTRODUCTION

Internationalization is definitely one of the most pervasive and composite phenomena of our times. It influences and characterizes socio-political systems, cultural trends and lifestyles, as well as the organization, efficiency and attitude of the stakeholder. In addition, the enterprise is particularly involved in the supranational configuration of the competitive and market framework. It acts as a body that, while arranging the dynamics of its development, must be able to catch the opportunities and restrictions offered by the environmental evolution. It also acts as the driving force of the internationalization process itself and, as a direction influencer factor, specificity and geographical extension.

Therefore, the supranational expansion represents an increasingly significant interpretation to understand determiners, peculiarities and recurring problems behind the enterprise efficiency. Such an interpretation does not only imply higher complexity in strategic and operational problems, but also a radical change in the developmental logics of the company. It follows that the internationalization phenomenon crucially challenges both the entrepreneur and those who, through scientific research, are inclined to define the conceptual models of operation. Scholars, in particular, are called to elaborate new theories, evaluation criteria and research perspectives that allow the possibility to catch the peculiarities determined by the increasing international openness in business models and competitive moves of the enterprise, and to understand as well the conceptual elements characterizing the evolutionary trajectories in the current globalized context.

Despite the attention to the theme of business internationalization has increased relatively recently, this phenomenon comes from afar. In fact, talking

about these processes means to talk about a theme which is old and new at the same time.

It can be defined old because modern capitalist economic systems begin to take shape. These are developed around goods and capitals capable of penetrating even the most impervious national border.

The theme can be defined new as well because, have recently undergone changes in intensity and range. With globalization, the idea of internationalization has become more pervasive and complex.

Globalization has contributed to determine far-reaching changes in the international economic geography, in the configuration of value chains, as well as in the movement and allocation of capital and international employment, making it increasingly difficult to make strategic, organizational and administrative decisions on a business level.

This process progressively clearing boundaries and objectively separating national systems leads every enterprise to be involved, either positively or negatively, in the internationalization process. Therefore, each one of them, consciously or not, undergoes a kind of international challenge.

Nowadays, also the economy of small and medium sized enterprises (SME) has broadly adopted a supranational geographical extension, while in the past the decision to internationalize almost exclusively concerned bigger and more structured enterprises. The situation has totally changed now, as in several cases this represents a salvation even for smaller enterprises. The international space has now become the natural competitive context of the enterprise in general, since it turns out to be the primary driving force for competitors. The international growth as an élite phenomenon, turned into a mass phenomenon, aiming at the whole economy and not only a part of it (Grandinetti and Rullani, 1996).

Similarly, in the current economic context, SMEs are called to face more complex challenges than those faced by their larger counterparts. On the one hand, they need to develop the necessary conditions to achieve competitiveness starting from a disadvantage, while on the other hand, they must cope with the lack of suitable theories and guidelines for an efficient international growth. In fact, in this regard the economic thought has not formulated a specific theory yet, as it has gained

only recently a specific weight in the framework of internationalization processes. This is why the theories elaborated for multinational companies are applied to the international economy of SMEs. Grandinetti and Rullani (1992), more than two decades ago, stated that the internationalization of small and medium-sized enterprises was a reality that still lacked a theory. Today, this statement is still valid.

Examining carefully the theme of business internationalization and learning more about the different contributions, the prevailing feeling is to deal with a well-defined (as a whole) theoretical corpus that is exclusively aimed at multinational companies. Indeed, it is necessary to promptly formulate an original theory capable of understanding the role of SMEs in new forms of international employment allocation and global distribution of value chains, thus being capable of identifying, at the same time, those external or internal determiners that define and characterize their respective internationalization processes.

The growing expansion of smaller companies in the international competitive arena is also focused on the theme of International Entrepreneurship (IE) because we are internationally witnessing: (1) a change of the promoters of the international industrial development, who are not only found in multinational companies, but even in small-sized enterprises; (2) a transformation in the nature of foreign growth processes, which become temporary complex and spatially extended; (3) an increase in the number of cases of new ventures internationalize, which exceed the traditional models of multistage sequential-gradual internationalization; (4) an expansion in terms of intensity and range of the global entrepreneurial diaspora, which, unlike in the past, is mainly caused by motivational factors rather than attraction factors. The radical changes that have been made have configured an entrepreneurial context increasingly characterized by global value chain logics rather than purely export driven logics, as well as new systems of local-global relations. This has also radically modified the morphology and developmental dynamics of the original local systems.

This work aims to fit in this area of investigation, as it highlights how new entrepreneurial paradigms are gradually being established, whereas old standards are significantly changing, which extend the range of possible modalities, motivations and strategies of internationalized enterprises. In this way, the attention is focused on

the identification of the most appropriate research path to conceptualize “one best way” for a Theory of SME’s Internationalization.

Being aware of the impossibility to outline a complete and comprehensive picture of the whole ongoing evolution, we focused our attention on two International Entrepreneurship guidelines: *Born global firms* and *Ethnic firms*.

The decision to confine the study to the Born global firms and Ethnic firms is not random: it is the result of the will to emphasize the intersection between two entrepreneurial formulas that are increasingly able to make a significant change in the traditional morphology and international developmental dynamics of the territories in which they are located, in both developed Countries and developing Countries. Today they are considered as: (1) critical elements in the restoration of the most developed economies; (2) a powerful integration factor of the emerging economies in global production and commercial networks, and (3) a phenomenon capable of increasing the competitiveness of a territorial system from within.

Even the field of investigation is the result of a mindful decision. In the Italian economic context we have recently witnessed an increase in these two International Entrepreneurship forms, due to the fact that our poor industry is a breeding ground for their growth and development¹. In fact, both Born global and Ethnic firms are small and medium-sized enterprises.

In conclusion, today the internationalization challenge is proposed with a renewed strength and new features, resulting richer in terms of opportunities to catch and harder with regard to the requirements necessary to face it.

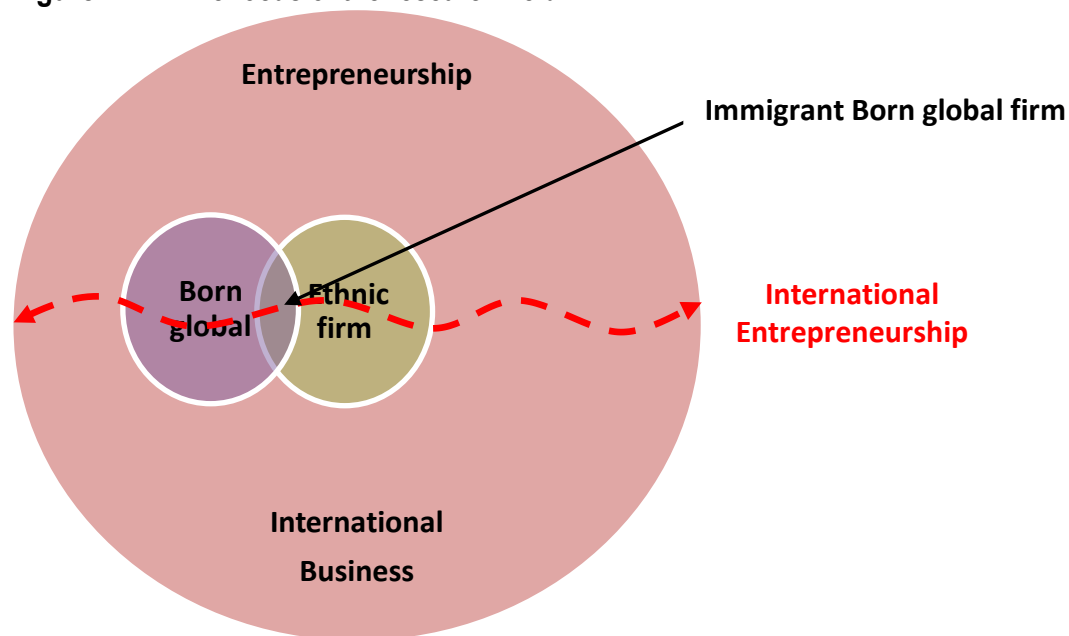
In the current economic context, the internationalization process turns out to be a mandatory and irreversible path for those enterprises willing to strengthen their competitive advantage, making it sustainable over time. As a result, the traditional idea that considers the expansion in foreign countries as one of the possible strategic (choice) options available to the enterprise, tends to be increasingly outdated. In view of the fact that it is now considered a real business imperative (regardless of the company size, age, reference industry, geographical location of the enterprise, etc.).

¹ This statement does not only take into account the number of SMEs, but also the importance of the contribution given by these production units to the Italian economic system.

The traditional idea was consistent with the international context prior to the beginning of globalization, characterized by confined competitive pressures, a lower level of integration between markets, high transaction costs and strict trade barriers. Nowadays, the purpose of the discussion is not whether to adopt or not an internationalization strategy, but rather how and when to implement it, identifying the product-client-market combination and the entry modes in foreign markets in compliance with a long-term international development.

1.2) JUSTIFICATION FOR THE RESEARCH FOCUS

Figure 1.1 – The focus of the research field



Source: Personal elaboration

1.2.1) Why Small to Medium-sized Enterprises?

In the current economic context, SMEs are considered key players in the supranational integration of competitive markets and scenarios. Not only they play a leading role in the debate over the international evolutionary dynamics of the industrial systems, but they also are essential for the balance, restoration and growth of strengthened economies and developing areas. This is proved not only by the impressive expansion of the phenomenon (particularly in our country, and in the European context in general), but also by important factors concerning the productive capacity, value-added and employment.

In spite of this, the foreign expansion process of SMEs is still little known. This is essentially due to the fact that, in this regard the economic thought has not formulated a specific theory yet. The cause of such a delay might be attributed to the following factors. First of all, the internationalization process of smaller companies is an evolving subject of investigation. This helped to increase the number of investigated aspects, although not always through consistent and comparable methodologies, enhancing viewpoints and reflections, but making it more difficult to achieve a systematic summary of the different contributions. Secondly, there was a regular alternation of optimism and pessimism reserved to the phenomenon, which amended from time to time the point of view of the analysis. Indeed, a comparison was made between the dynamism of smaller enterprises in the '70s, and a renewed attention to larger enterprises in the early '80s, thus emphasizing again the essential role of smaller enterprises, starting from the early '90s. By that time, under the influence of globalization and all the related effects, a new age in business operations gradually became established: the age of *generic internationalization*.

With the increasing integration of different national economies, associated with global competitors, mechanisms of international division of labour and a reduction of communication barriers, the competitive logics as well as the developmental strategies of the enterprise have radically changed. This leads the national market to be highly exposed to foreign competitors, as well as to the possibility for SMEs to globally reorganize the operations of their value chain, and make use of distinctive factors developed in the local market, in new geographical contexts.

Similarly, the diverse nature of SMEs and also the discordant aspects characterizing them (severe shortages together with very good performances), make it difficult to interpret the phenomenon and formulate an “internal” logic of conceptualization (from the point of view of the decision-maker, who manages the enterprise and its international development processes). Moreover, small enterprises do not encourage a deep study of their operating mode. The creativity and rationality of their operations are almost always unclear and jealously safeguarded by the entrepreneur. For this reason, external individuals can be mistaken examining the reality of smaller enterprises referring to generic research perspectives, without understanding the essence and variety of situations, as well as the specificity of the

analyzed entities. What is missing, compared to what happened to big enterprises, is a direct line between those who manage the company and those focused on observing and examining the company itself from an external point of view.

Despite difficulties and widespread uncertainties regarding the presumed vulnerability as corporate body. In the debate on its future fates it is now observed consensus on the statement according which the international dimension, though representing a risk for smaller enterprises, it is also a need and a precious opportunity. Business internationalization represents the new frontier of competition for the enterprise in general, being one of those modalities through which it is possible to create value, remunerate the invested resources and extend the competitive advantage. While in the past enterprises used to start their foreign expansion process exclusively on the basis of affordability, nowadays this is no longer an option but almost an irreversible obligation even for smaller enterprises, in order to succeed and survive. It is correct to state that in the current economic context, SMEs play a leading role in the internationalization processes, rather than being inactive.

1.2.2) Why Italian Context?

The international projection of Italian enterprises has been disengaged from the company size factor over time. In fact, the major contributions to the international expansion process of the Italian industry are given by smaller size segments and district conglomerates. The Italian paradox is that several big companies are limited to the national border, whereas smaller companies are internationalized. This singularity is caused by different reasons: (1) Italian entrepreneur has always preferred a qualitative development rather than a dimensional one; (2) Italian industrial system excels abroad in typical “Made in Italy” sectors, most of which are non high-tech industries; (3) prevalent part of big Italian industrial groups has gone and is still going through radical restructuring steps, that have often led to reduce their presence in foreign markets.

Smaller enterprises play the role of undisputed players in the internationalization process of the Italian economy. The international projection of Italian SMEs generally concerns the sale of the end product and not the value chain

activities. Such an inclination towards export modalities (commercial internationalization) rather than a Foreign Direct Investment (FDI) (production internationalization), is partly ascribable to the governance models adopted by this entrepreneurial reality. These are focused on the role of the entrepreneur and its family, and characterized by an inadequate use of managerial identities and sufficiently structured organizational forms to face the challenges of internationalization.

However, the international approach of the Italian enterprise must not be considered (under no circumstances) as a simple and cautious orientation aimed at adopting exclusively mercantilist forms. Firstly, because Italian SMEs, while continuing to serve target markets with export logics, show a clear inclination to take advantage of outsourcing opportunities in foreign countries. Secondly, because under specific circumstances, export operations turn out to be more appropriate than FDI in the implementation of a business internationalization. More precisely, the inclination towards exports can be validated in all those cases in which the value of the offer depends on the *country specific* advantages, such as those recognizable in conglomerate economies, typical of Italian industrial districts².

In the context of entrepreneurial shortage, such as the Italian context, where the burden of each single enterprise on international trade is little more than marginal, it is possible to assign a role of *spontaneous multinational company* to the districts (Fortis, 2000). It can be defined *Spontaneous* because, in most cases, the Italian SME adopts indirect forms of internationalization, as it were objective. These forms enable it to operate in international contexts regardless of the direct placement of the output in foreign markets. It can be defined *Multinational* as well because the joint internationalization activity of district enterprises, allows them to gain higher visibility in foreign markets and obtain major competitive advantage, compared to a foreign expansion process based on a mere individual initiative.

Indeed, Italian small enterprises appeal to the local competitive advantages mentioned by Porter (1990) in his interpretation of the *diamond of national*

² The industrial district is defined by Becattini (1989) as: “*A socio-territorial entity characterized by the active coexistence, in a circumscribed territorial area, naturalistically and historically determined, of a community of people and a population of industrial enterprises*” (p. 112).

advantage. In this case, the need to keep the advantages related to local value chains would lead Italian small-sized enterprises to prefer the export model over FDI.

As observed by Grandinetti and Rullani (1996), Italian SMEs have a spontaneous relationship with the internationalization, because their respective niche skills can be put in value easily extending the sales globally. The competitive advantages of our enterprises are strongly entrenched to the territory and intrinsically global at the same time. This is due to the fact that they can be used internationally without excessively adjusting the offer to different markets. These are the main characteristics of the “Made in Italy”, defining an offer intended to serve delimited market segments which are globally extended. Furthermore, these are often products aimed for high-end market segments with cost levels and profit margins capable of bearing high differentials in production costs compared to low cost producers.

To summarize, SMEs and industrial districts are the two pillars allowing the Italian system to achieve levels of internationalization similar to those obtained in other Western developed industrial systems. This occurs thanks to the export of products in global niche markets.

1.2.3) Why Born Global Firms?

The beginning of globalization age has gradually compressed the spatial and temporal dimension in which the enterprises used to operate. Concerning the spatial dimension, it is necessary to consider the displacement of geographical, economic, political and social barriers, along with the following decrease in transaction costs. As for the temporal dimension instead, the development of information technology, communication and transport has increased both the timing of international relationships, and the opportunities to access and transfer the knowledge.

The subsequent international scenario, leads to an increasing expansion of entrepreneurial realities which tend to start an intense international activity since their establishment, or a bit later. The progressive expansion of the phenomenon, along with the related area of investigation, is more and more debated internationally. At the same time, multiple expressions have been used to investigate this phenomenon. Born global (BG) is undoubtedly the most popular name.

The entrepreneur of a BG firm considers the internationalization process as the main strategy of the company. This is because, its way of doing business is based on a strong global vision, which considers the globe as the only reference market, and results to be first inclined towards foreign markets rather than domestic markets. The international approach of a BG firm represents a “challenge” to the theories of traditional models, weakening the role of experience while selecting foreign markets and entry modes. Nowadays the Stage Approach and the Born Global Approach represent the ends of a continuum populated by a variety of intermediate Theories of Internationalization that, due to a different intensity level, are based on the peculiarities of either.

Enterprises are able to skip, bypass or contain some stages, enhancing the entry time and the level of commitment in foreign markets, in contrast with those competitors who stick with every stage of the traditional sequential-gradual model of internationalization.

Italy turns out to be the perfect area of investigation to analyze BG firms. As a result of several studies (Zucchella et al., 2007; Brondoni, 2008; Zanni and Zucchella, 2009; Cerrato and Piva, 2013), the absolute amount of firms has achieved an important place in the international evolutionary dynamics of multiple Italian local systems. Consequently, the Born Global Approach is becoming one of the main phenomena of the Italian entrepreneurial context.

However, Italian BGs though feature important hallmarks compared to the majority of cases mentioned by the international related literature (Lindmark et al., 1994; Aspelund and Moen, 2001; Moen and Servais, 2002; Moen, 2002). The most significant cases refer to: (1) operating segment (mostly non high-tech segments); (2) strong vocation to serve niche markets, while on global extension; (3) frequent localization within industrial districts.

This leads the Italian BGs to be defined as highly peculiar entities within the whole Born global Phenomenon. Therefore, the study of such firms allows to emphasize highly specific aspects of this form of International Entrepreneurship.

1.2.4) Why Ethnic Firms?

Nowadays, the representation of Ethnic firms is very different from the past. In fact, we can observe a review of the traditional stereotype describing them as marginal, unvarying organizations and strongly anchored to the micro-dimension and the minimization of the sunk investment.

The established literature once focused on the differences between native entrepreneurs and foreign entrepreneurs (different motivations, different resources available, difference in expertise and culture, etc.), whereas the current debate highlights a greater complexity of the phenomenon.

The variety of the organizational formulas adopted, market choices and experiences, splits the typical simplified picture of ethnic enterprises into different business models, making it even more similar to native enterprises on the administrative, organizational and strategic level.

The significant change in the traditional representation of the phenomenon is a consequence of the following recent events: (1) transformations of the labour market at a national level; (2) a considerable increase in the global entrepreneurial diaspora, connected to the increase in the number of unemployed foreigners; (3) reduction of some traditional advantages associated with entrepreneurship and ethnic economy; (4) new opportunities generated by the globalization and the change in society and generation composition of ethnic communities; (5) stratification of ethnic entrepreneurship in those industries in which it has operated for a long time.

Even in Italy, the current impression of foreign entrepreneurship is very different from the conventional representation of the past, being more structured and diversified (Guercini, 1999, 2010; Colombi et al., 2002; Dei Ottati, 2013). Ethnic entrepreneurship, in our country, is playing a significant role not only in terms of finance and support to the local industrial demography, but also as a consolidation factor in the integration process between the host community and foreign communities. The Ethnic firm broadens the overall business offer in terms of quantity (constant increase in the number of new Ethnic firms that reduces the establishment of native enterprises) and quality (through the increase in the variety of highly ethnic created products, as well as an increase in the typology of services offered). The Ethnic firm can also be considered an element capable of strengthening

social cohesion, as it becomes a place of exchange and interaction for individuals belonging to different communities.

The recent Italian literature has now adopted a method committed to investigating the Ethnic firm as a “special case” of the industrial sector or small and very small-sized services even within mainstream markets. Clearly, this enables a considerable part of the ethnic entrepreneurship to adopt behaviors and follow strategies very similar to those adopted by the host country. But, at the same time, it makes it significantly different from the organizational models and business strategies adopted by traditional ethnic ventures.

1.3) OBJECTIVE AND QUESTION OF THE RESEARCH

The cognitive objectives of this research are multiple and consist in:

- Providing a reinterpretation of two recognizable guidelines of International Entrepreneurship, the *Born global firms* and *Ethnic firms*. In the literature regarding the Born global Approach, this occurs through the analysis of those key parameters that allow to understand the recurring peculiarities and characteristics. Whereas, in the Ethnic firm, in light of the increasing turnaround in the conventional representation of the phenomenon, the orientation of the survey assumes the most structured and differentiated imprint possible, in order to understand the variety of aspects that make it administratively, organizationally and strategically more similar to the native enterprise.
- Exploring the bond between the Born global Phenomenon and Immigrant & Ethnic Entrepreneurship. This essentially occurs through the investigation of the mix configuration of entrepreneurship denominated *Immigrant Born global*. Namely, the internationalized enterprise ascribable to the Born Global Approach and whose business summit has a foreign nationality.
- Identifying the different internationalization paths of the Immigrant Born global Phenomenon, by formulating also a summary model capable of outlining the respective trajectories.

Concerning the identification of the different research questions instead, it was necessary to use a more complicated logical-deductive approach compared to the one described below. Indeed, in this study questions are finally rearranged at the end of the research, even though they were previously exposed in its introduction. On the one hand, this led to the possibility to conducting the entire study without strict initial bias (starting from a few simple statements that are generally approved from the beginning); on the other hand, it was possible to lead this work to the most appropriate final direction.

In addition, the research path is proposed in consecutive stages, in order to let the reader understand easily. In spite of this, the different stages are overlapped and enrich each other. As a result, the formulated research questions are able to fully reflect the knowledge gained in the investigation.

Obviously, the focus of the inquires in need of answers is given by the research objectives listed above. Once defined the scope of the study, the research path starts with the elaboration of a preliminary draft of assumptions, and proceeds with the search of theories, methodologies and the most appropriate practical approaches in an attempt to reply to the inquires.

Delving into the theme and learning more about the different contributions, the prevailing feeling is the one of being in a multidisciplinary context, though gradually conceived as a phenomenon to be measured, quantified and controlled rather than being completely understood. At the same time, in conjunction with these first reflections, it is observed an increase of the personal ambition to contribute outlining and thoroughly organizing the basic components of the phenomenon, in order to mark the evolutionary trajectories as well.

Following this cognitive desire, the first research question (RQ) is: **RQ: 1** - *Which forms of entrepreneurship is able to assume the relationship between Born global and Ethnic firm?*. Despite its simplicity, this research question contains plenty of information and makes use of multiple sources of investigation (bibliography, documents, statistics, etc.), trying to outline a clear and functional reference scenario.

Once the pieces of the theoretical framework of the investigation are put together, the next question is the following: **RQ: 2** - *With reference to the Born global Phenomenon, how much “characteristic” and “relevant” is the Immigrant &*

Ethnic Entrepreneurship?. In order to investigate the relationship between the Born global Phenomenon and the Immigrant & Ethnic Entrepreneurship, it was necessary to make use of the mixed entrepreneurial configuration that, so far has the highest number of unexplored areas of investigation, that is the Immigrant Born global.

Lastly, the third and final step appeals to the desire of limiting the research to the modalities, motivations and business strategies behind the mode of operation of the Immigrant Born global in foreign markets. By determining a possible frequent and characteristic international approach, we might be able to develop a well-defined theoretical framework of the way this entrepreneurial form: (1) is placed in a given foreign country, (2) implements its own business activity, (3) strengthens and increases its own competitive position within the market in the given foreign country.

In order to reply to this last inquiry, the following research question is used:

RQ: 3 - *What are the recurring paths to internationalization adopted by the Immigrant Born global, and the skills and specific resources associated with them?.*

To summarize, this paper aims to examine the different purposes of investigation through the elaboration of three research questions. Which are the base to conduct and review this study.

Table 1.1 – List of the research questions

Research Questions		Addressed in
RQ: 1	<i>Which forms of entrepreneurship is able to assume the relationship between Born global and Ethnic firm?</i>	Chapters 3
RQ: 2	<i>With reference to the Born global Phenomenon, how much “characteristic” and “relevant” is the Immigrant & Ethnic Entrepreneurship?</i>	Chapters 5 and 6
RQ: 3	<i>What are the recurring paths to internationalization adopted by the Immigrant Born global, and the skills and specific resources associated with them?</i>	Chapters 5 and 6

Source: Personal elaboration

1.4) OUTLINE OF THE THESIS

As previously mentioned, the research path is proposed linearly, in order to make the understanding easier for the reader. However, the different stages are overlapped and enrich each other, letting the investigation adopt a cyclical pattern.

In order to achieve the set goals and answer the questions outlined above, this study is structured into 5 research chapters.

Table 1.2 – Index of the research path

Thesis structure	Research guidelines
Chapter 2 <i>“Theories Of Internationalization”</i>	<ul style="list-style-type: none"> • Stage Theory; • Resource-Based View; • Network Theory; • Born Global Approach; • Born global’s key parameters: 1) Founder; 2) Organization; 3) Environment; 4) Global Strategy/Vision; 5) International Market Approach.
Chapter 3 <i>“A Definition Of The Research Subject: Born Global And Immigrant Entrepreneurship”</i>	<ul style="list-style-type: none"> • International Entrepreneurship; • Development and diversity in firm-level internationalization concepts; • Immigrant & Ethnic Entrepreneurship; • Definition of Born global firms; • Definition of Ethnic firms; • Taxonomy of the forms of entrepreneurship mix between Born global and Ethnic firms.
Chapter 4 <i>“Linkage Between SMEs And Two Guidelines Of International Entrepreneurship: The Italian Case”</i>	<ul style="list-style-type: none"> • Italian SMEs internationalize; • Born global perspectives of Italian internationalization; • Mapping of the Immigrant Entrepreneurship in the Italian context.
Chapter 5 <i>“Born Global And Ethnic Firms: A Quantitative Analysis On Taxonomy Of The Entrepreneurial Mix”</i>	<ul style="list-style-type: none"> • Research methodology and design; • Quantitative empirical research; • Measures for the Degree of Internationalization at initial points of a Born global’s life-cycle.
Chapter 6 <i>“The Immigrant Born Global Phenomenon: A Multiple Case Study Approach”</i>	<ul style="list-style-type: none"> • Case study method; • Qualitative empirical research.

Source: Personal elaboration

Let’s give a closer look.

The second chapter provides a brief view of the academic literature that, over time has examined the theme of business internationalization through multiple research perspectives. Each of the angles adopted has been interpreted as the formulation of a specific Theory of Internationalization. However, in line with the cognitive goals set above, the attention is exclusively focused on those theories usually adopted to outline (or compare) the international involvement of small and

medium-sized enterprises. I am referring to: Stage Theory, Resource-Based View, Network Theory and Born Global Approach.

Clearly, as the Born global Phenomenon plays an important role in this study, much of the chapter is focused on this international approach, for which the state of the art is explained through the analysis of the following key parameters: (1) Founder; (2) Organization; (3) Environment; (4) Global Strategy/Vision; (5) International Market Approach, so that peculiarities and recurring characteristics can be understood.

The third chapter makes use of the theoretical knowledge described in the previous paragraph, in order to start a path which is still little known. The one committed to understanding the relationship between Born Global Approach and Immigrant & Ethnic Entrepreneurship. The research is essentially based on the conceptualization (*integrated*) of the different mixed entrepreneurial configurations between Born global and Ethnic firms.

This survey completes a cognitive and interpretative process previously composed of multiple levels, each having a specific goal.

Initially, the purpose is to outline (*disjointedly*) the limits of the research of the International Entrepreneurship and mark the historical evolution of this young and dynamic research path, pushing the research to the scope of study concerning the Immigrant & Ethnic Entrepreneurship.

Secondly the aim is to: (1) provide a personal definition of Born global firm, in order to summarize, in one single theoretical framework, the thought of authors that more than others have contributed to shed light on this entrepreneurial model; (2) emphasize the current greater heterogeneity of the Ethnic firm in relation to the adopted organizational formulas, market choices and experiences.

In summary, the attention is not focused only on the clear and widely debated International Entrepreneurship deriving from the activity of native entrepreneurs. But rather on the one promoted by resourceful individuals forced to immigrate in foreign countries (in this case in Italy), in order to find the right opportunity to develop and implement their own business idea.

Initially, the fourth chapter proposes a detailed investigation on the actual contribution of the Italian industrial system's main players, that is to say SMEs, to the international expansion of the national economy and local systems, in particular. This research appeals to the awareness of how these businesses represent an entrepreneurial phenomenon of its own, characterized by typical and singular values, behaviors, entrepreneurial and operating mechanisms. However, it is also known that, in comparison with the European archetype, Italian SMEs promote a smaller and less structured business pattern, which is more interconnected with other production companies and the local reference territory. This indicates that these enterprises conceive the small-micro dimension as the best target dimension for their own business, in a sort of "necessary-physiological" operating condition capable of providing the enterprise with a competitive advantage, making it sustainable over time.

In the second part of the paragraph instead, the interconnection between Italian SMEs and the two phenomena of the International Entrepreneurship is analyzed, focusing on the aim of the study: the Born Global Approach and the Immigrant & Ethnic Entrepreneurship. As we shall see later, in both cases there are peculiarities and recurring characteristics that allow the Born global and Ethnic firms located in Italy to significantly distinguish themselves from those located in different foreign contexts.

The fifth chapter recreates the path of quantitative investigation. The approach employed in this regard is not linear. In fact, the study has been oriented towards two directions, moving back and forth on the different levels of the project in order to mutually and gradually assess the implications of theories, cognitive goals, research questions, methods and effectiveness threats for both of them.

The section is composed of two distinct but complementary surveys, which confirm the existence of recurring dynamics in the internationalization processes of those Immigrant Born globals located in the Italian territory. Indeed, they represent actual generalizable trends and, for this reason, they are so scientifically relevant their prerequisites, motivations and cause-effect links need to be investigated.

In order to mark different paths of foreign expansion, the investigation method of the *Degree Of Internationalization* is adopted during the different

moments of the enterprise's life cycle. Clearly, since it is necessary to analyze the Born global Phenomenon which is best expressed (in terms of entrepreneurship and other factors) in the early stages of internationalization, the attention is not focused on the entire life cycle of the enterprise, but rather exclusively on the start-up phase of the company.

The final chapter encompasses the second part of the empirical research, that is the qualitative research. In order to thoroughly identify the main features ascribable to the Immigrant Born global Phenomenon originated in the Italian context, a *multiple case study method* has been adopted. This methodology of empirical research was chosen because of two reasons. The first reason concerns the ability to recognize the aspects that are hardly suitable by nature for being examined separately from contextual conditions, or identified in their entirety and complexity through different methodological tools (Guercini, 2003). The second reason concerns the research strategy designed to achieve a detailed understanding, rather than a generalized knowledge (Guercini, 2004).

Therefore, this is the perfect method of investigation to examine a multiform and increasingly growing theme, such as the one of business internationalization. Specifically, the case analysis has been used to examine: (1) one of the new entrepreneurial standards, that is the *Born global firms*; and (2) one of the old standards that has recently undergone significant changes in its stereotyped representation of the past, that is the *Ethnic firms*.

CHAPTER 2 – THEORIES OF INTERNATIONALIZATION

SUMMARY: 2.1) INTRODUCTION - § 2.2) MODELS OF STAGE THEORY - § 2.2.1) *Product Life Cycle Theory* - § 2.2.2) *Innovation-Related Internationalization Models* - § 2.2.3) *Uppsala Internationalization Model* - § 2.3) RESOURCE-BASED VIEW (RBV) - § 2.4) NETWORK THEORY - § 2.5) BORN GLOBAL APPROACH - § 2.5.1) *Literature Review; a Conceptual Taxonomy* - § 2.5.2) *Chronological Evolution of the Born Global Approach* - § 2.6) CONCLUSION.

2.1) INTRODUCTION

Internationalization represents one of the main developmental strategies of contemporary enterprises. Although small and medium sized enterprises seem to be essentially oriented to serve a local market, they actually are a full part of the global economy. This is due to the fact that the value chain in which they are integrated is often supranational. In this context, smaller enterprises can be connected to the international environment regardless of the direct placement of the output in foreign markets. Both acting as links that adjust the end product and serve a national or regional market, purchasing the necessary goods and services from a supranational chain, and implementing intermediate goods and services for industry users, who in turn serve a foreign market.

However, although it is clear that small and medium sized enterprises play a key role in the supranational integration of competitive markets and scenarios (the so-called small globalization), there is no specific theory capable of explaining the reasons and peculiarities of the modalities through which small enterprises internationalize. For this reason, theories designed for big multinational companies are applied to the international economy of smaller enterprises.

A small-sized enterprise is not necessarily a transitional phase of a constant and inevitable evolution from the bottom to the top, so it should not be conceived as a small version of bigger enterprises. Big and small enterprises are different in terms of organizational structures, business styles, relationship with the environment and, above all, adopted strategies to compete with national or international competitors.

This chapter provides an overall view of the academic literature that over time has focused on examining the theme of business internationalization, through multiple research perspectives. Each perspective is translated into a formulation of different Theories of Internationalization. In line with the mentioned cognitive goals, the attention is focused exclusively on those theories utilized to outline (or compare)

the international involvement of small and medium sized enterprises. In particular, we are referring to: (2.2) Stage Theory, (2.3) Resource-Based View, (2.4) Network Theory as well as the main theory of this study, that is (2.5) the Born Global Approach.

2.2) MODELS OF STAGE THEORY

The academic debate over the entrepreneurial internationalization theme was carried out by studies demonstrating a “*like rings in the water*” internationalization process (Madsen and Servais, 1997, p. 561), that is step-by-step.

These studies essentially refer to three theories:

- the *Product Life Cycle Theory* (developed by Vernon, 1966, 1971, 1979);
- the *Innovation-Related Internationalization Models* (Bilkey and Tesar, 1977; Cavusgil, 1980; Reid 1981) and;
- the *Uppsala Internationalization Model* (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977, 1990).

Although the Models of Stage Theory focus on explaining the sequential international growth of big multinational companies, they also clear the way for the internationalization processes of small-sized enterprises study.

2.2.1) *Product Life Cycle Theory*

The *Product Life Cycle Theory* (Vernon, 1966, 1971, 1979) draws an analogy between the internationalization process of the enterprise and the evolutionary phases of the product life cycle as well as the related technology.

This theory better describes the role attributed to multinational companies in the interaction among technology, international production and commerce. The theme concerns the technological progress generating variations in the intensity of production factors, thus changing the comparative advantages at a national level. Similarly, the role of the demand is also taken into consideration. The domestic demand might be an incentive to innovate, whereas the international demand favours exportations.

In particular, a series of stages are postulated in the relation between the life cycle of the product and the modality of the enterprise presence abroad,

chronologically listed as follows (Guercini, 2012): (1) research and introduction of innovation; (2) development and maturity of the product; (3) standardization and (4) decline of the product.

In the “introduction” phase, the enterprise has an essentially domestic orientation and it might search for exportation in other developed countries in order to take advantage of the production. In the “growing” phase, the export strategy becomes a key-aspect during the development of the product and it starts to be headed to less developed countries. In the “maturity” stage of the product, the original markets are already saturated and the internationalization strategy is definitely aimed at improving the commercial development in new geographical areas. Where we can see as well the production activities allocated to take advantage of cost differentials of many production inputs. Finally, in the “decline” phase, the production and most of the demand moves permanently from the product native country to the recently developed areas, where the demand is placed in phases less advanced than its life cycle.

Essentially, the model suggests the more the product moves from early stages to stages of maturity and decline, the more production centers can be distant from entrepreneurial decision-making centers. Furthermore, it underlines the locational dynamics of an enterprise are influenced by the life cycle tendency of the product.

The main criticisms of the theory elaborated by Vernon has to be ascribed to the elaboration of the model essentially aimed at analyzing the international activities achieved by American multinational companies, intended to acquire market shares beyond national borders (market seeking Foreign Direct Investment). As a result, the model does not consider at all the foreign investment operations aimed at seeking natural and human resources (resource seeking), acquiring strategic assets or completing efficient strategies that are globally integrated (efficiency seeking).

It is important to observe that in 1979 the author himself makes a critical review of his own theory, stating that the validity of the hypothesis of the Product Life Cycle Theory is different from the original formulation.

Such a change is based on two reasons. The former is linked to the more cogent interconnections established by multinational companies in served foreign markets, often through the creation of multiple subsidiaries abroad. The latter is connected to the progressive softening of structural differences between the American market and other developed countries market (firstly, the European market). Such changes have led multinational companies to become *global scanners*, and to the standardization of production processes.

Therefore, the context that generated the life cycle of the product is disappearing along with the possibility to apply the theory. However, the Product Life Cycle Theory is still valid for the analysis of innovative activities of small and medium sized enterprises, which are not global scanners but aim for smaller markets, whose consumer needs are not standardized yet. Additionally, although it cannot be used in the relationship between the USA and Europe, it might be successfully applied to the interactions between economically developed countries and developing countries.

2.2.2) *Innovation-Related Internationalization Models*

The Innovation-related models (I-M) focus on the research conducted by Rogers in 1962, where every step of the internationalization process can be defined a business innovation³. As observed by Madsen and Servais (1997), the Uppsala Internationalization Model considers the internationalization processes “*as involving time consuming organizational learning processes*”, whereas the I-M models “*tends to analyze the process as an innovative course of action and hence a question of adoption of new ways of doing business*” (p. 561).

The models that have mainly been established on this front (Bilkey and Tesar, 1977; Cavusgil, 1980; Reid 1981) define a standard and a sequential number of stages in the internationalization process and, although the number differs from model to model, three gradual macro-phases can be recognised: (1) the *pre-export* phase, (2) the *initial export* phase and (3) the *advanced export* phase.

³ The theory behind the I-Models is partly used by Vernon himself (1996, 1971, 1979) to elaborate his own Product Life Cycle Theory.

Several critical aspects have been identified in these models. On the one hand, it is observed a difficulty in finding the criteria intended to define the different steps (Miesenbock, 1988). On the other hand, the differences between the models seem to be semantic rather than real (Andersen, 1993). Furthermore, they seem to be intrinsically inappropriate in theory, as they only describe change processes without defining the dimensions and the different approaches adopted by the enterprises while implementing their activities.

2.2.3) Uppsala Internationalization Model

The Uppsala Internationalization Model (U-M) (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977, 1990) considers the internationalization as a progressive growth process that can be described as a series of sequential stages to be taken by the enterprise during its foreign growth. Each step of the process can be interpreted as a necessary precursor to the next, in a sort of orderly incremental progression. Such steps can be summarized as follows: (1) *No regular export activities*; (2) *Exports via independent agents/representatives*; (3) *Establishment of an overseas sales subsidiary*; (4) *Overseas production/manufacturing units*.

The gradual tendency of the company activities will characterize both the internationalization process in different target markets and the development of activities in a single foreign market (Forsgren, 2002). In practice, the progression can be split into the choice of markets and the investment in every single market.

While the product life cycle of Vernon is essentially characterized by a macro-nature study of the internationalization of the enterprise (national level), the Uppsala model is characterized by a micro-nature. The aim of the study is the enterprise as well as its attitude in the interaction with international markets, whereas the attention is focused on the learning process generated by international operations.

In order to explain the progressive nature of internationalization, the researchers of the Uppsala model propose theoretical considerations appealing to some reference ideas. Particularly, there are two beliefs based on this formulation: the *establishment chain* and the *psychic distance*.

This model's authors propose the idea of establishment chain to underline a gradual increase in the complexity of business activities in foreign markets. Starting from simpler modalities (e.g., exports that make use of sales agents/representatives) to more challenging techniques (i.e. stable commercial branches and implementation of Foreign Direct Investments).

Following this development path, knowledge gained in foreign markets produces greater commitment to international activities, given that the enterprise gradually gains knowledge of the opportunities offered by the served market, as well as relevant information to operate with profitability. This way, as underlined by Forsgren (2002), the increase is interpreted as a function of the gradual learning process in the market, according to the logic of "learning by doing". That is the theme of learning is conceived as an experiential learning (Bingham and Eisenhardt, 2011).

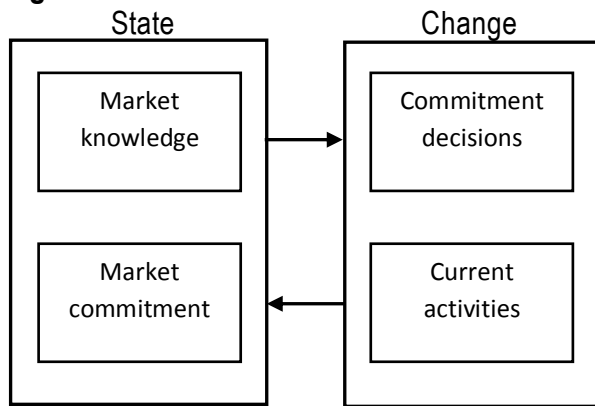
The sequential order of the operational activities in a market, and therefore the transition from one stage to the other in the establishment chain, depends on the perceived risk. The risk's formalization is summarized in the psychic distance idea, which represents the prominent dimension to understand the dynamic of the internationalization process. Such a distance is defined as "*the sum of factors preventing the flow of information from and to the market*" (Johanson and Vahlne, 1977, p. 24).

Such factors make the source market and the target market distant and different. The more they are perceived as distant and different compared with the enterprise awareness, the more the work in the market is considered risky. Hence, the psychic distance is the key concept to understand the motivations of the gradual approach to international markets, since a higher psychic distance produces a lower business involvement in foreign countries.

Based on the concepts of establishment chain and psychic distance, Johanson and Vahlne (1977) see the internationalization process of the enterprise as a result of the interaction between state and change aspects.

The following figure shows the model summarized according to the Swedish approach.

Figure 2.1 – The Basic Mechanisms of Internationalization



Source: Johanson and Vahlne (1977)

The transition of operational activities to forms of heavier commitment in a foreign market and the decrease in the perception of the distance to the market, are the result of the interaction between state aspects and change aspects (Guercini, 1999).

Among all the state aspects of the internationalization process, knowledge of reality represented by the single foreign country is perceived as a condition of interest by the Swedish scholars, being this factor capable of influencing the behaviors of the decision-makers of the enterprise. It is necessary to resort to the distinction proposed by Penrose (1959) between the different modalities to gain knowledge, and particularly the one between objective market knowledge (which can be taught), and experiential market knowledge (which can only be learnt by personal experience). An additional distinction is between general knowledge and market-specific knowledge. According to which the latter complies with the characteristics of the specific national market, including business climate, cultural models, structure of the market system and, more importantly, the characteristics of single client companies as well as their employees.

Another state element is given by the effective commitment that influences the opportunities and the risks perceived by the enterprise. This is considered to be composed of two factors: the amount of employed resources and the commitment degree⁴. Even those resources that are located in the

⁴ Which corresponds to the difficulty finding an alternative usage of the resources intended for business activities in the specific foreign country.

domestic country and used in the development and production of products for a different market, represent a commitment to that market; that is to say they have a high degree of specialization with reference to such market.

The state aspects are subject to dynamics descending from the aspects of change. Which can be identified with those elements that entail a change in the involvement level of the enterprise in a given foreign country. To be more precise, they include commitment decisions and current activities.

The decision to commit resources in operations in a given foreign country is made in response to problems and/or opportunities perceived in the market. The perception of problems and opportunities depends on the experience of individuals, intended both as experience in the market and specific experience in the relationship with individuals. According to which we can define the horizon of opportunities and describe the kind of activity that might be recommended to the ones responsible for those operations.

By contrast, current business activities are relevant as aspects of change on account of the dragging effect. Therefore, repeating certain current operations for a given period of time might be considered a way to achieve permanent effects. As a consequence, the longer the period of development of these activities, the higher the commitment required by the enterprise to achieve such effects.

Most of the critics of the theoretical debate concentrate on the Uppsala Internationalization Model basic concepts, such as the establishment chain and psychic distance.

With reference to the idea of psychic distance, the literature raised several critics connected to the possibility of making its meaning effective by virtue of those difficulties inherent in its measurement. Essentially the question is whether the psychic distance should be measured taking account of people's individual perceptions. Otherwise predominantly by applying to macro-variables relating to the foreign country as well as to the enterprise's country of origin. One of the problems lies in the fact that it is perceived and, thus connected to the subjectivity of the individual who relates to the distance.

Another limit is the separate measuring of each single factor which defines its content. Indeed, it seems to be difficult to isolate every single effect, either because they could partly be overlapping, or because they might not be consistent within a country.

In addition, it is underlined how, in some papers, the terms psychic distance and cultural distance are used as synonyms. In these works the measurement of the psychic distance is often solved using some indicators identified by Hofstede (1980).

Finally, it is observed that such a concept is not able to provide sufficient informations to understand the difficulty related to the Foreign Direct Investments. Although it can be useful to understand the early stages of the approach to the international market (Ellis, 2008).

Regarding the concept of establishment chain instead, it is possible to observe situations in which the development concerning the international involvement is not as gradual as theorized and specifically, this is verified in the Uppsala model.

Forsgren (2002) argues that knowledge derived from experience, connected to the current activities of the enterprise in a foreign market, could be just one of the modalities used to gain knowledge. The author states there might be other cases, summarized as follows:

- The learning could originate from an imitative behavior. Essentially, the enterprise could generate knowledge in a foreign market by analyzing the strategic leadership assumed by the main competitors. In this case, the imitative behavior could validate an increasing investment in the market, without being legitimized by the necessary level of knowledge.
- The learning could be generated by acquiring new enterprises or by recruiting employees with knowledge of the market. Despite having actual problems due to the need to integrate heterogeneous resources in the enterprise, this learning mode can make the development process faster.
- The learning process might be produced by a search for specific information rather than experiences originating from its own activity. Particularly, it has been emphasized how the enterprise could be able to

start learning processes in order to research new opportunities which are not directly originated from current activities, since they do not necessarily generate information on which a future development could be based.

- The relation with other competitors in/of the foreign market can generate knowledge without having a huge investment, being both a financial one or a resource intended in the strict meaning. Indeed, the interaction with other business competitors could generate a learning process of tacit knowledge, actually accessing the information held by them.

Ultimately, what arises from the considerations listed above is that all the alternative learning modes implicate a lower progression in the internationalization process thus making the presence of the enterprise in foreign markets faster.

In line with this point of view, Melin (1992) underlines that the Uppsala model is too deterministic predicting the switch to other stages in the internationalization process of the enterprise.

With the beginning of the globalization, we witnessed the expansion of entrepreneurial realities, whose decision to access the market and operating modes adopted within a single or multiple international markets are far from being progressive. Indeed, since their establishment or a bit later, they tend to start an intense international activity. This is the case of the so-called Born global firms (Rennie, 1993; Oviatt and McDougall, 1994, 1997, 1999; Knight and Cavusgil, 1996, 2004; Madsen and Servais, 1997).

It has also been underlined that in situations of increasing internationalization, entrepreneurs can follow a contingent strategy, with which they are prepared to elaborate ad hoc solutions in case of unexpected situations that may occur in the local market. According to Pedersen and Pedersen (2004), the study of the risk profile pertaining to internationalization processes should be analyzed referring specifically to the risk taking concept, rather than the risk aversion concept. Therefore, the accelerated internationalization process can be interpreted in light of a proactive behavior rather than a reactive one, as it is in the Uppsala model (Moen and Servais, 2002).

In the explanation of a higher rapidity of the internationalization process, even the decision-making process innovation plays a key role. However, such a behavior is not necessarily efficient. In fact, it's possible that the entrepreneurs suffer a boomerang effect shock, due to a discrepancy in the perception of what they thought they did not know before approaching a market and what they realized to not know after a period in the market (Pedersen and Pedersen, 2004).

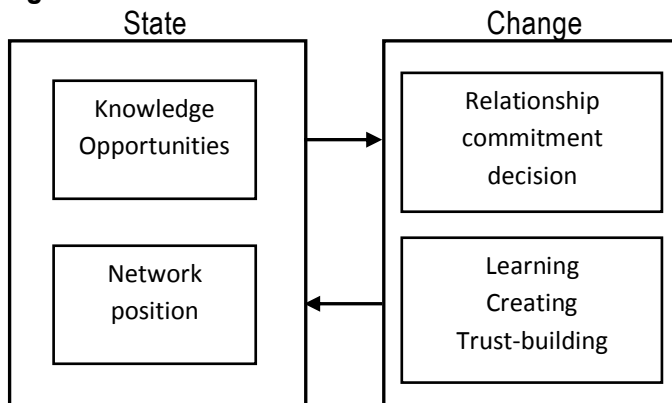
Finally, Pedersen and Pedersen again (2004), stress that the original Uppsala model focuses its attention exclusively on the post-entry learning, while noticing that it's possible to identify a pre-entry learning. For the enterprise this implies a research stage before the approach to the foreign market, which can allow a quick development in operational activities during the following stages.

Considering a series of critics, some of which reported above, Johanson and Vahlne in 2009 formulate a review of their original and gradual model. Thus also officializing multiple assumptions that were already mentioned in the studies following the one of 1977 (Johanson and Vahlne, 1990, 2003).

This reconsideration is proposed along with the study integration of the internationalization process conceived according to the incremental logic and the network prospect. In fact, according to Johanson and Vahlne, the market does not appear as an aggregation of independent suppliers and clients, rather as a business network. Therefore, this is a reticulum of individuals that mutually exchange information and establish medium and long-term relationships.

The encounter between suppliers and clients inevitably turns out to be a reciprocal exchange of knowledge, resulting in an increased cultural baggage. Establishing a trusting and learning environment between those individuals belonging to the same network is the prerequisite for the interaction between suppliers and clients and for the business network creation itself. In such cases, trust can replace knowledge (Johanson and Vahlne, 2009).

Figure 2.2 – The Business Network Internationalization Process Model



Source: Johanson and Vahlne (2009)

The Uppsala model, reviewed in 2009, includes one further concept. The problems and opportunities of an internationalized enterprise are less dependent on the Country level, and increasingly connected to the relationships established within the networks. The liability of foreignness is the biggest issue connected to the approach to the new market⁵. However, the liability of outsidership represents the main difficulty⁶, as it is also revealed in the domestic market. The liability of foreignness can be overcome through the organizational learning. In this case the psychic distance contracts and becomes the liability of outsidership.

According to Johanson and Vahlne (2009) the challenge of every enterprise in the current globalized context is to become an insider in every business network in which it participates. Being part of a network is essential for a successful internationalization, since the relationships between people and enterprises open the possibility of learning and establishing a reciprocal trusting environment.

In conclusion, the contribution and the adaptation to the original Uppsala model have been considerable. After all these changes, it is logical to wonder whether we can still define it as a Stage International Theory in its strict meaning. This review led the Uppsala model to overlap other theories, such as the one related to the networks and to the Resource-Based View, so much that it has been defined

⁵ This concept refers to a number of costs afforded by the enterprise while implementing economic activities beyond local borders, derived from the unfamiliar relationship with the immediate surroundings, a series of cultural, political and economic differences among the different Countries and also derived from the need to coordinate the different geographical areas where the enterprise operates.

⁶ The liability of outsidership refers to the problems connected to the non-involvement in the deep relational and business network of a foreign country. Hence, it is necessary to take part in these networks in the domestic market, but it is also important to penetrate international market networks.

by the authors themselves as “*the model thus depicts dynamic, cumulative processes of learning, as well as trust and commitment building*” (Johanson and Vahlne, 2009, p. 1423).

2.3) RESOURCE-BASED VIEW (RBV)

Starting from the '80, the Resource-Based View (RBV) was asserted as one of the most important paradigms in the study area of strategic management. The main assumption is the acknowledgement of a *bundle of productive resources* managed by the company (Rumelt, 1984; Dierickx and Cool, 1989; Barney, 1991) which determines the heart of the strategic behavior and, as a consequence, the decisions about the internationalization. The foreign expansion is presented as the possibility to develop peculiar resources and business skills in foreign markets in order to strengthen and increase the competitive advantage (Prahalad and Hamel, 1990; Grant 1996; Teece et al., 1997). Furthermore, the RBV explains the reason why the heterogeneity and idiosyncrasy characteristics of business resources represent a strength and are configured in order to achieve above-average performances (Rumelt, 1984).

The first who grasped the resource-based perspective was Edith Penrose (1959) proposing the idea of enterprise as a resource portfolio, in both material and intangible sense⁷, whose correct coordination is the basis of the behavior of a successful enterprise. According to the author, every single enterprise can plan original and congruent internationalization pathways under the distinctiveness of a set of assets and knowledge. It has been emphasized the capability of managing such a tangible and intangible heritage in order to obtain differentiation advantages derived from a more efficient combination instead of their higher endowment.

However, only in 1984 with the publication of the article by Wernerfelt, the role of the enterprise resource was codified as an analysis unit in the creation dynamic of the competitive advantage. The author defines the business resources as “*anything which could be thought of as a strength or weakness of a given firm*” (p. 172). The competition based on the profile and peculiarities of the resources

⁷ Like the technological know-how, the business figure, the market knowledge, the reputation, the entrepreneurial and management competencies, the business heritage, etc..

themselves, can have important implications on the enterprise ability to obtain competitive advantages through a global implementation of the business strategies. The competitive advantage is connected to a superior position of an enterprise compared to other organizations in a given market (Kay, 1993). In fact, the market is the reference term which allows to define the position of a competitive advantage.

The resource-based approach, in addition to allowing the overcoming of the traditional structure-leadership-performance assumption, thus focusing the general attention on the role of resources and knowledges in the behavior of the enterprise internationalization (Bain, 1968; Caves and Porter, 1977). Distances itself from the concept of environmental determinism in order to get closer to the idea according to which the competitive advantage of an enterprise derives from the ability of the enterprise itself to transform the internal assets (different from those available to competitors) in *distinctive competencies*.

Resources and abilities are strictly related. The former can be defined as stock or static components, while the latter are defined as flows or dynamic components within the enterprise (Mahoney and Pandian, 1992).

In other words, the resources are inputs of the production process and can be classified in tangible and intangible. The tangible resources are clear and quantifiable (e.g., financial, organizational, material and technological resources), while the intangible ones comply with goods entrenched in the enterprise culture and gathered over the years, therefore resulting difficult to be studied and imitated by the competitors (e.g., human resources, from innovation to reputation). The single resource does not confer any advantage (Grant, 1991). The abilities, instead, represent the capability of combining and integrating different types of available resources to achieve the prearranged targets (Cavusgil et al., 2007). Unlike the resources, the abilities are based on development, elaboration and exchange of information within the human capital pertinent to the enterprise. The information, which is the basis of the abilities is called *invisible assets* by Itami and Roehl (1987). The constant use of abilities strengthens them and makes them difficult to be understood and emulated by third parties.

Clearly, not all the resources and competences contribute to create a competitive advantage. This could only be obtained if such resources and

competences possess the so-called *VRIN attributes*: Valuable, Rare, Inimitable and Non-substitutable (Eisenhardt and Martin, 2000). They can be acquired by what Barney (1986) calls *strategic factor markets*. Or places where the enterprise is able to purchase and trade the needed resources and abilities, in order to implement a specific strategy.

According to the Peteraf model (1993) the resource heterogeneity and idiosyncrasy are only observed in those assets that are restrictively present in the market. This generates a *Ricardian rent*, intended as the remuneration surplus of a scarce resource compared with: (1) the production costs; (2) the ex-post limits to the competition, represented by imitation barriers as well as substitution barriers; (3) the defective mobility of the above mentioned, as a result of the switching costs training, co-specialization and high transaction costs, and; (4) the advantages ex-ante to the competition, represented by the resource acquisition cost.

In the RBV studies, over the time, an intense debate about the *Dynamic Capability View* (DCV) has been developed.

If the “resource-based” perspective analyzes the resource as a single asset and the “competency-based” perspective emphasizes the hierarchy of high/systemic level and low/elementary level resources. The “capability-based” front focuses on the interaction and on the dynamic and socially complex integration of all the different types of resources recovered within the enterprise (Teece et al., 1997). The dynamic capabilities theory is entrenched in the evolutionist perspective to change and it is particularly based on the idea that the enterprises are able indeed to develop a *dynamic capability*. That is an organizational and strategic routine cyclically used in the process of business activities. Especially within the contorted and complex internationalization process of the company (Nelson and Winter, 1982). With these capabilities the enterprise is able to gain a new resource configuration as soon as the markets emerge, collide, divide, evolve and come to an end (Eisenhardt and Martin, 2000).

The dynamic capabilities allow to combine and recombine the basic resources that are present in a business structure, through a continuous innovation and growth process capable of originating and implementing the core competencies

of the organization. There are multiple examples of dynamic capabilities and they can be connected to the development of new products, to the implementation of relationships with foreign enterprises and to the strategic decision making.

The Dynamic Capabilities Theory, unlike the RBV, argues that the competitive advantage is not only derived from the available resources but from their configuration as well, which is entrusted to the entrepreneur. In the current global view, characterized by constant technological shocks and unexpected changes in market segments, the entrepreneurial layout needs to face the rising competition in a proactive and innovative way (Teece et al., 1997). Therefore, in comparison with the assumption of the RBV that recognizes the resources of the enterprise as a source of competitive advantage. The assumption of the DCV considers such resources as a limitation to the internationalization process of the enterprise. Which, therefore, needs to be capable of developing capabilities that are dynamic indeed in order to trace the changes occurring in the market.

The evolution of dynamic capabilities essentially depends on two factors: the learning mechanism of the enterprise and the dynamic degree in the market (Eisenhardt and Martin, 2000). In static markets, the dynamic capability efficiency is connected to a previous knowledge. While in dynamic markets the capability is focused on the rapid creation of specific situations generating new knowledge, especially in international settings. Therefore the winners in global markets are represented by the enterprises demonstrating a sense of responsibility as well as fast and flexible internationalization processes, in addition to capabilities to coordinate, innovate and take advantage of the competences inside and outside the enterprise.

Both in this line of studies and external sources, multiple attempts are aimed at identifying the limits of the Resource-Based View. In this regard Kraaijenbrink et al. (2010) propose an interesting study in which they present the most relevant critiques, summarized as follows:

- *Resource-Based View has no managerial implications*; the entrepreneurs are advised to focus their own attention on those strategies that explore the firm specific asset, but essentially the detailed aspects on which the enterprise

should invest in order to create a sustainable competitive advantage, are not identified.

- *Resource-Based View implies infinite regress*; the entrepreneur is led in developing second-level competences, rather than core competences.
- *Resource-Based View is not a Theory of the Firm*; on the one hand it is underlined why the enterprise exists and why it receives differentials in terms of generated competitive advantage. On the other hand, the analysis about the evolution of the borders and the business organization over the time, is implicit. Besides, this field of study is exclusively focused on the resources and on the internal and inimitable competences. This leads to consider the enterprise isolated from the environment in which it operates.
- *Definition of Resources is Unworkable*; although the RBV argues that a broad definition of resource is a strength, it might lead to believe that every single strategic activity can be considered as a resource. Such a definition implicates two problems:
 - ✓ There is no distinction between resources considered as inputs and the capabilities that prepare the enterprise to select, assign and arrange the same inputs.
 - ✓ The way in which the different types of resources contribute to achieve the competitive advantage is not clear. Although the RBV identify several types of resources, they are treated indifferently through modes in which, in a different way with each other, they can contribute to achieve the competitive advantage.

2.4) NETWORK THEORY

The relation between network and internationalization found its importance in the academic debate only in the last few decades (Johanson and Mattsson, 1998; Forsgren, 2008; Johanson and Kao 2010). The networking can be defined as “*the interconnected exchange relationships evolve in dynamic, less structured manner and that increased mutual knowledge and trust lead to greater commitment between international market actors*” (Bell, 1995, p. 62). Hence, the foreign market is conceived as a set of interconnected players, with whom the

enterprise must establish relationships in order to efficiently operate in foreign countries (Runfola, 2012).

Specifically, over the last twenty years a series of studies stressed the role of relations with other actors in order to understand the internationalization process of the company.

The first relevant contribution in this regard is the one of Johanson and Mattsson (1988), who try to integrate the Network Theory with the gradual approach. The authors focus on two aspects. The first is connected to the gradual development of the market knowledge, while the second is connected to the need to learn from other enterprises belonging to the network. Essentially, the internationalization is considered as a progressive development of new positions in the relation network maintained by the enterprise with other actors. Particularly, the internationalization degree of an enterprise derives both from the relation established with other actors (national or international ones), and the internationalization level of the network in which it is involved.

Based on two dimensions, which are the enterprise involvement abroad and the internationalization degree of the network the enterprise belongs to, Johanson and Mattsson (1988) identify four different internationalization levels of economic actors, that can be represented in four different business forms:

Table 2.1 – The network model of internationalization

Firm level Internationalization	Market level Internationalization	
	<i>Low</i>	<i>High</i>
<i>Low</i>	The Early Starter	The Late Starter
<i>High</i>	The Lonely International	The International Among Others

Source: Johanson and Mattsson (1988)

- *Early starter*; enterprises with a low degree of internationalization (both in the market and in the enterprise itself) due to the fact that they have not developed stable and lasting international relations. For this reason, there are not many possibilities to gain specific knowledge from those players who belong to the same network system.

Due to a lack of a sector-based and institutional knowledge, the internationalization of these enterprises is carried on by those actors that are in foreign markets (for instance trade intermediaries), who are the only available channel to enter a highly structured network.

At this stage, the contribution of national agencies to the promotion and development of the enterprise in foreign markets is of the utmost importance, as they are able to support the relationship with foreign operators.

- *Late starter*; enterprises that have indirect relations with foreign networks through a rather internationalized network of domestic connections, made of suppliers, clients and competitors. In this case, the high internationalization level of the domestic network encourages the expansion process of the inexperienced enterprises abroad, therefore being in an advantage point compared to the early starters.
- *Lonely international*; enterprises operating in different foreign networks, however, the national network of origin is poorly internationalized and does not affect their experiential knowledge. This enterprise adopts innovative behaviors and discloses the internationalization process of the national network, but this advantage point is weakened by the domestic network itself. Therefore, the specific market knowledge of the lonely international is usually lower than knowledge of enterprises belonging to internationalized networks, such as the later starter.
- *International among others*; they are the enterprises with the highest internationalization degree, both in their network and in the enterprise itself. In this case, the enterprise belongs to an industry context which is intensely oriented to the foreign markets. Therefore, their experiential knowledge degree increases and, as a consequence, the internationalization process accelerates. This stage is expected to utilize entry modes in high-involvement foreign markets (such as production or sales branches as well as the drafting of collaboration agreements), that require the ability to coordinate activities in foreign markets and strengthen the relationships with local partners.

As for the Network analysis, the international behavior of the company is the result of the company placement in a business relation network as well as the

internationalization degree of this latter. This is because the experiential knowledge of the enterprise enhances both directly through those relations with the network, and indirectly through the most experienced actors' behavior.

Thus, it is presumed that the Network Theory emphasizes the importance of the environment in which the enterprise is internationalized. In contrast with the processual Uppsala model that limits the analysis of the international expansion exclusively to the behavior of the enterprise isolated from the context.

Indeed, the internationalization is interpreted as a process depending on the established activities and the experience directly reached by every single actor and not only on internal resources. It also depends on the potential to share knowledge and competences hold by other individuals that are part of the same network. Therefore, the resource sharing by each partner can offer competitive and very efficient solutions and increase the capability of the single enterprise to correctly evaluate the threats and the opportunities occurring in the market.

Another work about the relation between network and internationalization is the one made by Coviello and Munro (1995). The two authors observe that *“the foreign market selection and entry initiatives emanate from opportunities created through network contacts, rather than solely from the strategic decisions of managers in the firm”* (p. 58). The belonging of the enterprise to a specific network may encourage it to expand internationally, as it is not able to catch such an opportunity on its own.

The two authors underline, in a later work (Coviello and Munro, 1997), the role of relations with other actors of the network in terms of both recognition of international markets and choice of entry channels to be used in such markets. The enterprises having established a thick and stable relational network with international players, experience a strong acceleration while switching to the different theorized steps of the Stage International Approach and the adoption of different entry modes at the same time. For most of these enterprises, the internationalization occurred in the first three years after their establishment. This emphasizes the clear presence of some traditional aspects of the Born global Phenomenon, that will be deeply investigated in the next paragraph.

It is correct to state the Network analysis has laid the foundation for the Born Global Approach (Oviatt and McDougall, 1994; McDougall et al., 1994; Bell, 1995).

Additional contributions focused on the investigation of the integration degree within the network and the temporary evolution of the internationalization process. While Chetty and Campbell-Hunt (2004) argue that the high speed of internationalization is linked to the relational networks especially in the early stages of the process to gain knowledge and skills and operate in multiple target markets. Coviello (2006), from his point of view, highlights the importance of networks in the pre-entry phase. That is the moment when the business idea is conceived. In this case, the network is considered an “intangible resource” for the international growth of the enterprise. According to the author, the number of networks in which the enterprise is included, simultaneously increases along with its internationalization degree, while the network density decreases at the same time. This means that, as the enterprise gradually internationalizes, it widens its network range and tends, at the same time, to establish more focused relationships within such networks.

The concept of *entry node* and the *five/five stage model*, proposed by Jansson and Sandberg (2008), are also important. According to the two authors, the export activity of the international context starts from the development of relationships in foreign markets. Such relations, that guarantee the access to the market, are defined exactly entry node.

To understand the importance and the changes in such entry nodes, the authors try to combine the international development process theory with some elements of the Network Theory. Specifically, they propose a five/five stage model combining the phases of the life cycle of the Ford report (1980) with the Cavusgil internationalization model (1980). Jansson and Sandberg (2008) state, in reference to the two theoretical models: “*While the latter concerns how the internationalization knowledge of a firm is developed, the former is a good approximation of how network experiential knowledge is gained in a country.*”

The more developed the customer relationships, the more experience the firm has in a particular foreign country market” (p. 69).

Therefore, relationships are the key element of the internationalization process adopting the dynamic of it, whereas the experiential knowledge underlies the international development process. According to the five/five stage model, when increasing relations with foreign actors are established, the enterprise moves along the internationalization procedure originated from an experimental export phase. The higher the number of relations established in a market, the wider the section of resources and capabilities devoted to the international development and, at the same time, the greater the number of resources existing in the foreign market.

Although some literature contributions are aimed at proving the importance of the Network Theory, there is not a cohesive view of its relationship with the business internationalization. This is due to the lack of uniformity in the same internationalization and network theories.

In this regard Johanson and Kao (2012) propose an interesting critical review of literature that has investigated the relationship between network and internationalization over the last two decades. The authors conclude as follows:

- The adopted concept of relation is often confined to the relation with some business actors. The networking with non-business players, such as institutional and political players, is not sufficiently explored.
- A homogeneous view of the network is not accepted: an agreement on the concept of applied network does not exist, therefore it is difficult to understand its role in internationalization processes.
- The network structure is not investigated, meaning that it is assumed to be general or homogeneous.
- The temporal dimension of the network is only marginally considered, because the network is supposed to evolve with its own dynamic, regardless of the internationalization process of the enterprise.
- The main focus is on the entry phase of the international market, while the following phases are usually not investigated at length.

- The attention is totally focused on export activities. While a secondary role is conferred to the internationalization of the R&D sphere or to purchasing activities.
- The issue addressed concerns the relation between a domestic market and a target foreign market. The assumption of an overall view, comprising the need to coordinate the enterprise existence in networks that involve more international countries, is absent.

Bell (1995) affirms that the Network Theory alone is not able to explain, both: (1) the internationalization of those enterprises that establish relationships outside of their networks, and; (2) the processes of international expansion whose relationships are not derived from network connections.

2.5) BORN GLOBAL APPROACH

The beginning of the globalization age has marked the increasing diffusion of *new ventures internationalize* which tend to start an intense international activity since their establishment, or a bit later. Along with the extension of the phenomenon, the related field of investigation is subject to a heated global debate. Similarly, there are multiple expressions adopted to investigate it. Some of them are reported below: *Infant Multinationals* (Lindqvist, 1991), *High Technology Start-ups* (Jolly et al., 1992), *Committed Internationalists* (Bonaccorsi, 1992), *International New Ventures* (Oviatt and McDougall, 1994), *Instant Internationals* (Fillis, 2001), *Early Internationalizing Firms* (Rialp et al., 2005).

However, *Born global* (Rennie, 1993; Knight and Cavusgil, 1996; Madsen and Servais, 1997; Moen and Servais, 2002) is certainly the most popular name.

A final summary of the concept of Born global firms is reported below, mentioning the authors who have deeply investigated this entrepreneurial model.

The term Born global (BG) appeared for the first time in 1993 in a study carried out by McKinsey & Company Co. (Rennie, 1993). This study compared the results of the Australian exporting SMEs with those obtained by other well-established international players. In particular, it was possible to distinguish two

different types of export enterprises. On the one hand, a group of “Domestic-based” firms, which used the country of origin as reference market, starting to export only after consolidating their own competitive position in the domestic market. On the other hand, the “Born global” firms, able since the early years of activity to generate the most part of their business success through the export of their products abroad, being defined by the author as *“the most extreme example of the potential significance of small and medium-sized enterprises for a nation’s export growth”* (Rennie 1993, p. 47).

One year later the study was carried out by Oviatt and McDougall (1994). These two authors use the term International New Ventures (INVs) to indicate those *“business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”* (p. 49).

In the twenty-year work made by Cavusgil (1994, 1999), part of which in cooperation with his scholar Knight (1996, 2004, 2005, 2009, 2015), they are defined as *“business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries”* (Knight and Cavusgil, 2004, p. 124).

Literature, which has focused over time on the analysis of the issue of Born global firms (Rennie, 1993; Oviatt and McDougall, 1994, 1997, 1999; Knight and Cavusgil, 1996, 2004; Madsen and Servais, 1997), agrees in supporting the impossibility to attribute this type of making business to the traditional model of internationalization by levels, the “Stage Approach”. It was therefore coined a new approach called “Born Global Approach”.

The international approach of the BG firm is proposed as a “challenge” to the theories of traditional models, thus weakening the role of the experiential knowledge in choosing foreign markets and entry modes. The BG firms spring from one stage to the other of the traditional sequential-gradual model of internationalization.

The following table makes up the framework of the evolution of the Born Global Approach between 1993-2002, which to be precise is the time frame in which the most of the dominant literature of this field of research was formulated.

[Appendices: Table 2.2]

The concept of BG firms has recently been extended even to those enterprises that after being confined to the domestic dimension for years, underwent an internationalization process in a as sudden as unexpected way. Tracking an expansion pathway with foreign countries characterized by great leaps (leapfrogging) and a simultaneous entry in different markets, sometimes very far (in geographical and psychological terms). Bell et al. (2001) identify them by the epithet *Born again global firms*.

However, the strengthened procedure to use the terms “born” and “global” in combination with other expressions⁸, the recurring mix of “small” and “entrepreneurial” vocabulary⁹, as well as the usual use of “early” or “rapid” to highlight the early and accelerated internationalization of these entrepreneurial realities¹⁰. On the one hand allowed a deepened and often multidisciplinary research, belonging to the International Entrepreneurship guideline, while on the other hand it generated a high fragmentation and heterogeneity of the relating investigation path. So that today a final, accurate and rationalised summary of the *Born global Phenomenon* is still lacking.

Before giving our personal definition of Born global firms in the next chapter, we made a review of the literature of the current Theory of Internationalization. Through the analysis of the key-parameters that more than others allow to understand the peculiarities and the recurring features: (1) Founder; (2) Organization; (3) Environment; (4) Global Strategy/Vision; (5) International Market Approach.

⁸ Such as *Global start-up* (Yeoh, 2000), *Born international* (Kundu and Katz, 2001) and *Born regional* (Chetty and Campbell-Hunt, 2004).

⁹ Such as *Entrepreneurial start-up* (Burgel and Murray, 2000).

¹⁰ Such as *Early internationalisers* (Chetty and Wilson, 2003; Zucchella et al., 2007) and *Rapid internationalisers* (Morgan-Thomas and Jones, 2009).

2.5.1) Literature Review; a Conceptual Taxonomy

The Founder

The previous entrepreneurial experience

Madsen and Servais (1997) identify the *human resources* as one of the main linchpin of the Born Global Approach. In this study they focus their attention on the entrepreneur: “*Background of the decision maker (founder) has a large influence on the internationalization path followed. Factors like education, experience from living abroad, experience from other internationally oriented jobs, etc. mould the mind of the founder and decrease the psychic distances to specific product markets significantly. The founder may not see national borders as an obstacle, but rather seen international markets as open, waiting to be exploited*” (p. 567).

Also Presutti et al. (2008) state the entrepreneur’s previous experience plays a key role in the success of a BG firm, so much that these young enterprises are defined “*the final stage of the learning process for a serial entrepreneur*” (p.1).

According to Plehn-Dujowich instead, (2010) there are three types of entrepreneurs: “*Novice entrepreneurs, who launch a business for the first time, and habitual entrepreneurs, which include serial entrepreneurs, who launch businesses sequentially, and portfolio entrepreneurs, who run multiple businesses concurrently*” (p. 377).

Any type of gained experience at a given moment in history certainly is the result of a gradual learning process of the individual, which occurred in the past. Stressing the key entrepreneurial background to the BGs success, analogies with the internationalization model of the Stage Approach are indirectly created.

The same authors Madsen and Servais (1997) consider the investigation of the BGs history as essential, even before their creation: “*Such firms may be started by genuine entrepreneurs or by very experienced persons with or without a strong product. Often, these persons have extensive international experience (including a personal network) and do not perceive their native country as the nucleus of their lives*” (p. 574). This way, it is emphasized how the BG firms might be considered as the result of a sequential evolution, which allows the different entrepreneurs to develop a background that has strongly impacted on the establishment and early

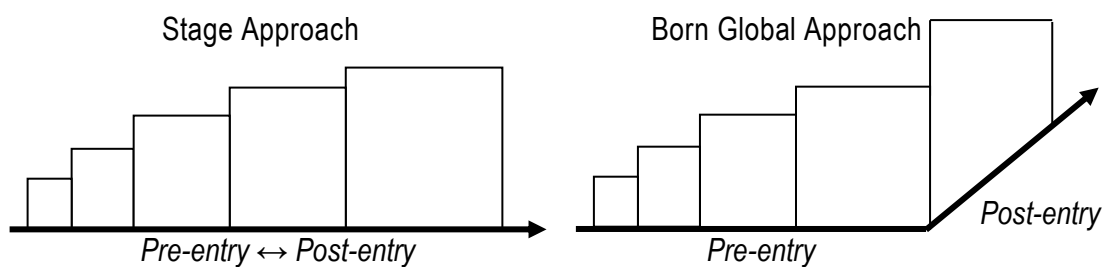
international development of the enterprise: “Firms may be early internationalizing but their founders usually are not” (Zucchella et al., 2007, p. 273).

Pedersen and Pedersen (2004) subdivide the long and contorted internationalization path of the enterprise, through the examination of the learning process. These two phases are defined: *pre-entry learning* and *post-entry learning*.

While in the post-entry learning phase, the Stage and Born Global Approach models are incompatible, due to a different approach to the psychic distance, the borders turn blurred in the pre-entry learning phase.

The experiential pre-gradualism is the element providing the BG firms with expertise and knowledge, stable networks of international relations and drivers that foster and support their accelerated internationalization process. Therefore, the real trigger of the global view of the BGs is the experience gained in the past and gradually learned by the entrepreneurs.

Figure 2.3 — Learning process in models of internationalization: gradual vs. accelerated



Source: Personal elaboration

As observed in the above figure, in the pre-entry learning phase the Born Global Approach, with respect to the extension of the experiential knowledge, is not different from the traditional multistage model of internationalization. Indeed, they both follow the same path, which is a learning process developed in a gradual pathway. However, both theories are clearly separated in the post-entry learning phase. As for the Stage Approach, the learning process previously gained continues the starting path, following a sequential and linear flow. Meanwhile the BG firms cease their pace uniformity in order to suddenly accelerate, both in temporal and spatial settings.

It could be said the Stage Theory is partly compatible with the Born Global Theory. We only need to separate the learning process of the entrepreneur developed during the international growth of the enterprise, in two different phases: *before and after being Born global*.

The International Entrepreneurial Orientation

Entrepreneurship in the BG firms is a peculiarity that, more than in big companies, plays an important part in business success (Knight and Cavusgil, 1996).

Oviatt and McDougall (2000) define the *International New Ventures creation* as the combination of three dimensions linked to the entrepreneurship: (1) innovativeness, (2) proactiveness and (3) risk-seeking behavior. Such behaviors, in conjunction with the ability to master vital skills (e.g.: networks, knowledge and background), allow the entrepreneur of International New Ventures to catch highly profitable opportunities beyond national borders (Oviatt and McDougall, 1994).

Servais et al. (2007) agree on such statements, observing that the entrepreneurship, especially in small sized businesses, loses most of its potential if isolated from the reference context.

Autio et al. (2000) avail themselves of the Knowledge-based Theory to explain the high speed with which new enterprises with a high entrepreneurship level become internationalized. They use the concept of *learning advantages of newness* to describe the advantages acquired by the recently established enterprises compared with the major accomplished enterprises. This marks the concept of *liability of newness*. Indeed, while Stinchcombe (1965) argues that the new enterprises fail with higher probability compared with well-established enterprises, since start-ups have a higher risk degree to come to an end in their early stages, which decreases as years go by. The liability of newness occurs because start-ups need to learn their roles-commitments and how to coordinate their young internal organizational framework. This lacks strengthened routines and a clear cultural identity. Vice versa, Autio et al. (2000) state that “*an early entrepreneurial behaviour might stimulate a self-reinforcing pattern that generates what amounts to an entrepreneurial culture*” (p. 919).

Knight and Cavusgil (2004), among the different features allowing the BGs to become quickly internationalized and to obtain significant performances, identify

the one related to the *International Entrepreneurial Orientation*. The Entrepreneurial Orientation highlights the proactivity of the BG firms in the search for international opportunities, as well as revealing their tendency to keep innovative behaviors not opposing the risk to achieve competitive and strategic targets (Cavusgil and Knight, 2009).

Specifically, the dimension related to innovation refers to the constant search for creative forms and new solutions to deal with the challenges occurring in different markets. The dimension related to proactivity instead, is connected to the aggressive behavior towards competitors. According to Knight and Cavusgil (2004), the BGs are proactive enterprises by definition, since they chase opportunities with little resources in markets characterized by a given risk and uncertainty level. Lumpkin and Dess (1996) underline that the typical contentiousness of these enterprises represents their will to be unconventional, rather than adopting the traditional entry modes in foreign markets. Leading them to defy the sector leader and to invest more in strategic initiatives.

Finally, the concept of risk-seeking is traceable in the activities that plan and develop projects with a high probability to fail (Davis et al., 1991).

Considering that the enterprises require order and diversification in their business strategies, and that order is guaranteed by the organizational structure and planning activities. The Entrepreneurial Orientation itself gives the enterprises the appropriate level of diversification. Indeed, entrepreneurial activities provide the means to extend the frontiers of business capabilities and to overcome different competitors (Cavusgil and Knight, 2009). Besides, in the very early stages of internationalization, the Entrepreneurial Orientation leads the enterprise to acquire a strong entrepreneurial view and a proactive behavior towards a quest of international opportunities (Lumpkin and Dess, 1996; Oviatt and McDougall, 2000).

Finally, while the International Entrepreneurial Orientation is considered as a form of organizational culture capable of characterizing every type of enterprise. When associated with innovativeness, proactiveness and risk-seeking behaviors, it becomes an essential aspect of the Born global Phenomenon (Cavusgil and Knight, 2009). According to Kuivalainen et al. (2007) this occurs particularly among the most Born global among the Born globals.

In a recent work, Dana et al. (2016) have added a fourth dimension to the International Entrepreneurial Orientation, the international experience. It is defined by authors as the body of knowledge gained over time by the entrepreneur in the field of business internationalization, including the international work experience and the international education. The former, involves every expression of work experience gained during the stay abroad. The latter instead, is attributed to the attendance at school or training courses in foreign countries.

The founder as a networker

In 1994 Oviatt and McDougall defined the entrepreneur of an INV as the main responsible of the “network formation” and “social interaction”, as well as the only professional figure capable of acquiring strategic information and creating imitational barriers, thus recognizing his *networking capability*.

Coviello and Munro (1997), instead, examine the study of relationships between the entrepreneur’s relation network and the speed of internationalization process. The results emerging from the investigation emphasize the role of the relations with other players of the network in the identification of international markets and entry modes to adopt. Furthermore, such networks seem to be particularly efficient facing problems related to the liability of foreignness, smallness and newness. In fact, the relational and knowledge network allows the BG firms to: (1) appeal to the partner’s distributive and marketing capability to better develop their international business; (2) to simultaneously access the knowledge market globally (local-global level); (3) to build an initial reputation and to reduce costs, risks and the needed entry time in a new market. In a sense, the presence of an enterprise in a network enables this latter to lead the internationalization process and, above all, to influence the investment configuration in the market. This means where, how much and how to invest (Coviello and Munro, 1997).

Essentially, the importance of the entrepreneur’s relational network lies in the fact that, it is proposed as the basis to gain knowledge through inter-business connections, for which the enterprise might be integrated in already existing networks.

Further studies (Sharma and Blomstermo, 2003) emphasize the role of knowledge, in addition to the role of relations. The entrepreneurs’ networks, through

weak ties and strong ties, allow the enterprise to be in possession of the *learning advantage*, which is essential to become more rapidly internationalized compared to the competitors (Guercini, 2003).

The importance of the relation network turns out to be essential since actions and economic results are influenced by dyadic relations between the actors and the complex node framework within the network. Particularly, the relations established with entrepreneurs in a network, entail consequences in three different dimensions (Sharma and Blomstermo, 2003):

- Information available to the enterprise; the information in the market is not always available or accessible to every single economic operator. In case the enterprises operate in a network instead, this could be an information source for every associated enterprise.
- Information timing; the relations within a network significantly affect the timing with which information passes from enterprise to enterprise. Outside the network, the enterprise can cope with longer times to obtain essential information.
- Referrals; this means that the enterprise interests are represented in appropriate times and places.

We can easily presume the best integrated enterprises within the network, that is to say those arranged in a central position, obtain more and better knowledge compared to the competitors, with a positive effect on their internationalization procedure.

The entrepreneur is also the one who develops *essential networks* as well as *secondary networks* within the BGs (Mort and Weerawardena, 2006). The essential networks are those originally owned by the entrepreneur and consequently inherited by the enterprise at the time of its establishment. Their main purpose is to help the enterprise identify and take advantage of the opportunities occurring in the global market. Vice versa, the secondary networks are those created by the entrepreneur in the growing and developing phase of the company, to take advantage of the opportunities and face competitions in the market.

Therefore, the networking capability changes throughout the evolution of the internationalization process. The entrepreneur starts with a precise set of networks (essential networks) and then reconfiguring them, expanding them or creating new ones (secondary networks). Anyway, we need to pay attention to the high rigidity of these networks (*network rigidity*), since an extreme BG involvement in such frameworks could lead to a restriction of the respective evolutionary capability and to promptly adapt to the ongoing changes in the environment. Thus the entrepreneur needs to constantly reconfigure the networking capability, in order to face the change of conditions occurring in this context and to be able to catch the opportunities offered by the market. A dynamic development of the networking capability is essential to implement a strategic vision aimed at a quick enterprise internationalization and a worldwide trading of products (Mort and Weerawardena, 2006).

The Organization

Hybrid structures

The BG firms, during the early stages of their rapid internationalization process, rarely have enough tangible resources (financial and human resources) to completely control their operations with foreign countries. This leads them to adopt the *hybrid governance structures*, through which a limited part of unique resources is internationalized. Favours the establishment of formal (e.g. strategic alliances) or informal relationships (e.g. knowledge network and the entrepreneur's personal relationships) in order to have complementary but not owned resources. This governance strategy does not only relieve the enterprise of unsustainable costs, thus reducing the risk level of international operations, but it also encourages the international expansion by appealing to the network of relationships with international partners (McDougall et al., 1994). However, the adoption of such hybrid governance structures significantly increases the risk related to the existence of opportunistic behaviors by partners, which sometimes may compromise the competitive advantage of the enterprise itself. In order to reduce the incidence of such inconveniences, it is necessary to create relationships between the parties based on mutual trust (Cavusgil, 1994).

Even Madsen and Servais (1997) in their study observe a wide use of hybrid governance structures by the BG firms, which leads them to lack strengthened routines and to have a low level of know-how in labour force. They are also led to live together with the possibility to take advantage of a constant flow of complementary resources coming from third enterprises, during the implementation of the business management. The authors propose two paths to get to this. The former path consists in acquiring the necessary competences from highly qualified employees. The employment of individuals with a high scientific knowledge level increases the level of business competences and the competitive capability of the enterprise. The latter, consists in using a hybrid governance structure, especially to monitor the distribution channels.

Flexibility and Niche markets

In light of the global context defined thus far, in which the economic and financial instability can be observed, the demand is increasingly growing, complex and demanding, while the competitive influence of the company is even higher. If small-sized enterprises are willing to successfully compete in the global competitive arena, they need a high *flexibility of response* level within their inner organizational framework (Oviatt and McDougall, 1994; Cavusgil, 1994, 1999; Knight and Cavusgil, 1996, 2004, 2005, 2009). This leads them to promptly evolve and adapt to the changing dynamics of the international market (often playing a visionary and exploratory role in emerging and border markets), and placing themselves within global market niches. That is to say controlling defined yet transverse geographical market segments.

As for the BGs, the *niche markets* are opportunities for a rapid international growth (Rennie, 1993). Cavusgil (1994) states that the widespread Born global Phenomenon is ascribed to the manifestation of these two phenomena in the '90s: (1) *small is beautiful* and (2) *gradual internationalization is dead*. The former stresses the firm size. Being young and newly established entrepreneurial initiatives, the BG firms are characterized by reduced dimensions which allow them to operate in global niche markets protected from the influence of big and strengthened international competitors. The latter instead, emphasizes fact that the international growth of the

enterprise does not occur in a sequential and linear way in the globalization era. In order to be successful, any enterprise needs to be proposed to the world considering the internationalization process as its immediate strategy.

Luostarinen and Gabrielsson (2006) state that the BGs are forced to be focused on micro-segments of clients in order to prevent the great international competitors from defeating them. This implies two aspects: “working on highly specialized niche products” and “determining the target client segment from the beginning”. These two researchers conclude their contribution with the following sound bite: *Globalize or Die, rather than Globalize and Die* (p. 796).

This *serial entrepreneurial approach* to foreign markets (Zucchella, 2001) is configured as the coherent orientation between small-sized businesses and global strategy. In fact, it provides a highly flexible internal organizational structure aimed at serving a limited international segment rather than the global market. Therefore it serves a client niche with similar features in different foreign markets, which is the so-called *global clientele*.

The high-quality product

Even in the early '90s there are different contributions revealing the existence of a positive correlation in the relation between the rapidity of the internationalization procedure and the offer in the market of high-quality innovative products (Rennie, 1993; Cavusgil, 1994).

According to Madsen and Servais (1997) the young international enterprises need to compete for quality and for the value of the offered product, realized through the use of advanced technology. This allows to keep their clients faithful with products and services beyond their expectations, thus being able to widely fulfill the expressed needs (Knight and Cavusgil, 2004).

Sharma and Blomstermo (2003) agree on this statement, arguing the BGs sell their products defined as “totally new” or “radically different” compared to the widely accessible products in a given sector.

Jolly et al. (1992) have a different opinion. The authors argue that the priority for a BG firm is to create a highly standardized product, in order to obtain and strengthen its own competitive advantage in reference markets as quickly as

possible. This is due to their inability to make use of a multi-domestic approach, which is typical of multinational companies.

Being dependent on the single product, the BG firm is limited to sell in leader markets that, as such, provide the expansion and a rapid access to the market.

The Environment

Business areas

There are different opinions regarding the *distinctive habitat* of a BG firm. Some emphasize high-tech industries (Autio et al., 2000; Luostarinen and Gabrielsson, 2006), whereas others indiscriminately recognize the possibility to trace multiple cases in different market areas (McDougall et al., 1994).

Although the BG firms presence was observed even in low-tech sectors, such as the clothing sector (Gabrielsson and Pelkonen, 2008), they are especially present in sectors in which there is an advanced technological progress and a high additional value of what is realized (e.g.: e-commerce, design and ICT). It is no coincidence they are defined as global innovators, as they trade new products or identify new approaches in the international way of doing business.

According to Luostarinen and Gabrielsson (2006) the BG firms are present in at least five business areas: (1) high-tech, (2) high-design, (3) high-service, (4) high-know-how and (5) high-system businesses.

Knight and Cavusgil (1996) agree on such assumptions. These two authors ascribe the highly innovative level of the BGs to their respective capabilities, such as the entrepreneurial orientation and the international marketing. Specifically, they hold what is defined the *global technological competence*. That is to say the ability to create better products and to significantly increase those already existing, and to make the production processes more efficient (Knight and Cavusgil, 2004).

The Global Strategy and Vision

Package deal versus Grasping opportunities

BG firms are characterized by a strong global vision from the beginning.

A *global strategy* is defined as “one in which a firm seeks to gain competitive advantage from its international presence through either concentrating

configuration, co-ordination among dispersed activities, or both” (Porter, 1986, p. 20).

According to Jolly et al. (1992) the global strategy comes from the combination of the entrepreneur’s business idea and the creation of a highly innovative product capable of originating new technological paradigms. According to the authors, there are seven business policies that allow the implementation of the global strategy: (1) acquiring a global vision from the beginning; (2) selling a high-quality innovative product; (3) creation of standardized products; (4) penetrating many markets rapidly; (5) making investments abroad; (6) importance of follow-on products, and finally; (7) the organization should be tightly networked and global. However, if adopted separately these guidelines do not allow the enterprise to assume a strategic and global point of view. Therefore the above mentioned action plans must be considered as a *package deal*, to be taken into account when deciding to embark for overseas markets.

Oviatt and McDougall (1994) define the *Global start-ups* (the most radical expression among the INVs) as enterprises that “*proactively act and capture opportunities in international markets by acquiring and selling products in numerous countries ... they appear to have the most sustainable competitive advantages due to a combination of historically unique, causally ambiguous, and socially complex inimitability with close network alliances in multiple countries*” (p. 60). Unlike the contribution made by Jolly et al. (1992), the authors dwell on different global guidelines: “*1) Organizational formation through internalization of some transactions, 2) strong reliance on alternative governance structures to access resources, 3) establishment of foreign location advantages, and 4) control over unique resources*” (Oviatt and McDougall, 1994, p. 45).

The early-follower versus the first-mover

The study of the access timing in foreign markets is an additional element to define the BG firm phenomenon.

The so-called *late entrant* enterprises have an “inactive” attitude towards what occurs in foreign markets. Indeed, their so-called stimulated internationalization process, is triggered by environmental stress that generate within the reference sector. According to Bell (1995) the main external drivers pulling the enterprise to

the internationalization are: client followership, sectoral targeting and industry trends.

The *early-follower* enterprises demonstrate instead a “reactive” attitude, as they consider the internationalization process as a strategic business target. The respective international growth is therefore the result of a deliberate planning made by the entrepreneur.

Finally, the *first-movers* (pioneers) are enterprises that, through a “proactive” behavior, supervise the international context and change the competitive dynamics of those market industries in which they operate. The internationalization is an inborn aspect of their DNA. As early as in the ex-ante phase (before its actual establishment), the entrepreneur provides the enterprise with all the necessary resources, skills and competences to operate in the global competitive arena.

BG firms are characterized by the ability to find the perfect balance between the need to rapidly internationalize themselves in foreign markets, and the global attitude of the entrepreneur who perceives the world as a target market. This leads them to adopt the access timing in foreign markets typical of first-mover firms. In fact, the BG firms start the competition as early as in the first phase of technological development, offering different products with highly innovative standards (Rialp et al., 2005).

They comply with the imperative of today’s businesses: reconfigure or be reconfigured. Hence, their attitude is aimed at controlling market areas in which there is a constant reintegration or disintegration of the current businesses, in limited times and across the national borders.

Unique resources

A global strategy cannot be put into effect without the *unique resources* control. According to the Resource-Based View, such resources can be defined as the business assets owning the so-called *VRIN attributes*: Valuable, Rare, Inimitable and Non-substitutable (Eisenhardt and Martin, 2000). Knowledge is considered as the most important resource (Grant, 1996), especially in the early stages of the internationalization process (Kobrin, 1991). It is defined as the *core invisible asset* allowing the enterprise to develop peculiar resources and business skills in foreign

markets, in order to rapidly increase and strengthen the sustainable competitive advantage (Teece et al., 1997). However, knowledge is also considered as the ability to maintain the property on it. Thus, it is essential to elaborate an appropriate *regime of appropriability* within the reference sector, especially for a start-up (Oviatt and McDougall, 1994). Unfortunately, the current rapid development of information technologies and ICT makes it quite impossible for a small enterprise to have the prerogative on a given knowledge over a long period of time. Of course, their high presence is one of the key aspects of the diffusion of the Born global Phenomenon, but it is also a double-edged sword, because if a BG firm is not placed in a central position within the relational network. It is not able to possess the necessary flow of knowledge to obtain a sustainable competitive advantage.

According to Oviatt and McDougall (1994) the establishment of strategic alliances allows the young international enterprises to acquire *overseas unique resources*, as marketing and production capabilities.

Organizational strategy initiatives

According to Knight and Cavusgil (2004) the successful global strategies for a BG firm derives from the joint participation of the following elements: (1) global technological competence (innovation differentiation); (2) distinctive product development (segmentation differentiation); (3) quality focus (products service) and; (4) leveraging foreign distributor competences (marketing differentiation).

The development of unique products increases the client's loyalty and reduces the number of direct competitors. Focusing on quality and global technological competences allows to develop products capable of fulfilling or even overcoming the expectations of potential buyers. In addition to this, BG firms can compensate for the lack of tangible resources (both financial and human resources) by establishing strategic alliances with international operators, especially in the early stages of the rapid internationalization process. Cavusgil (1994) focuses the attention on long-term strategic agreements as an instrument able to create relationships of mutual trust.

Based on the interaction amid the above mentioned four elements, it is possible to backtrack the following types of BG firms (Knight and Cavusgil, 2005):

(1) international entrepreneurial orientation; (2) technological leadership; (3) differentiation and focus, and; (4) generic strategies.

The classification of the BGs based on the *global organizational strategy* used, explains that the entrepreneur of an organization reflects the performance of the organization itself. Those entrepreneurs that follow a global strategic orientation recognize the importance to have a proactive and innovative operational approach to the foreign markets (Knight and Cavusgil, 2005).

The International Market Approach

The opportunity distance

Considering the psychic distance as a source of competitive advantage for the enterprise, rather than a limitation to its international expansion, means to consider the entire management process of the business not as a function of the related costs and effects perceived in different countries/markets, although as the intrinsic potentiality of a business view that considers the global context as the only reference market (Pavione and Pezzetti, 2014).

In this perspective the *opportunity distance* represents an alternative standard to the psychic distance. A broader meaning is ascribed to the construct in order to understand, both the aspects of the opportunity related to the distance between countries/markets, and the impacts on strategic decisions in the prediction of a consolidation of the competitive advantage in the enterprise itself. Indeed, the existence of a high psychic distance does not necessarily prevent the entrepreneur from deciding about the internationalization, but it can modify the configuration and the rapidity of the growing process with foreign countries. On the contrary, the lack of perceived opportunities can cause the interruption of such process. As a consequence, the entrepreneur's ability to understand the opportunities in foreign markets represents the actual flywheel that drives the international expansion procedure.

Therefore the opportunity distance, seen as the driving force behind the decisions about the internationalization process (both in terms of locationing and entry modes in foreign markets), allows to assume a new interpretation that considers the subjective matter as the focus of the decision-making process, turning the restriction distance into potential advantage. This is the case of the Born global

Phenomenon, where the concept of opportunity distance is mainly influenced by the entrepreneur's previous experience and relational network. Such elements give the BG firm the ability to identify and consequently take advantage of the opportunities manifesting outside of the national borders.

The interpretation scheme proposed by Ghemawat (2007), identifies the management of differences among the countries as the main challenge undertaken by the enterprise in international expansion processes. The author sees the psychic distance as the opportunity to seize in order to support the growing process, rather than the hurdle to the internationalization. In particular, the exploit of differences among countries (cultural, linguistic, geographic, economic, etc.), if properly managed, allows the accomplishment of a competitive advantage through the specialization of the business activity on an international scale.

The initial and post-entry speed

As shown in the **Table 2.3**, multiple combinations are available among the different parameters utilized to ascribe the entrepreneurial reality to the Born Global Approach. Depending on the setting we want to use, sometimes it is possible that a BG firm cannot be defined as such from the beginning. When this occurs, the internationalization process may be split in two different stages: *initial-entry* and *post-entry*. This temporal distinction allows us to determine how the speed of international expansion impacts on the growth of a BG firm.

It is not easy to define the *initial-entry speed*, since the same concept of BG has changed over time due to the change and the evolution of the business internationalization (continuously in evolution), arising different peculiarities time after time. In general, some authors evaluate the initial speed of international expansion in connection with the first approach to foreign markets (Autio et al., 2000; Oviatt and McDougall, 2005; Morgan-Thomas and Jones, 2009). Whereas the scholars of the International Entrepreneurship suggest the early internationalization must not be considered as an "event" but rather as a "process", and thus, an attitude (actions and events) that has been approved by the entrepreneur over time (Jones and Coviello, 2005; Mathews and Zander, 2007).

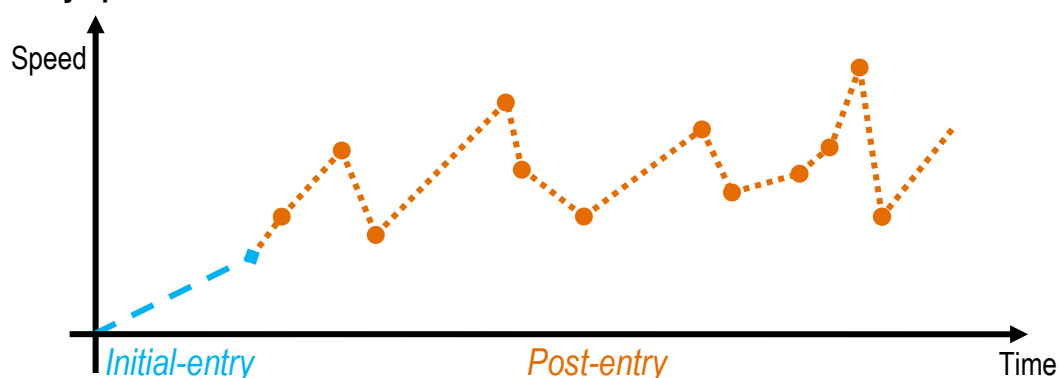
The *post-entry speed* instead, is defined as "*the pace of international expansion of a new venture once it has become an BG*" (Prashantham and Young,

2011, p. 277) and “*open to almost infinite variation and disaggregation*” (Mathews and Zander, 2007, p. 395). The factors that influence the post-entry speed are barely present in the initial-entry speed. It is more likely that they arise at a later time.

A deceleration of the post-entry speed occurs when the initial technological advantage owing to its first-mover nature slowly starts to decrease, and when deciding to move from exports to more complex forms of internationalization. The BG is able to gain speed during its international growth while strengthening a new strategic-organizational balance in its operating mode with foreign countries.

As said before, the BG has an entry timing in foreign markets which is typical of first-mover enterprises. This leads the BG firm to operate in those industries characterized by an uneven trend, where moments of frantic speed (disintegration periods) are followed by low-speed moments (periods of business restoration), with a different intensity and duration each time. However, we need to specify the periods of restoration require a defined time-span, without which there would be the actual risk of not being able to stay ahead with the sudden technological development of the industry, being consequently eliminated from the global competition.

Figure 2.4 — Example of internationalization Born global firms: initial and post-entry speed



Source: Personal elaboration from Oviatt and McDougall (2005), Prashantham and Young (2011)

The above figure reports a possible trend of internationalization process of a BG firm. Which is divided into the period of time in which a BG firm cannot be defined as such (initial-entry) and the step in which it is able to flaunt such a denomination (post-entry).

While the “Speed” variable along the Y-axis refers to “*how rapidly are countries entered that are psychically distant*” (Oviatt and McDougall, 2005, p. 541), the “time” variable on the X-axis indicates the temporal continuum through which the internationalization process is developed.

The trend of international expansion of a BG firm is irregular, where moments of disintegration are followed by moments of reintegration of the business. Every time, the speed of internationalization of the enterprise as well as the duration of the different periods change. The intersection of different straight lines corresponds to those moments in which the change of intensity, in terms of evolution of the internationalization process, occurs.

The real challenge for a BG firm takes place in the post-entry phase, especially in disintegration periods. During which it needs to rapidly gain knowledge (in order to allow its technology to achieve a new technological step), expand its network of relationships (in order to limit even more the permanent restrictions related to the liability of foreignness, smallness and newness) and increase the served market penetration (through the implementation of clients and the extension of served foreign countries) (Jones and Coviello, 2005).

The contingencies that most of all affect the post-entry speed are summarized as follows:

- foreign country effects; the psychic distance perceived in different countries/markets, certainly plays a key role in the speed of the internationalization process.

For those BGs in possession of a *domain-specific knowledge* (e.g., the ones specialized in market niches), the psychic distance turns into an opportunity distance and (conversely) the speed of the internationalization process of the enterprise experiences a strong and unexpected acceleration as well.

- home country effects; the size of the domestic market is able to influence the speed with which the phase of post-entry takes transnational characteristics (Preece et al., 1999). Madsen and Servais (1997) highlight the importance of the size of the market for the enterprises that operate globally. Stating that countries with reduced domestic markets are the most attractive destinations for the BG firms. In a subsequent elaboration the two authors go further (Moen

and Servais, 2002), stating that in big domestic markets the BG firms are concentrated in high-tech industries. Conversely, in highly limited markets several BG firms offer products belonging to a wider industrial range.

- manufacturing versus service industries; in the related literature there are not significant differences between the internationalization process of the service and their counterparts engaged in production (Rialp et al., 2005).
- knowledge-intensity of the industry and firm; Autio et al. (2000) recall the attention on the positive impact that technological knowledge on sales, especially in sectors that are experiencing substantial innovation (e.g., high-tech industries) and in those that require knowledge-assimilation (e.g., professional services).
- forms of internationalization; Zahra et al. (2000) associate the internationalization modes that require a high level of commitment, both economically and organizationally, to a faster technological learning.
- firm-specific factors; these include first mover vs. follower advantages (Rialp et al., 2005), imitability effects and (Autio et al., 2000), push/pull or proactive/reactive motivations.

The export percentage

The *time lapse* in the internationalization process is the typical aspect of all the enterprises that decide to expand their business activity abroad. However, in the BG firms study the time lapse has a key-role, as it is considered as one of the key-parameters capable of defining the strategic-organizational limit lines of its specific operating mode with foreign countries.

Although there is high consensus over the identification of the most appropriate criteria for determining the internationalization level of the young entrepreneurial realities, i.e the export percentage in an annual turnover. It is not the same for the one relating to the most coherent value ascribable to this share.

The main contributions reached over the time allowed to define three different orientations of thought:

- *Export value* < 25% of the annual turnover; according to Cavusgil (1994), Knight and Cavusgil (1996, 2004), Madsen and Servais (1997);

- *Export value* < 50% of the annual turnover; according to Luostarinen and Gabrielsson (2006);
- *Export value* < 76% of the annual turnover; according to Rennie (1993), Chetty and Campbell-Hunt (2004).

The globalization period

The other key parameter used to ascribe entrepreneurial realities to the Born Global Approach is the *globalization period*. However, even in this case the intense debate has not led to common purposes.

Some consider the BG firms as enterprises that start to export within the first two years of life, producing revenues of foreign sales at least equal to 80% (Chetty and Campbell-Hunt, 2004) or 76% of the annual turnover (Rennie, 1993), or only higher than 25% (Cavusgil, 1994; Knight and Cavusgil, 1996, 2004).

Further contributions describe them as business realities that produce at least 25% of their annual turnover abroad within the first 3 years of life through exports (Madsen et al., 2000). Some others must produce more than 50% of their annual turnover within the first 4 years of life (Luostarinen and Gabrielsson, 2006).

Finally, Bals et al. (2008) define them as enterprises that meet the following requirements: (1) they assume an international dimension within three years since their establishment; (2) they operate at least in five different countries; (3) they have a significant risk capital percentage of their foreign partners.

As we shall see later, exports are not the only entry mode in foreign markets adopted by the BG firms. However, being this an operationally uncomplicated and financially non-binding internationalization technique, it is also the one mainly used since it is the most appropriate to this entrepreneurial phenomenon. In practice, this is a young entrepreneurial reality, with poor knowledge of the contexts beyond national borders and a clearly weak financial position and assets, which is still lacking a strengthened business routine as well as a well-defined cultural identity.

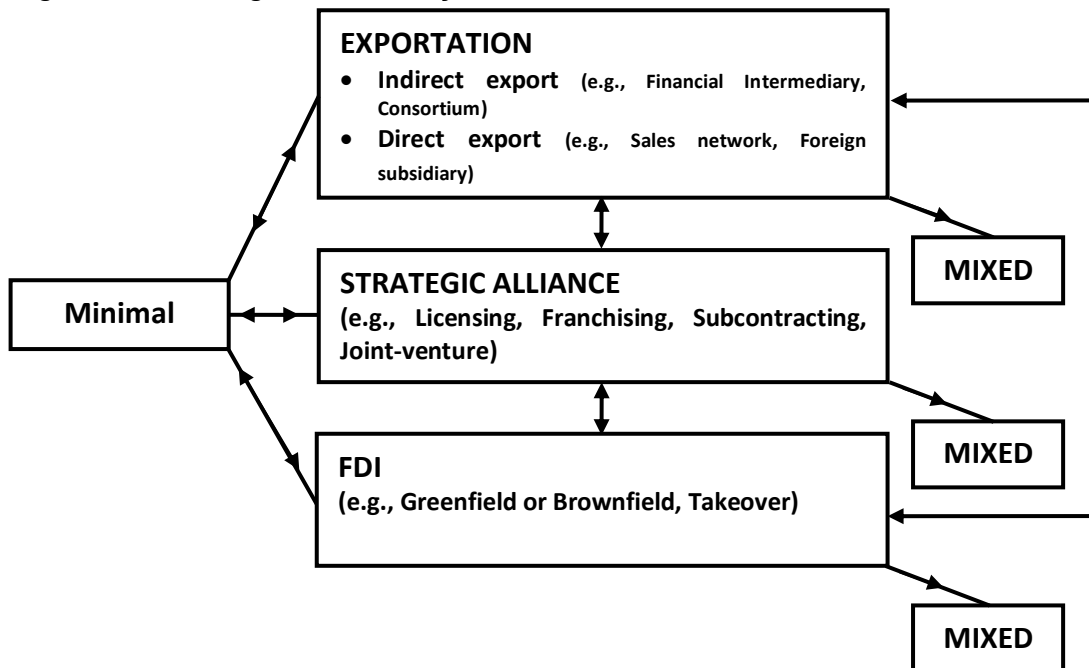
The following table summarizes the different setting of the *export percentage* and *globalization period* parameters, proposed over time by the extended and diversified literature of BG firms.

[Appendices: Table 2.3]

Forms of internationalization

The ways in which an enterprise can be internationalized are multiple and involve a different level of financial and organizational commitment, as well as greater or lesser rooting in the served foreign markets. Ordering them from the less complex to the most structured form, the indirect exports and the foreign Direct Investments (FDIs) are placed at the extremes. In the intermediate position there is a wide range of techniques that are based on the peculiarities of either, because of their different level of intensity.

Figure 2.5 – Foreign Market Entry Modes



Source: Personal elaboration from Buckley and Ghauri (1999)

As for the BG firms, there is a large consensus in literature (Rennie, 1993; Oviatt and McDougall, 1994, 1997, 1999; Knight and Cavusgil, 1996, 2004; Madsen and Servais, 1997) over the recurring use of entry modes in those foreign markets that are not operationally complex and financially binding, so that they can have the hybrid governance structure previously mentioned.

The export technique is the most used internationalization form by the BG firms. Their bond is so strong the exported percentage of the annual turnover is one

of the key-parameters to ascribe (or not) the entrepreneurial realities to the Born Global Approach.

The main benefit of this technique is connected to the demand of very restrained costs and times of implementation and, moreover, it is not necessary to enter the foreign market with their own systems. This enables the exports to be a less risky and easily reversible internationalization mode. At the same time it is not possible to establish locational and widespread relations within the served foreign markets, followed by the enterprise ineptitude to promptly adapt to constant changes in the needs and tastes of the local demand, thus having a high probability of creating a product which could be not able to meet the expectations.

An additional form of internationalization adopted by the BG firms is the one related to the stipulation of strategic alliances (McDougall et al., 1994; Oviatt and McDougall, 1994; Cavusgil, 1994). In this case, the enterprise has the possibility to penetrate the foreign markets with a hardly achievable (or inconvenient) intensity through a mere individual initiatives, while keeping a hybrid governance structure. The establishment of such relationships appeals to the entrepreneur's network of contacts with international partners.

Lacking a global business model based on the single enterprise, this entry mode encourages the partners to make use of a forceful internationalization strategy (Jolly et al., 1992).

However, the use of strategic alliances as a form of internationalization significantly increases the risk related to the observation of opportunistic behaviors among the involved partners. For this reason, it is necessary to create long-lasting and strong bonds based on a mutual trust (Cavusgil, 1994).

In conclusion, the strategic agreements can be reasonably considered something between the exports and the FDI, as they combine the advantages of structured forms with the flexibility typical of commercial modes.

2.5.2) Chronological Evolution of the Born Global Approach

While tracking the evolutionary path of the Born Global Approach, we made use of the key-parameters above mentioned. The emphasis on the criteria that have been adjusted over time, allows us to determine the different paths and the

multiple perspectives of investigation adopted, which have always highlighted new peculiarities of the phenomenon.

[Appendices: Table 2.4]

2.6) CONCLUSION

In this chapter, we have underlined that in the last decades, in conjunction with the globalization, *new ventures internationalize* have been established, exceeding the traditional multistage and sequential-gradual model of internationalization. Thus widening the range of possible modalities, motivations and strategies of the internationalized enterprises.

In this regard, one of the most striking cases is the one of the Born global Phenomenon. The enterprises, from the beginning, consider the internationalization as the main strategic purpose of the company (strict definition of Born global firm). This is due to the fact that the entrepreneur is encouraged by a strong global vision leading him to consider the global context as the only reference market. In order to penetrate foreign markets even before establishing in the domestic market. Their intense international activity is characterized by a high propensity to export and, with a lower level, sign trading or technical-productive agreements (e.g., licensing, franchising, subcontracting), or more structured cooperation projects (e.g., joint-ventures).

The international approach of a BG firm is proposed as a “challenge” to the theories of the traditional models, thus weakening the role of the experiential knowledge in choosing foreign markets and entry modes. Nowadays, the Stage Approach and the Born Global Approach represent the two ends of a continuum, populated by a plurality of intermediate Theories of Internationalization that are based on the peculiarities of each, due to a different level of intensity.

CHAPTER 3 – A DEFINITION OF THE RESEARCH SUBJECT: BORN GLOBAL AND IMMIGRANT ENTREPRENEURSHIP

SUMMARY: 3.1) INTERNATIONAL ENTREPRENEURSHIP - § 3.1.1) *Development and Diversity in Firm-Level Internationalization Concepts* - § 3.1.2) *Immigrant & Ethnic Entrepreneurship* - § 3.1.2.1) *Advancements of Research on the Ethnic Entrepreneurship* - § 3.1.2.2) *Different Types of Immigrant & Ethnic Entrepreneurship* - § 3.2) KEY TERMS DEFINED: BORN GLOBAL FIRMS, ETHNIC FIRMS - § 3.2.1) *Definition of Born Global Firms* - § 3.2.2) *Definition of Ethnic Firms* - § 3.2.3) *A Taxonomy of the Entrepreneurship Mix Between Born Global and Ethnic Firms*.

3.1) INTERNATIONAL ENTREPRENEURSHIP

“International Entrepreneurship must be hard, because so few firms attempt it”
(Katz et al., 2003, p. 43)

For over twenty years, the *International Entrepreneurship* theme (IE) has caught the attention of many. The increase in the number of new ventures internationalize is crucial in shaping a view of global entrepreneurship. From small enterprises with a proactive and intense foreign growth to emerging enterprises that start international activities from the beginning, as well as the strong development of the immigrant entrepreneurship.

The growing weight of small and young enterprises in the framework of the internalization processes (starting from the beginning of the globalization era) induced many experts of the field, policy makers and operators to take into careful consideration the nature of phenomena that appear different but have in common the dimension of IE.

An intense, vibrant academic debate has enhanced the cognitive sphere of the IE since the publication of the early essays at the end of the ‘80s¹¹. The main definitions of IE that were formulated over the time are chronologically reported below, in order to frame the state-of-the-art of the research. Resulting in multiple perspectives and angles of study, as well as multidisciplinary analysis that underlined, time after time, new peculiarities of this manifold field of investigation.

¹¹ The term was coined by Morrow in 1988; however, only with the empirical work made by McDougall (1989), one year later, it started to be studied academically.

Table 3.1 — A chronicle development of selected definitions of International Entrepreneurship

Publication	Definition of International Entrepreneurship
McDougall, 1989 (p. 389)	<i>"The development of international new ventures or start-ups that, from their inception, engage in international business, thus viewing their operating domain as international from the initial stages of the firm's operation"</i>
Zahra, 1993 (p. 9)	<i>"The study of the nature and consequence of firms' risk-taking behaviour as it ventures into international markets"</i>
Oviatt and McDougall, 1994 (p. 49)	<i>"...a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and sale of outputs in multiple countries"</i>
McDougall and Oviatt, 1997 (p. 293)	<i>"New and innovative activities that have the goal of value creation and growth in business organizations across national borders"</i>
Oviatt and McDougall, 2000 (p. 903)	<i>"...a combination of innovative, proactive and risk-seeking behavior that crosses national borders and is intended to create value in organizations ... the study of International Entrepreneurship includes research on such behavior and research comparing domestic entrepreneurial behavior in multiple countries"</i>
Knight, 2000 (p. 18)	<i>"It is associated with 'opportunity seeking', 'risk taking', and 'decision action' catalyzed by a strong leader or an organization"</i>
Knight, 2001 (p. 159)	<i>"The firm's overall proactiveness and aggressiveness in its pursuit of international markets"</i>
Dimitratos and Plakoyiannaki, 2003 (p. 189)	<i>"...an organization-wide process which is embedded in the organizational culture of the firm and which seeks through the exploitation of opportunities in the international marketplace to generate value"</i>
Jones and Coviello, 2005 (p. 289)	<i>"...[an] evolutionary and potentially discontinuous process determined by innovation, and influenced by environmental change and human volition, action or decision"</i>
Oviatt and McDougall, 2005 (p. 7)	<i>"The discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services. It follows, therefore, that the scholarly field of international entrepreneurship examines and compares – across national borders – how, by whom, and with what effects those opportunities are acted upon"</i>

Publication	Definition of International Entrepreneurship
Coviello and Cox, 2006 (p. 113)	<i>"A key consideration in International Entrepreneurship research is to understand how networks enable the INV to acquire and mobilize resources for early internationalization"</i>
Zucchella and Scabini, 2007	Authors report examples of International Entrepreneurial Organizations and posit that an organization is entrepreneurial not just because it is newly born but because it can demonstrate its possession of entrepreneurial capabilities over time. Then they propose a resource based-capability framework for International Entrepreneurship
Karra et al., 2008 (pp. 441-442)	Authors posit that <i>"the best definition of International Entrepreneurship is one based on international resources configurations"</i> and <i>"International Entrepreneurship involves building competitive advantage by developing complex international resources configuration"</i>
Keupp and Gassmann, 2009 (p. 603)	Authors emphasize the need for studies in International Entrepreneurship that <i>"are grounded in frameworks from entrepreneurship theory"</i>
Jones et al., 2011	Authors explore the domain of International Entrepreneurship by the process of thematically mapping, organizing and assessing the intellectual territory of the domain identifies rich theoretical potential rather than theoretical paucity
IE-scholars.net¹², Wach and Wehrmann, 2014 (p. 13)	<i>"International Entrepreneurship sits at the intersection of two areas (international business and entrepreneurship) and labeling itself as its own field of research is still relatively new and still evolving ... International Entrepreneurship is the creation of economic value through cross border entrepreneurial activity"</i>

Source: Zahra and George (2002), Zucchella and Scabini (2007) and Personal elaboration

The evolution of this young and dynamic research path is composed of two distinctive historical phases.

Between the early '90s and the beginning of the current century, there was high uncertainty in academic literature, due to the widespread belief according to which the theoretical-conceptual limits between the International Business (IB) and the typical research on the Entrepreneurship (ENT) are well-defined.

¹² Ie-scholars.net is a virtual community for scholars interested in IE. It facilitates sharing of resources, expertise and knowledge on a global scale. Their main objective is accelerate the development of ideas and approaches to key theoretical, methodological and empirical issues in IE.

The prevailing school of thought in this period argues that the two themes of investigation traditionally have developed in areas rarely intertwined (Oviatt and McDougall, 1994). If IB studies have focused on large and well-established multinational enterprises, the researches of ENT have extensively debated the issue of the creation, organization and development of new business activities mainly in the domestic market.

However, in this period of time the IE still lacks an adequate time-tested, as the first studies are dated back to the late '80s. According to some academics (Low, 2001; Busenitz et al., 2003), this is the reason why in the past such a phenomenon was considered elusive and impossible to be included in a well-defined theoretical and conceptual framework.

If in the early '80s this is one of the most promising fields of inquiry, only ten years later the IE becomes a licit academic field in every aspect but one: "*It lacks of a substantial theoretical foundation*" (Bygrave and Hofer, 1991, p. 13). The well-known economist William Baumol (1993) writes: "*The entrepreneur is at once one of the most elusive in the cast of characters that constitutes the subject of economic analysis*" (p. 2).

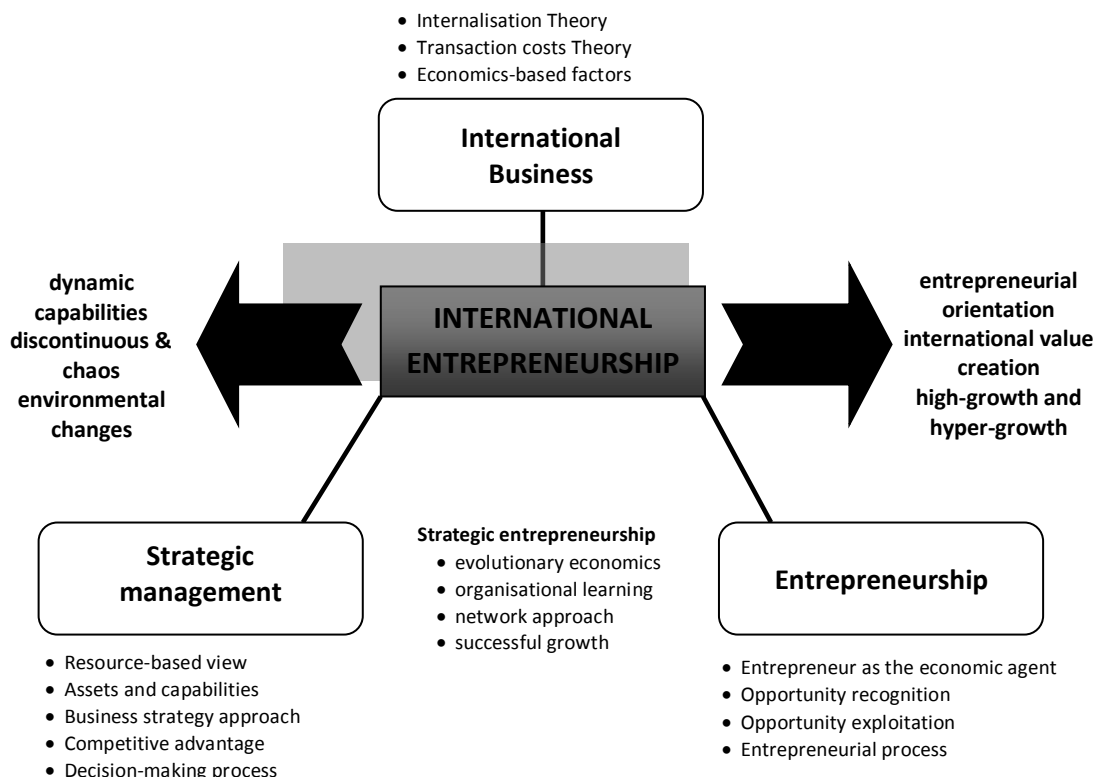
Nevertheless, in the last decade, it has been strengthened the belief according to which the IE is the continuation of the IB (Zahra and George, 2002; Keupp and Gassmann, 2009). This is due to the fact that, with the beginning of the globalization era, their respective demarcation has progressively eroded (Dana and Wright, 2009; McDougall-Covin et al., 2014), to the point that the IB researchers no longer can afford to ignore the growing power of small enterprises in international competitions, neither the ENT researchers can overlook the different approaches to the internationalization of the market.

One of the first signals of the transition across the two different awareness phases was the re-elaborated version of the first definition of IE made by Oviatt and McDougall in 1994 (2005). The authors admit that they were not sufficiently focused on the relationship between ENT and IB at that time. In the new version they conceptualize the IE as: "*The discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services. It follows, therefore, that the scholarly field of international entrepreneurship examines*

and compares – across national borders – how, by whom, and with what effects those opportunities are acted upon” (Oviatt and McDougall, 2005, p. 7).

In this second phase, the International Entrepreneurship is considered a discipline that crosses across the International Business and the classical Theory of Entrepreneurship research, with different implications for the Strategic Management as well (Young et al., 2003; Autio, 2005; Coviello et al., 2014).

Figure 3.1 – International Entrepreneurship as the amalgamation of three fields



Source: Zucchella and Sciabini (2007)

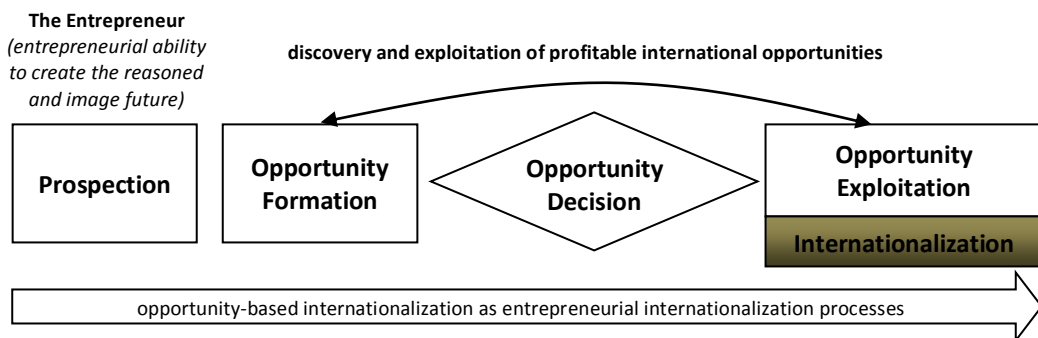
Analyzing the statements above, we can deduce the IE can be investigated through a dichotomous approach. On the one hand, it is investigated as a research field within the Theory of Entrepreneurship and International Business, on the other hand, as an independent discipline. Today, this last orientation is becoming more and more predominant. We can see the evidence of this in the most important scientific journals¹³, in which, especially after 2010, the number of publications in the section “International Entrepreneurship” significantly increased.

¹³ For example, *Journal of International Entrepreneurship*, *International Business Review*, *Journal of International Business Studies*, *Journal of Business Venturing*, *Entrepreneurship Theory and Practice*,

The clear distinction as a flow of knowledge is fully validated especially in the following research fields (Wach and Wehrmann, 2014):

- *creative process of recognition and exploitation of opportunities in foreign markets* (focusing on the behavior of international entrepreneurial actors); the main purpose of the study is related to the creation, management and development of small, young and new ventures internationalize. Thus the attention is focused on the early stages of the internationalization process, in which the high degree of creativeness, innovation and entrepreneurship is all that matters.

Figure 3.2 — The Internationalization process in the International Entrepreneurship



Source: Oyson and Whittaker (2010)

- *international studies and comparative research in the field of entrepreneurship* (focusing on the comparative analysis of entrepreneurship in different national contexts); in this setting of investigation there are comparisons between internationalization processes at a Country level, where the entrepreneurship is positioned as the key-purpose of the study (e.g. GEM – Global Entrepreneurship Monitor).

3.1.1) Development and Diversity in Firm-Level Internationalization Concepts

Previously, we widely examined the Theories of Internationalization that allow us to emphasize the international involvement of small and medium sized

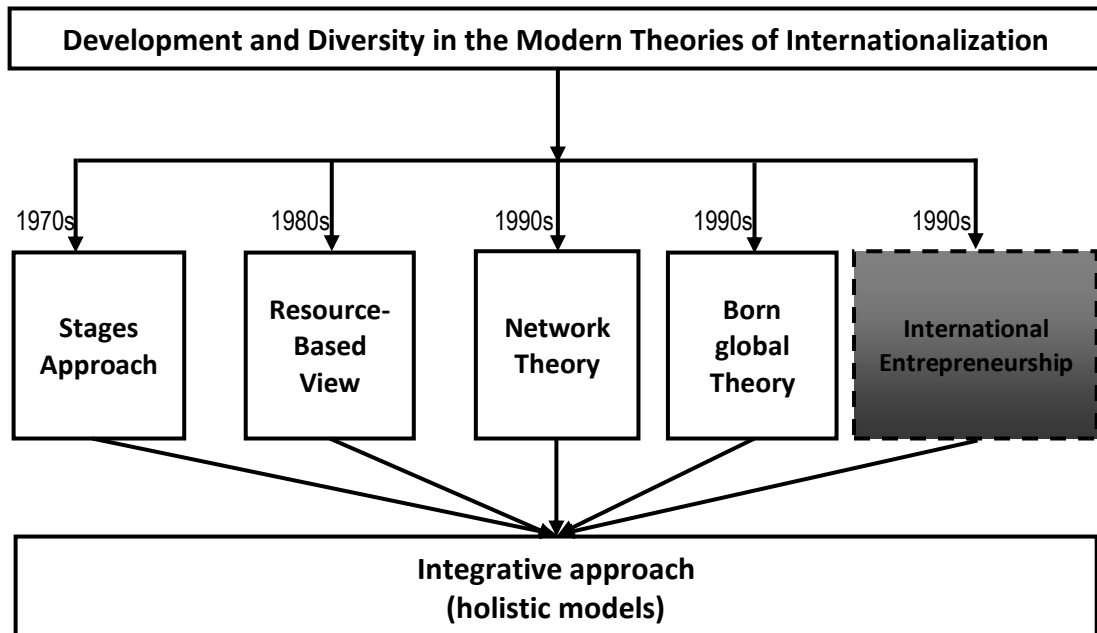
Small Business Economics, Academy of Management Journal, Journal of International Management, Journal of International Review, Journal of International Marketing, International Marketing Review, Journal of World Business, Strategic Entrepreneurship Journal, International Journal of Entrepreneurial Behaviour & Research.

enterprises. In particular: the Stage Theory, Resource-Based View, Network Theory and Born Global Approach.

The purpose of this paragraph is to arrange the theme of International Entrepreneurship within the borders of the business internationalization research.

Considering the four theories as a temporal progression in terms of complexity of the proposed patterns and models, as well as new concepts, approaches and formulated ideas, we can adapt the work made by Wach and Wehrmann (2014) to the aims of our investigation. The authors identify six main areas of research as well as the related models of internationalization, by following a gradual path from the Stage Approach to the so-called Holistic models.

Figure 3.3 — Main approaches to firm-level internationalization



Source: Personal elaboration from Wach and Wehrmann (2014)

The academic debate about the business internationalization was brought to prominence in the mid- '70s by studies demonstrating a Stage Approach internationalization process (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977, 1990). These contributions consider the internationalization as a procedural activity, thus as a series of sequential stages to be undertaken by the enterprise while developing abroad. Each stage of the process can be interpreted as a necessary precursor of the next stage, in a sort of incremental progression.

Although the traditional models of internationalization essentially focus on explaining the sequential foreign growth of big multinational companies, they also clear the way for the study of internationalization processes of small and medium sized enterprises. Furthermore, despite the negative opinions that have led considerable researchers of the Stage Approach to reformulate the original conceptual framework (Johanson and Vahlne, 1990, 2003, 2009), it is still a widely used theory in different worldwide research areas.

Even the Resource-Based View (RBV) has undergone several changes in its original conceptual framework over time. This is ascribable to the fact that, compared to the '80s (period in which such a theory of internationalization was postulated) the variability of markets has increased, the demand is more mature and complex, and the dynamism of the enterprise has grown. The strategic plan is no longer considered as a process able to find resources and plan sales (Traditional Resource-Based View), but as the interaction between the enterprise and competitive forces (Market-Based View) as well as the implementation of the strategic management elements (Dynamic Capability View).

The enterprises that have a *bundle of unique resources* (e.g., competencies, knowledge, capabilities, attitudes, relationships and reputation), as a result have a higher probability to become international (Bloodgood et al., 1996).

The relation between network and internationalization instead, found its importance in the academic debate only in the last two decades (Johanson and Mattsson, 1998; Forsgren, 2008; Johanson and Kao 2010). Coviello and Munro (1997), in the entrepreneur's relation network, identify one of the key-points to allow the enterprise to rapidly internationalize. Both the knowledge network and the network of personal, trading and interorganizational relationships, allow the enterprise to: (1) take advantage of the marketing and distributive capabilities of the partners, in order to better develop their international businesses; (2) simultaneously access the knowledge market globally (local-global level); (3) build up an initial reputation, as well as reduce the costs, risks and typical entry timings in a new market. In a sense, the presence of an enterprise in a network enables the network itself to guide the internationalization process and, above all, to influence the

configuration of the investments in the market. That is to say where, how and how much to invest (Coviello and Munro, 1997).

The importance of the entrepreneur's relational network lies in the fact that it is proposed as the basis to develop knowledge through business relations.

The International Entrepreneurship is actually introduced into the internationalization theories by the Born Global View. The approach of the BG firms to foreign markets is described as *entrepreneurial* (Oviatt and McDougall, 2000), as it is innovative, proactive and risk-seeking. It is also characterized by the speed with which the company becomes international and how the business efforts are directed beyond the national boundaries right from the start-up phase (Rennie, 1993; Knight and Cavusgil, 1996; Madsen and Servais, 1997). In other words, there is a strong connection between the IE and the Born Global Approach because entrepreneurship is a human capability reaching its highest expression in the start-up phases of the enterprise. But at the same time, especially in small-sized business realities, entrepreneurship loses much of its potential if isolated from the environmental context, which represents the global market for a BG entrepreneur.

It is also necessary to underline that the first definitions summarizing the Born global Phenomenon present close interconnections with the first studies of IE (McDougall, 1989; Zahra, 1993; Oviatt and McDougall, 1994). However over the time, a series of theoretical developments (Knight, 2000, 2001; Jones and Coviello, 2005; Coviello and Cox, 2006) has kept the IE at a distance from the studies on BG firms. In order to allow a more general understanding (thus preventing its premature incapability to understand and analyze the important emerging interests), but also because these two areas cannot completely overlap their investigation boundaries. While the IE is part of the research environment of the Born Global Phenomenon, the BG firms are the means of transport of internationality, but especially of business-entrepreneurship, to which the most of the study within the IE investigation is related.

In conclusion, once the IE is considered a discipline in itself, that atwart intersects the study of the IB and ENT. It is persistently attempted to make it a research area which is partly unrelated to the business age and dimension. Compared

to the past, the IE setting is not the exclusive prerogative of the BG firms, or (more generally) a prerogative of the new ventures internationalize. International business behaviors can be likewise observed in small or big, young or old enterprises, at an individual, collective and organizational level. So that in case such behaviors occur in well-established and big enterprises, we tend to use the term *Corporate Entrepreneurship*, replacing the most common International Entrepreneurship.

3.1.2) Immigrant & Ethnic Entrepreneurship

The Immigrant and Ethnic Entrepreneurship is a phenomenon as old as migrations, as old as the history of humanity which correspond to the history of migrations. As mentioned by migration historians (Palidda, 1992; Bade, 2001), there has never been economic, social, political and cultural development without the strong support of migrant élites. Whose purpose is to find possibilities to survive as well as the ambition to emancipate, improve and change elsewhere.

Particularly, in the literature of the last two decades (Portes 1995; Guercini, 1999, 2010; Colombi et al., 2002; Zhou, 2004; Kloosterman and Rath, 2010; Dei Ottati, 2013) there has been wide consensus that the ethnic entrepreneurship and self-employed migrants are becoming: (1) a critical element in the restoration processes of developed economies; (2) a powerful integration agent of emerging economies in international production and trading networks; (3) an aspect capable of increasing the competitiveness of a territorial system from inside.

Nowadays, the related field of research is placed in the interstices of multiple scientific disciplines (Rath and Kloosterman, 2000): ethnic studies, sociology, urban studies, general and business economics, economic geography, management studies, political science and policy studies.

This reinterpretation of the phenomenon is essentially ascribable to the recent changes in national labour markets as well as the considerable increase of the international entrepreneurial diaspora and a reduction of demand for unqualified ethnic labour. Such elements have led foreigners to find employment in self-employed activities (Portes, 1995). At the same time, according to other authors (Phizacklea and Ram, 1995; Kloosterman and Rath, 2010), the progressive increase in the number of Ethnic firms should be interpreted as the result of the higher number

of individuals who, in order to find sources of income and prevent unemployment, consider the entrepreneurial activity as a valid alternative to the subordinate employment.

The different contributions that, during the last years, lingered over the investigation on the foreign entrepreneurial vocation, usually refer to some recurring factors that more than others seem to contribute to the creation of this phenomenon. Some of them comply with the job offer for foreigners, whereas some others comply with the demand for self-employment and smaller enterprises, as well as the regulations and institutional conditions of the host country.

Theoretically, there are three main approaches capable of explaining the business trajectories of foreign entrepreneurs.

In the first approach, defined as *supply side*, the attention is focused on the job offer carried by the foreign individual, that is to say the basic reasons for deciding to enter in the market of self-employment (Light, 1979; Ambrosini, 1995; Zucchetti, 2002). In this regard, significant importance is assumed by the cultural element, which is the set of psychological, religious and professional factors that make some ethnic groups more inclined than others to develop independent activities.

Being self-employed, according to the interpretation named *Disadvantage Theory*, can represent a second-best solution for some foreign individuals, due to the several difficulties encountered while entering in a self-employment market (Ram and Deakins, 1996). On the one hand, this entry mode to the entrepreneurship is considered as a shelter of the labour market for those who prefer a sort of self-employment that, even if uncertain, is capable of guaranteeing a minimum income, having not found a valid occupation as ordinary workers (Kloosterman and Rath, 2010). On the other hand, it is considered as a solution for the foreigners who, entrenched in a particular social position, see the self-employment as the only possibility to escape the stalemate they are living (Levie, 2007; Ohlsson et al., 2012).

Instead, the theory of the so-called *vacancy chain* (Waldinger, 1996) sees the recurring presence of foreign entrepreneurs in sectors that are considered marginal (e.g., cleaning and care services, construction, outdoor trading, transport)

and, largely, abandoned by native entrepreneurs. In this grown segment, with a low added value and a high work intensity, in which the non-migrant entrepreneur does not enter or, more often, tends to avoid, we can observe a real replacement process of native entrepreneurs with foreign entrepreneurs. As highlighted by Ambrosini (2010), the Ethnic firm is located in the interstices of advanced economies, in the most fragmented, unstable sectors exposed to hard and risky working conditions and requested additional working hours.

The concentration in less profitable and residual sectors is further strengthened by the residential segregation that affects many ethnic communities (Barrett et al., 1996). This is followed by a vicious cycle for which ethnic minorities are confined to spatial contexts in which the competitive disadvantage is more likely to be reproduced and amplified rather than eliminated. Under these circumstances, self-employment represents a strategy of survival and adaptation, but not a strategy of integration (Light, 1984).

A further element which can mark the transition from subordinate employment to self-employment is the experience and the professionalism gained by the foreign individual *on the job*. That is to say in the same original economic sector. This path underlines the will to professionally and socially grow, as well as the increase of their status and economic position (Lombardi, 2005).

Finally, according to the New Economic Sociology, the socio-economic action of the foreign individuals is connected to the assumption of the embeddedness (social rooting). In other words, there are some areas defined as “enclaves”, in which we can observe a high number of foreign enterprises creating ethnic services and products essentially intended for consumers belonging to the same community of origin. According to Portes (1981) an enclave is characterized by the gathering of a specific ethnic group in a given geographical (often urban) location. The deep cultural-anthropological rooting in their own community¹⁴, creates opportunities to start small-sized enterprises with restricted initial costs, and somehow protected by the competition of native enterprises (Portes and Bach, 1985).

¹⁴ Due to the knowledge of the language and preferences of the clientele, as well as the access to import products, availability of low cost labour force and the widespread informality of economic and business relations.

The enclave generates opportunities but marks the limits that cannot be overcome (Ward, 1987; Portes and Shafer, 2006). The marginality of the offered services, the inadequate lay-out of the adopted organizational model, the inappropriate entrepreneurial competences and the linguistic restrictions tend to emphasize the lack in the Ethnic firm and its distance to native enterprises.

With reference to the Italian case, it is difficult to use the theoretical model of the Enclave Theory, as most of the foreigners in our country do not settle in well-defined urban areas, but in crumbling buildings cleared out by native people. Clearly, this prevents them from creating real enclaves. The infrequent cases of enclave in Italy are represented by the African and Chinese community in Milan (Breveglieri et al., 1997, 2000) and, in particular, by the Chinese community in the district of Prato (Guercini, 1999; Colombi et al., 2002; Dei Ottati, 2003, 2013).

In conclusion, the theories on the Ethnic firms, identified in the sociological research, assert such business realities differ from others due to the social framework within which they were created (Guercini, 2010).

The difference between ethnic and native entrepreneurship is not only limited to the nature of products and services, but it is also extended to the characteristics of the adopted resources (Portes and Zhou, 1992). The survival and success of the Ethnic firm are often related to the possibility to access to the resources offered by the community of origin (Bonacich, 1993; Rath, 2000). The possibility for foreign firms of appealing to economic relations integrated in steady and rooted social networks, creates a competitive advantage, especially in the start-up phase (Kloosterman and Rath, 2010). In this context, sharing the same group identity and a system of values and beliefs, along with strong social obligations and common sanctions, generates trust and reduces the behavioral uncertainty (Watson et al., 2000). Moreover, they enable the sharing of group resources and the development of forms of economic cooperation that are not viable in other contexts. Therefore, the ethnicity is a competitive advantage since: (1) it allows to access collective information; (2) it generates credit resources which could not be achieved in the formal market by non-Ethnic firms; (3) it allows to appeal to a job offer characterized by the flexibility of working hours, availability and a reasonable hourly remuneration as well as the acceptance of humble, repetitive or isolated activities

(Portes and Sensenbrenner, 1993). Relations and social capital are partly the result of the enhancement of the identification components implicit in a given community, or the result of re-elaborated cultural variables recovered in the traditions of the country of origin (Kloosterman and Rath, 2010). However, the strengthening of the social capital and the spread of collective support activities often result in being associated with the perception of a feeling of foreignness belonging to ethnic communities rather than native communities (Portes and Sensenbrenner, 1993; Portes and Zhou, 1992). As underlined by Rath (2000) the feeling of foreignness arises when a group is separated, or so believed, from the rest of the community. Therefore, the housed community's perception of the social, cultural and economic distance can generate a strengthened sense of belonging in the members of the ethnic group (Light and Karageorgis, 1994). In this context, the support could favour the creation of social capital which is in turn an important supporting factor for the establishment of new ethnic and small-sized business initiatives. In brief, when the foreign enterprise is considered as an organization with privileged access to co-ethnic resources, both material (credit, raw materials, manpower etc.) and non-material (information, social capital, relations, co-ethnic support, etc.), the distance to the mainstream enterprise seems to be further strengthened.

The second study approach, the so-called *demand side*, gives an important role to the demand for self-employment and smaller enterprises, as well as the institutional conditions and regulations of the host country.

If we separate the different aspects relating to the demand, with regards to the production pattern and related opportunities, the development of the foreign entrepreneurship is strictly connected to the current restoration process of the most developed economies (Zucchetti, 2002). This process, favouring the production decentralization towards small production units as well as the fragmentation of the local industrial pattern, allows those foreign individuals provided with initiative and professional quality skills, to become self-employed workers rather than employed workers.

Regarding the production activity, even the transformation process of the consumption patterns has increasingly been relevant over the last decades. Nowadays in globalized economies the consumer's inclinations, expectations and decisions

rapidly change. Additionally, it is observed a new demand for services by the ethnic communities themselves. These two elements contribute in the creation of more sustained productive dynamics as well as impetus to the markets (Zucchetti, 2002).

With regards to the role played by the Institutions in the development of the ethnic entrepreneurship, the regulations of the host country as well as the regulatory instruments, could favour or discourage the creation of small-sized foreign enterprises in public sectors or economic activities (Ram, 1998; Levie, 2007). Throughout history, the so-called English-speaking Countries (the USA, the UK, Canada, Australia and New Zealand), which are more oriented towards a liberalist economy, offered incentive and more favourable contexts to those foreign individuals who intended to start a business activity. On the contrary, the Countries following a more interventionist policy (Italy included) in their economic activities, demonstrated more accuracy in granting permission to the foreigners to be part of the self-employment market. Often discouraging the start of any type of ethnic entrepreneurial initiatives.

The effect of the institutional political context is relevant in the work chosen by foreign individuals, as well as the features of their social status and the regulatory modes of the economy of the host country. Indeed, the opinion according to which the repression of restrictions and barriers can contribute to increase the entrepreneurial offer, thus stimulating competitive processes and high dynamism in the market, is widely shared.

Finally there is the third line of study, defined as *mix side*, which overcomes the supply side vs. demand side dualism, mutually integrating them. Three different aspects are connected: (1) opportunities deriving from the evolution of developed economies; (2) regulatory-institutional environment of different host contexts, and; (3) socio-cultural characteristics of foreign individuals.

The main contribution to this research area is given by the so-called Interactive model (Waldinger et al., 1990), which identifies as the main factors of the ethnic entrepreneurship, both the specific structure of the opportunities adopted by foreigners to compete in the host society and the socio-cultural features characterizing the available resources in the implementation of entrepreneurial projects.

The second model instead, refers to the *mixed embeddedness* (Kloosterman and Rath, 2001), in which the essential explanatory role is ascribed to formal (laws and regulations) and informal (e.g. practices of category associations) regulatory aspects of the host context. The essential advancement in the interpretive scheme of the mixed embeddedness occurred some years later with the work made by Kloosterman (2010), in which there is higher articulation both on the offer side and on the demand side. Particularly, on the offer side the human capital variable is introduced in the individual resources of the aspiring entrepreneur. Therefore allowing to take into account the new flows of highly educated migrants and the different accessibility to the markets. On the demand side, the framework of the opportunities is divided based on the growth potential of the markets, making the difference between markets with increasing demand and those markets with decreasing demand. In order to evaluate the evolution of Ethnic firms in different economic contexts.

3.1.2.1) Advancements of Research on the Ethnic Entrepreneurship

Over the last two decades, interesting changes regarding the Ethnic firm have been reported. They seem to lead to a review of the traditional stereotype describing it as a marginal and unvarying organization, which is strongly anchored to the micro-dimension and minimization of the sunk investment (Guercini, 1999, 2010; Kloosterman, 2000; Colombi et al., 2002; Portes et al., 2002; Zhou, 2004).

While the *ethnic economy*¹⁵ represents the cornerstone of the first studies concerning this research area, the contemporary contributions split the traditional and streamlined picture of the ethnic entrepreneurship in different business models. For example, Waldinger (2000) underlines the increasing sectorial partition of foreign activities and the efforts made to link products and services of ethnic origin to non-ethnic markets and consumers. More explicit is the consideration made by Kloosterman and Rath (2010), which stresses the foreign entrepreneur in Western Countries is always present in the regular segments of production activities. Thus being active even in sectors with higher profitability and requiring a high rate of technological innovation. According to the authors such a change must be ascribed to

¹⁵ The ethnic economy can be defined as the set of entrepreneurs and self-employed workers who share the same ethnic origins, along with their co-ethnic salaried (Light, 1984).

the results derived from second generations, in terms of education and professional qualification, and to the effects of the integration policies designed over the time in the most developed economies. This can also be clarified by the recent changes in sectorial structures and in urban economies. Indeed, the launch of the market and the emphasis on the work partition within countries and well-defined industrial areas generated, both: the fragmentation in stages of multiple production processes, in which small-sized qualified enterprises (as well as Ethnic firms) successfully integrate themselves, and; the outsourcing of the stages whose identity, in specific local settings, is not considered strategic for the purposes of business success.

However, the sectorial variety of activities is not the only feature of the change made by the Ethnic firm over the last years. In the relation between enterprises we can observe a transformation of roles and a growing functional specialization within the foreign entrepreneurship (Rath and Kloosterman, 2000). Following this direction, Ambrosini (2010) emphasizes the existence of a pronounced stratification of the foreign entrepreneurship in those sectors in which it has longer operated. The result is the evidence of an increasingly marked distinction between well-established entrepreneurs with rooted activities (evolving towards wholesale or supply markets, outsourcing works to third parties in the construction subcontracting), and the newly established who are in a subordinate position compared to the latter. Such a phenomenon contributes to reduce (once again) the traditional stereotyped picture of the Ethnic firm.

In addition to the existence of new opportunities generated by the globalization and the change in the social and generational status of ethnic communities, the ongoing transformations also depend on the loss of some traditional advantages associated with ethnic entrepreneurship and economy. The competition generated by new approaches to the crowded markets of ethnic products, along with the intensification of institutional regulations, reduced the profitability of many conventional ethnic initiatives. It follows that only a limited number of enterprises is able to survive exclusively relying on co-ethnic clients. Smallbone et al. (1999) argue that the difficulty of drawing mainstream consumers in ethnic markets represents the main restriction of these markets, as well as a limit to the growth of every single respective enterprise. According to Hettlage (2008) the

compression of strategies in safe ethnic markets needs to reconsider the interpretative relevance traditionally given to the model of enclave economy. Besides, the search for new opportunities and the need to leave the congested ethnic urban niches, determined a wide geographical dispersion of the activities (Ward, 1986). The result is that the ethnic entrepreneurship has significant market shares in certain sectors, not only locally but nationally (Masurel et al., 2002).

The strategy that provides the desertion of the co-ethnic market in order to be placed in mainstream markets is commonly defined as *break-out* (Waldinger et al., 1990; Ram and Hillin, 1994). The guidelines for the implementation of break-out paths are multiple. Barrett et al. (1996) following the contributions made by Jones et al. (1992, 1993) identify three of them.

The first one concerns the approach to marginal urban markets through the start of initiatives in small-sized retail sectors (food or not), designed for the native population. The second one concerns the approach to wholesale sectors both regionally and nationally. The third one is represented by the access to non-local and/or non-ethnic markets, in which the operating spaces are relatively wide but, at the same time, the connections with the community of origin and the support of the respective social network tend to become more narrow.

The most obvious consequence of such changes is the increasing variety of the assumed organizational formulas and experiences which lead to the fragmentation of the initial uniformity of the foreign entrepreneurship in different business models. This process strengthens what Deakins (1999) defines as *pluriformity* of the ethnic entrepreneurship, which leads to an increasing heterogeneity of both strategic and organizational behaviors.

The approach to new market spaces outside the enclave economy, also determines a less marked and exclusive appeal to co-ethnic resources. In mainstream markets, the co-ethnic community no longer plays a vital function in providing information, identifying opportunities and guaranteeing a minimum demand level. The family and community can continue to transfer work resources and capitals, but losing the previous characterization as mainstay for the ethnic entrepreneurial initiative (Barrett et al., 1996). It is observed that more space is attributed to the establishment of relationships with non-co-ethnic entrepreneurs, formal institutions of representation of economic interests and professional consultation (Amin, 1995).

Moreover, there is the possibility to overlap family and community networks of the entrepreneur with new economic and social links to local realities and the most copious ethnic groups of the local area. This way, Hillmann (1999) argues that being in community networks turns out to be a restriction to the business growth and a limit to the ability of identifying and consequently taking advantage of the opportunities occurring in the reference market. Thus, beyond the borders of the belonging ethnic group there are more possibilities to establish and recognize their activity.

Along with the decrease of co-ethnicity in foreign entrepreneurial initiatives, even the motivations that encourage the foreigners to start their new business tend to be modified. The survival purposes and the reactions to disadvantage conditions in the labour market in which the foreigners often lives, are replaced by status, profit and growing purposes (Barrett et al., 1996). In this sense, the authors underlined that, over the time, the motivations encouraging a foreign individual to be an entrepreneur align with the motivations of the local population, such as the search for independence, the will to remove the condition of hierarchical subordination and the desire to carry on their own projects (Masurel et al., 2002).

On the one hand, the loosening of dependence on community relationships, the emergence of standard entrepreneurial motivations and the approach to non-co-ethnic markets, lead to emphasize the heterogeneity features of foreign entrepreneurship experiences. On the other hand, a part of Ethnic firms tends to be more and more similar to native enterprises, in terms of management, organization and strategic (Mushaben, 2006).

The approach to mainstream markets and the loosening of dependence on community resources generate a demand for information and management competences that are higher than the ones owned by the single foreign entrepreneur.

The search for additional inputs could be realized in different directions and include the openness to non-co-ethnic partners as well (Leung, 2001). The borderlines between ethnic and non-ethnic economies become increasingly pervious, as the businesses managed by foreign entrepreneurs often cross such borderlines and, as a matter of fact, ethnic resources are often integrated with non-ethnic resources.

The presence of entrepreneurial experiences open to multiethnic solutions, introduces the *diversity* issue within the organization. The organizations with high internal diversity (e.g., in management, company team) are usually characterized by high creativity, innovation and problem solving skills (Kilduff et al., 2000). Based on these considerations, we do not exclude that the greatest complexity of the Ethnic firm, the diversification of end markets and the creation of break-out strategies mobilize entrepreneurial resources of a different nature compared to the past. In this case, resorting to hybrid resources of a multicultural nature can result in a new component as well as a differential resource capable of significantly influence the evolution of at least a part of the ethnic entrepreneurs.

If in the past the social relations with the co-ethnic community represented a remarkable advantage of the foreign entrepreneurship, we do not exclude that in the future the strengthened competences and inter-ethnic management styles, based on diversity advantages and not on homogeneity advantages, could represent an additional efficiency and growth incentive for this entrepreneurial model.

3.1.2.2) Different Types of Immigrant & Ethnic Entrepreneurship

The different types of entrepreneurial vocation assumed by migrants and ethnic minorities fall in three macro-areas: (1) enclave entrepreneurs; (2) middleman minorities; (3) transnational entrepreneurs.

Enclave entrepreneurs

Enclave entrepreneurs are characterized by close bonds based on co-ethnicity relationships (Portes, 1981; Portes and Shafer, 2006). They tend to focus on the same urban area, characterized by strong ethnic identities and a minimum level of institutional organization. Concurrently, they operate in diversified sectors (e.g., professional services, production, retail), making use of the niche markets abandoned by native entrepreneurs. In this literature, several factors encouraging foreign individuals to start enclave enterprises have been identified. Among these, particular relevance is given to the dimensions of the reference market (size of foreign community belonging to the same cultural group, particularly with a low linguistic competence), the existence of groups of isolated workers, the human capital and the social capital endowment (Evans, 1989; Brenner et al., 2010).

Since ethnic communities often show particular needs and requirements, in terms of requested products and services, their fellow entrepreneurs have a remarkable competitive advantage in responding to such requests compared to native entrepreneurs (Aldrich et al., 1985; Masurel et al., 2002). Light (1972) proposes the hypothesis of a safe market, where the niche conditions of a community support the success of the enclave enterprise.

However, recent studies demonstrate that the evolution of many urban areas in multiethnic neighbourhoods is favouring the development of enclave enterprises which simultaneously play the role of middleman between the different ethnic groups and native people. An example in this regard is given by Chinese entrepreneurs who operate as middleman minorities in the management of fast foods and restaurants in suburban areas, simultaneously identifying themselves as enclave entrepreneurs. Since they own trendy clubs in wealthy downtown neighbourhoods (Zhou, 2004).

Middleman minorities

Another interpretation of entrepreneurial power of migrants and ethnic communities is the one made by middleman minorities. These are ethnic groups carrying out their entrepreneurial activities in the form of trade and exchange between the élites of a particular society and the rest of the population (Zhou, 2004). Mostly focusing on some occupations with low-medium value added. This form of foreign entrepreneurship usually appears when the local community has hostile reactions towards a specific ethnic group, or does not recognize the social status in the host country.

Bonacich (1973) underlines this choice is linked to the so-called *sojourn mentality* which is typical of some migrants, defined as “sojourners”, who plan their migrant experience to rapidly gain money, in order to invest it in their country of origin and be able to go back home (Ambrosini, 1999). This attitude enables the middleman’s activities to feature some essential elements: (1) they are foreign individuals who are not intended to settle down permanently and show an unusual attachment to their ancestral homeland; (2) they are focused on specific occupations, mostly trading ones, that do not bind them to the landing place for long periods, favouring the capital liquidity; (3) they tend to show parsimony and to emphasize the

savings, the marked consumption compression and the widespread routine of long working hours.

The idea of migration as a temporary decision favours a high degree of internal solidarity, creating well-organized communities which are resistant to assimilation. This causes the exogamy closure, self-residential segregation, the retention of distinctive cultural features (among which a different religion compared to the religion practiced by most of the host society). Moreover, the internal solidarity plays a very important role in the economic setting, guaranteeing an efficient supply of resources (including employment) and helping to monitor the competition in the group setting. As a consequence, the middleman enterprise is usually labour-intensive and, at the same time, capable of radically cutting the labour costs through a paternalistic (usually family-based) management of the relationships with employees. In fact, workforce is often inadequately paid in contractual terms, but it is supported in different ways (e.g., accommodation for families, internal careers or independent activities). According to the theory of Bonacich (1973), this arrangement leads to hostile relationships with enterprises and native workers, even if intermediary minorities play a crucial role in handling the socio-economic relationships between privileged groups and lower classes. A few years later, the same Bonacich assisted by his colleague Light (Light and Bonacich, 1988), admits the emphasis on middleman minorities is too restrictive. It is necessary to consider the larger concept of Immigrant Entrepreneurship, typical of the communities in which the rate of local workers clearly exceeds the rate of the average population.

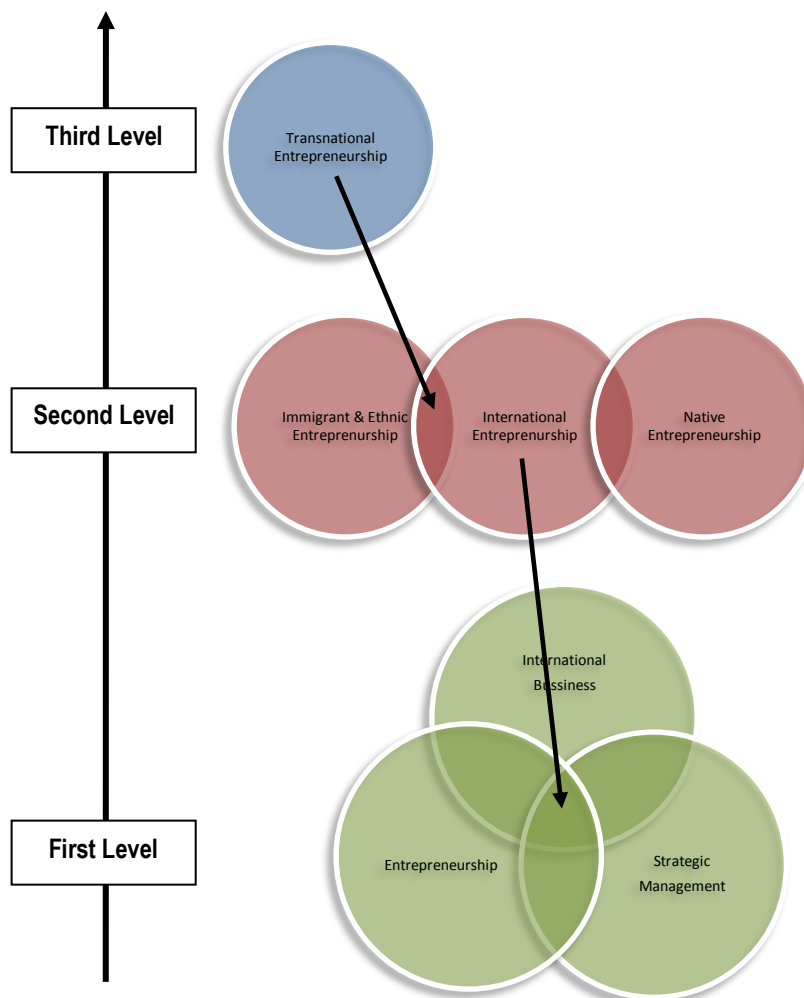
The middleman minorities activities are usually located in suburban areas populated by ethnic minorities, who start retail or tertiary businesses that are no longer of interest for native entrepreneurs (Myers and Phillips, 1979; Portes and Manning, 1986). However, according to recent studies (Field, 2005) many middleman enterprises are not only active in retail and tertiary industries, but also in manufacturing and primary sectors. Such activities are located both in suburban areas and wealthy urban neighbourhoods populated by native middle class people.

Transnational entrepreneurs

However some authors (Low and MacMillan, 1988; Davidsson and Wiklund 1997) claimed that this is not a new phenomenon, since in the long history

of migrations several cases of transboundary activities can be traced. Starting from the transnational entrepreneurial flows of the early '90s, it is possible to trace different innovative elements of this form of International Entrepreneurship (Chen and Tan, 2009; Kloosterman, 2010; Ambrosini, 2012). On the one hand, the sudden progress of manufacturing activities, transports and logistic solutions connected to the development of Information and Communication Technologies (ICTs), facilitate the connections with geographically distant places. On the other hand, this is the new dimension of the same phenomenon, both in terms of intensity and range. Thirdly, the authors highlight the increasing involvement of Countries of origin in attempting to promote and guide the transnational initiatives and investments of their respective diasporas.

Figure 3.4 – The localization of Transnational Entrepreneurship in the International Research



Source: Personal elaboration

The transnational entrepreneurs manage activities involving the country of origin and the host country simultaneously (Colombi et al., 2002). Therefore, the concept of transnationalism refers to the network of contacts created by migrants and their counterparts who remained in their country of origin, integrated in a pattern of uninterrupted movements across national borders in search for economic advantages (Portes et al., 1999).

One of the matters that has always fostered the debate about transnationalism is connected to the definition of *transnational entrepreneur*. Part of the literature agrees in defining the transnationalism as a phenomenon which starts from the bottom, that is to say directly from the migrants (Smith and Guarnizo, 1998). However, this does not imply involvement of all migrants (Portes, 2003). Portes et al. (2002) identify this form of International Entrepreneurship make use of variables such as: frequent business trips abroad or the existence of a positive relationship between successful enterprises and the contacts with their homeland or host countries. Concurrently, the authors state transnational entrepreneurs represent a considerable part of the foreign entrepreneurship, though not the majority of it. In addition, they have different characteristics compared to those who only realize domestic activities, especially in terms of dimensions and range of social networks.

In conclusion, foreign entrepreneurs with a transnational business can be defined as: “*Social actors who enact networks, ideas, information, and practices for the purpose of seeking business opportunities or maintaining businesses within multiple social fields, which in turn forces them to engage in varied strategies of action to promote their entrepreneurial activities and societal changes*” (Drori et al., 2010, p. 4).

Within the category of transnational entrepreneurs, some specific entrepreneurial forms were traced. Landolt et al. (1999) identify five different types of transnational enterprises:

- Circuit enterprises; they support the flow of tangible and intangible resources between the country of origin and the host country.
- Cultural enterprises; they supply products coming from the country of origin in the host society.
- Ethnic enterprises; they sell products coming from the country of origin to a multi-ethnic clientele.

- Return migrant enterprises; they are created by those migrants who return to their country of origin.
- Transnational expansion enterprises; they are based in the country of origin but consider those who immigrate in other countries as a part of their market.

Sequeira et al. (2009) further analyzed the factors influencing the choice of the type of transnational enterprise to start. Particularly examining the role of the migrants' perceptions of the host country and the intensity of relationship with the country of origin. The authors state the migrants' experience and attitude towards the target context is strictly related to the positive perception of entrepreneurial opportunities. The migrants with a more positive perception of the available opportunities in the target country are generally productive in circuit or cultural enterprises, rather than ethnic enterprises. The migrants who have intense relationships with the country of origin are more likely to be involved in transnational activities instead.

Besides, the entrepreneurs of circuit or cultural enterprises are more likely to ground the success of their enterprises on their previous capabilities and experiences or social support. While the ethnic entrepreneurs perceive the quality of products and services as the most important need.

A further attempt of ranking is the one made by Ambrosini (2012), who distinguishes four types of transnationalism linked to independent activities.

The *circulatory transnationalism* identifies those activities that imply a frequent physical movement from the homeland to the settlements. A typical example is the activity of the couriers who (formally or informally) connect the migrants with their families in their country of origin. The borderline cases are those of the migrants who take part in two different social fields, traveling back and forth between the two poles of the migratory movement. In particular, their enterprises serve the needs of families and communities separated by emigration, which struggle to stay connected through the exchange of donations and the transfer of remittances.

The second form of entrepreneurial transnationalism consists of economic activities that do not involve the physical movements of the operators, but allow money transfers and the exchange of informational content. This is the case of *connective transnationalism*. These enterprises react to the needs of the migrants

who hope to maintain their relationships with the ones remained in their places of origin. The operators are engaged in transnational exchanges which allow to keep the relationships in different geographical contexts, and to give meaning to the bi-focus of ethnicity. The space-time compression typical of the globalization goes mostly through the migrants' services. Along with the first enterprises, they help to convey and circulate what Levitt (2001) defines as *social remittances*, that is to say ideas, social practices and identification references of their socio-cultural ethnicity flowing to and from the migrants' places of origin. In particular, this form of exchange, in addition to improving life conditions of families living in their homelands, helps diffusing consumption models and practices, which are influenced by the host society.

Thirdly, the transnational economic activity can go through purchased and sold goods. This is the *commercial transnationalism*. Again, the physical movement of operators is not strictly necessary to start the trades. While most of the times the operator needs to come from the same places in which the goods are imported, so the exchange's cultural dimension gains authenticity. The transnational relationships allow to efficiently and profitably realize transitions. Such products are requested by immigrants in order to feel closer to their homeland and reproduce the tastes, smells and customs of their own country. Some of these products are also requested by native consumers, who are intrigued by unusual habits, longing to find different products in their hometown (e.g. food industry).

An equivalent configuration is represented by enterprises importing and reselling typical products of the host country in the country of origin. Otherwise responding to the demand of the emigrants, providing them with hardly reachable or less authentic products in settlement contexts.

Finally, it is possible to identify a *symbolic transnationalism* which has the purpose to recreate atmospheres, environments and significances. It offers a wide array of cultural consumptions and representations of national, ethnic and religious identities. It creates and animates meeting and aggregation places, also lending itself to hybridization and imitation. This way, the transnational exchanges meet the demands of the post-modern consumers, cooperating in forging new social practices, new identification modes and new cultural fundamentalism.

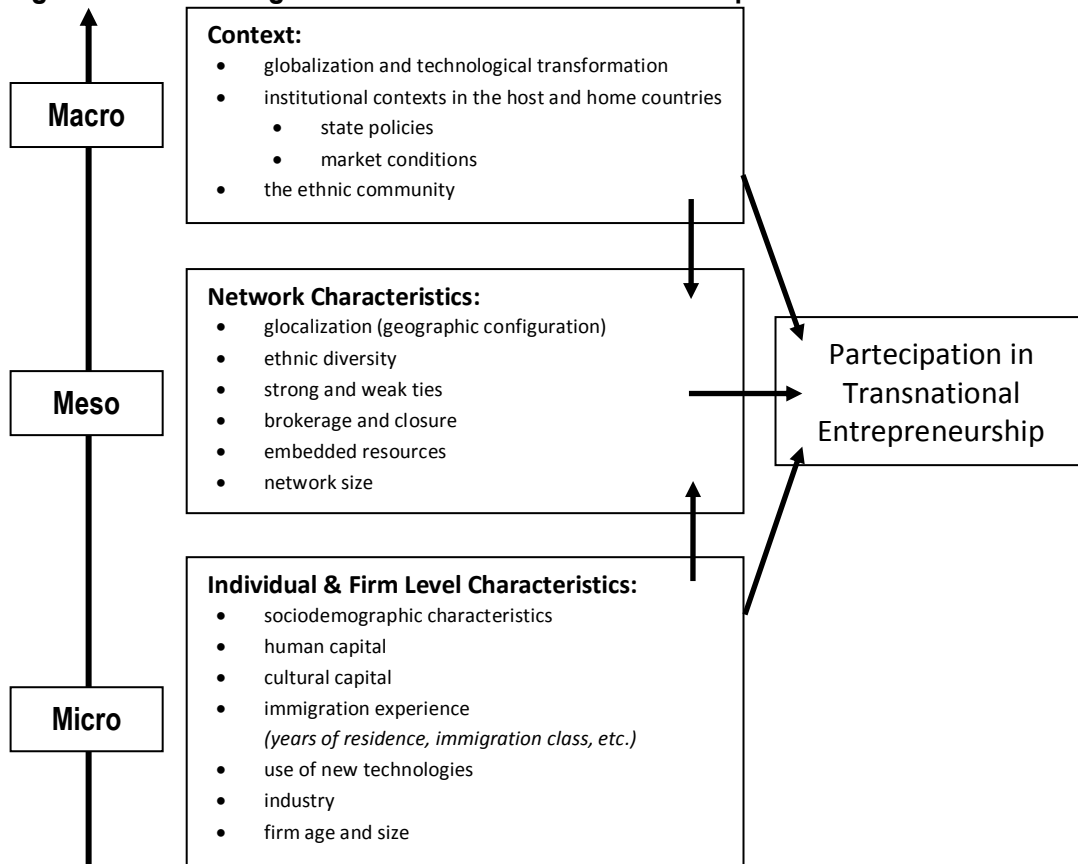
Table 3.2 – Codification of the Forms of transnational economic exchanges

	Circulatory transnationalism	Connective transnationalism	Commercial transnationalism	Symbolic transnationalism
Object of transnational transmission	Operator with gifts, messages, transported passengers	Transfer of money, communications	'Ethnic' products	Cultural allusions
Customers	Immigrants (transnational families)	Immigrants (transnational families)	'Nostalgic' immigrants and autochthonous consumers attracted by exoticism	'Nostalgic' immigrants and autochthonous consumers attracted by exoticism
Effects	Maintaining ties, Spreading host society's consumption models	Maintaining ties, improving relatives' living conditions, new consumption	Import/export increase, maintaining cultural identities, new forms of consumption in host societies	Cultural hybridity and contaminations; forming new identities and professional figures
Examples	Couriers and carriers	Money transfer, phone centres	Ethnic products shops	Loisir sector activities

Source: Ambrosini (2012)

With regard to the study of the transnational entrepreneurship, it is also important to focus on the analysis elaborated by Chen and Tan (2009). This model of analysis takes into account the factors of macro, meso and micro level, and the interaction between *glocalized networks* with global and local connections, as well as the transnational entrepreneurs itself.

Figure 3.5 – An integrative model of Transnational Entrepreneurs



Source: Chen and Tan (2009)

At macro level, the interest is focused on understanding the impact of the institutional, organizational and regulatory structure both in the country of origin and in the host country. The authors identify macro factors such as the globalization, the market conditions in the host context, the ethnic pluralism and the pre-immigration context in the home country. The state policies, which represent the institutional infrastructure of the transnationalism, are also very important. Through these guidelines, the host places influence the number, the origin and the type of migrants. The state policies of the country of origin can be equally relevant in defining economic and facilitation agreements for the migrants. Another factor to be considered is the economic development of the country of origin. Indeed this could deeply affect the choice and the type of transnational activity to be implemented.

At micro level, the focus is on the individual capital forms activated by transnational entrepreneurs, and particularly on general socio-demographic characteristics, human and cultural capital and previous migrants' experiences.

Finally, the meso level refers to the social networks on which the transnational entrepreneurs rely to survive, and also to the success of their entrepreneurial activity. In this regard, the concept of *glocalized networks* is introduced, that is to say “*networks of intensive local embeddedness and far-flung global connections*” (p. 3).

Chen and Tan (2009) underline a further important element, that is to say the need to take into consideration not only the contacts of the host country (local contacts) but also the global ones, particularly the contacts of the country of origin. As a consequence, this focus on both sides of the migration path (outgoing the country of origin and incoming the host country) influences the model at all levels (macro, meso and micro level).

This model represents a relevant theoretical progress in the research field of Transnational Entrepreneurship, as well as a clear alignment to the Kloosterman model (2010) of the *mixed embeddedness*. In fact, with regard to the resources activated by foreign entrepreneurs to start and develop an independent economic business, it seems clear that there is a need to integrate the analysis of networks (and the different territorial levels in which such networks are organized: local, urban, national and transnational), personal skills of individuals as well as their professional careers with more structured factors (economic system, labour market and institutional framework).

3.2) KEY TERMS DEFINED: BORN GLOBAL FIRMS, ETHNIC FIRMS

3.2.1) *Definition of Born Global Firms*

As already said in Chapter 2, there is an extended and multi-disciplinary international literature about the Born Global Approach. The vivid and intense debate that followed, has not carried out an univocal and precise definition yet. The main cause is the extreme arbitrariness arisen from the several contributions that have used different terms, parameters and models of investigation from time to time. For this reason, the evolution of the study is absolutely not in line with a shared research. Nowadays, the conceptualization of the BG firms is far from being consolidated.

In light of these considerations, a personal definition of BG firm is formulated, separating the theoretical aspects from operational aspects. The purpose is to summarize, in one single conceptual framework, the different assumptions of authors that, more than others, have contributed to shed light on this entrepreneurial model (Rennie, 1993; Oviatt and McDougall, 1994, 1997, 1999; Knight and Cavusgil, 1996, 2004; Madsen and Servais, 1997).

Defining the profile of the Born global firms:

“BGs are start-ups...

- (1) ...that, starting from their establishment, already have an international entrepreneurial orientation and participate in global networking through a strong global organizational strategy. Moreover, they combine such a potential with an hybrid governance structure as well as the utilize of unique resources and the non-sequential use of different foreign market entry modes in order to seek methods of accelerated internationalization”.*
- (2) ...that became internationalized within the first three years¹⁶ after their establishment [**timing of internationalization**] reaching, within this time span, at least 25% of foreign sales in total annual sales¹⁷ [**scale of internationalization**]. Moreover, they are present into multiple foreign countries that are culturally, institutionally and economically distance from the country of origin [**scope of internationalization**”.*

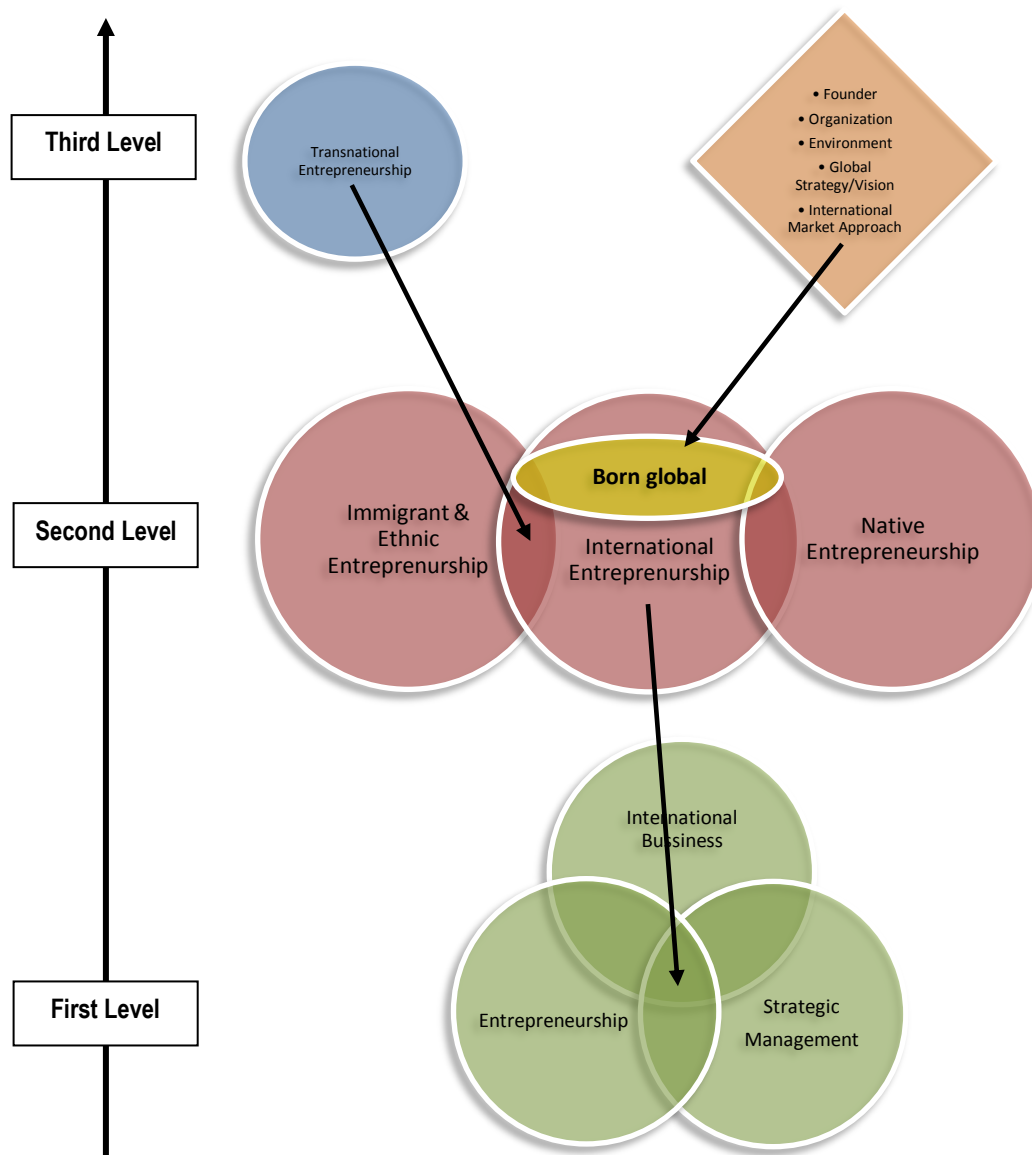
The BG firms’ innovative desire to take part in the global competitive arena from the beginning, sometimes completely skipping the domestic market, puts them in conflict with literature considering the internationalization as a multistage, gradual-sequential growth process (Stage Approach). The intense knowledge of the BGs and the specific international identity in doing business, despite being young and lacking of a strengthened history and figure on the market, need to be ascribed to the respective capability of being able to constantly balance tensions such as: (1) a

¹⁶ The three-year time span is the perfect parameter to differentiate the Born global firms from all the other business typologies. In fact, since this interval of time is not excessively distant from the period in which the enterprise was established, it is correct to state that internationalization is an important matter in the entrepreneurial view.

¹⁷ Producing 25% of the annual turnover in foreign countries by the third year after the establishment is a criterion of logic judgement, as they are young enterprises.

entrepreneurial global strategy/vision from inception; (2) high degree of previous entrepreneurial experience; (3) strong use of personal and business networks (networking capability); (4) unique intangible assets based on knowledge entrepreneurial; (5) high value creation through product differentiation, leading-edge technology products, technological innovativeness, and quality leadership; (6) a niche-focused, proactive international strategy in geographically spread lead markets around the world from the very beginning; (7) narrowly defined customer groups with strong customer orientation and close customer relationships; and finally (8) flexibility to adapt to rapidly changing external conditions and circumstances.

Figure 3.6 — The localization of Born global dimensions in the International Research



Source: Personal elaboration

At the end of the seminar named “*Innovation, Organizational Capabilities, and the Born Global Firm*”, held in April 2015 by Prof. Cavusgil at the School of Economics and Management of Florence University¹⁸, the professor himself suggested me to observe this guideline of International Entrepreneurship through a kaleidoscopic perspective. In order to be able to conceptualize the different forms of entrepreneurship adopted by this phenomenon.

Following the valuable advice of one of the founders of the Born Global Approach, a classification arising partly from the work made by Cerrato and Piva in 2013 is proposed below. The variables assumed for the purposes of the investigation are: “*Global Sales to Foreign Sales*”¹⁹ [**Market Distance**] and “*Foreign Sales to Total Sales*” [**International Activity**].

From their interaction, four different typologies of Born global firms are observed:

Table 3.3 — A typology of Born globals based on international activity and market distance

International activity	Market distance			
	Low		High	
High	Regional	<i>I</i>	<i>II</i>	Global (True Born global)
Low	Domestic market oriented	<i>III</i>	<i>IV</i>	Global focus

Source: Personal elaboration from Cerrato and Piva (2013)

- *Regional BGs* (high FS/TS and low GS/FS); they are highly internationalized, particularly in markets similar to home markets. They are deeply involved in the served foreign countries and constantly seek for neighbouring destinations to extend their business.
- *Domestic market oriented BGs* (FS/TS and GS/FS are both low); they have a low level of internationalization and offer is mainly aimed at the markets

¹⁸ Within the series of seminars held for the PhD Program in Development Economics and Local Systems (DELoS) of Florence University.

¹⁹ Global sales are intended as activities with those foreign countries that are highly distant (cultural, social, linguistic, geographical and economic) from the country of origin. Viceversa in foreign sales.

similar to the home market. Their respective existence beyond the national borders is occasional and not decisive for the purposes of the business success.

Hence, the first and third sections report those BGs (the so-called *Born regional*) that, while considering the internationalization as a prerogative of their way of doing business, are strongly anchored to the international context which is similar to the local environment in which they were born and operate.

- *Global focus BGs* (low FS/TS and high GS/FS); they are not highly internationalized, even if foreign sales mainly occur in nations different from the country of origin. The Global focus can be defined as the most similar evolutionary stage to the True Born global. Its internationalization often occurs in the geographical areas in which there is a particular competitive advantage (e.g., low cost manpower, existence of a particular resource, government incentives to foreign entrepreneurship, etc.) or in the areas in which most of the clientele comes from.
- *True BGs* (FS/TS and GS/FS are both high); they are strongly internationalized in multiple markets, different from one another. The True Born global coordinates several global activities. It does not only deals with trading and logistic activities, but it also supplies the different stages of company businesses internationally.

This is a new venture internationalize always seeking for new opportunities anywhere in the globe. For the True Born global firm (more than other typologies) it is essential to develop solid and long-lasting relational networks with international players.

3.2.2) *Definition of Ethnic Firms*

The assumptions of foreign entrepreneurship are now extremely diversified. We can trace foreign enterprises offering products and services almost exclusively to their own communities, and other enterprises competing in the mainstream crowded market.

To overcome this excessive uncertainty, a taxonomy of foreign enterprises is proposed below taking into consideration two investigation

variables: the co-ethnicity level between entrepreneur and final clients [**Demand side**] and the ethnicity degree of the realized product/service [**Offer side**]. This classification criterion assumes that, except for the freedom to go to any enterprise, there are some products and services which are structurally aimed at fulfilling a specific demand, “ethnic” or “non-ethnic”. Similarly, some consider the ethnic minority willing or capable of using them, as their natural recipient, as well as other products and services requested by native community, despite their marked ethnic features (Ambrosini, 1999).

The different types of foreign economic initiatives can be summarized in the following table:

Table 3.4 — A conceptual taxonomy of Foreign enterprise

Reference market	Service-Product made	
	<i>Ethnic</i>	<i>Non-Ethnic</i>
<i>Ethnic</i>	Ethnic enterprise	Intermediary enterprise
	Refugee enterprise	
<i>Non-Ethnic</i>	Exotic enterprise	Open enterprise

Source: Personal elaboration from Ambrosini (1999)

- *Typically ethnic enterprise*; it meets the peculiar needs of a well-established ethnic community in the host society, providing products and services not available in a “regular” market.

The initiative of some ethnic communities favours the creation of enterprises intended to serve a “co-ethnic” clientele (i.e. clients and entrepreneurs with the same nationality), whose needs and cultural customs have not changed compared to the country of origin.

The foreign entrepreneurs choosing to place themselves in this setting take advantage of a protected market, since they do not potentially experience any competition from entrepreneurs coming from other communities. This situation can be illustrated as the monopoly of ethnic suppliers, which is certainly an advantage for these entrepreneurs.

Generally, the establishment of such enterprises is favoured by the urban concentration of foreign populations, where the food sector is the one in which this kind of enterprise extends (e.g. butcher shops offering halal meat, that is to say butchered according to the Islamic religion principles).

- *Intermediary enterprise*; this is specialized in offering non-typically ethnic products and services to foreign populations, which need to be negotiated and translated through trust relationships in order to be used. Hence, this is an enterprise whose offer lacks of intrinsic ethnic connotations, but it is highly ethnic in terms of symbolic codes adopted and performance trust.

Different professional activities performed by foreign individuals in support of their compatriots are recognized (e.g., legal, medical and consulting activities), along with social service (e.g. socio-cultural tutoring services, paperwork completion, form consulting, different kind of information, support for the start of an independent activity, interpreting services, services for the purchase of furniture, etc.) and other activities (e.g., travel agencies, phone centers, lending institutions, institutions of legal aid and those purely connected to financial services) which are aimed at their clients.

This typology of foreign enterprise also includes businesses selling typical products of the host country in foreign markets (not necessarily the entrepreneur's market of origin).

- *Exotic enterprise*; promotes the sale of typical products of the cultural tradition of the entrepreneur's country of origin for a community of diversified and sophisticated consumers, who are intrigued by diversity and unusual habits. Food industry, craftsmanship, fashion industry, design and the show business are the most widespread representations.

The entrepreneurs of these industries are significantly advantaged, as they promote a product of their own cultural heritage characterized by uniqueness and, therefore, not reproduced by third parties. Furthermore, unlike the entrepreneurs of ethnic enterprises, they operate in a privileged context without demographic or financial limits, while being oriented towards a strictly co-ethnic clientele.

- *Open enterprise*; it offers general products and services to the mainstream market, fulfilling the needs of the local clients in the host country, directly

competing with native entrepreneurs. Essentially, the owner is the only foreign element of these enterprises.

This is the type of enterprise that less identifies itself with ethnic origins, which sometimes are completely lost.

This entrepreneurial formula is mostly present in great urban areas, in labour-intensive sectors (e.g., enterprises operating in construction sectors, transports, cleaning services, leafleting, advertising brokerage, services to businesses and individuals or manufacturing activities such as clothing, textile, leather goods and footwear industries) as well as sectors presenting lower financial, technological and regulatory barriers.

Open enterprises can be divided in two subcategories: (1) tertiary enterprises and (2) enterprises operating in industrial sectors. The first ones are directly referred to the consumer (e.g. small traders), while the second ones are specialized in a stage of complex production process, of which they do not always check the final result (such as the production on behalf of third parties in clothing, textile and leather sectors).

- *Refugee enterprise*; it is difficult to identify it with a precise placement based on the implemented product/service and the reference market. This category comprises marginal enterprises operating in different sectors and concurrently oriented towards an ethnic community and open market. The illegal itinerant trade is the most striking demonstration of the residual tertiary, in which the weakest segments of ethnic communities seek refuge.

In addition to differentiating the ethnic enterprises based on the implemented product/service and the reference market, it is interesting to examine the different steps (sometimes sequential) of their integration in the host country (Waldinger et al., 1990):

- i. Stage of first entry markets; characterized by the high degree of ethnic and spatial (territorial) concentration and low levels of economic specialization.
- ii. Stage of pure ethnic niche markets; which are characterized by the high degree of ethnic and spatial concentration, but with less specialized and more extended markets.

- iii. Stage of brokerage markets; these are the markets in which foreign entrepreneurs sell their ethnic products to population in general, breaking the logic of ethnic segregation of the previous types of markets.
- iv. Stage of economic assimilation; as foreign entrepreneurs gradually switch from a co-ethnic clientele to an undifferentiated community of consumers, they are involved in a market-driven economic logic. Where the product quality, the production process as well as marketing and supply strategies, are aimed at meeting styles, needs and expectations of native individuals too.

Obviously, an Ethnic firm might not successively follow such an integration process. It could stop in one of the two intermediate phases, as well as start to directly operate in the mainstream market. Therefore, for an foreign individual the step to self-employment does not necessarily occur in spatially structured or strictly organized communities (or enclave communities). In addition to the entrepreneurs who start business activities intended to meet the specific needs of their compatriots, there are also operators taking part in the open market of the host country from the beginning, thus interrupting any relationship with the country of origin.

However, both in theory and reality, the borderline between different markets is not so clear as explained above. Several differences between various foreign entrepreneurs operating in the same enterprise may indeed occur. For example, Rusinovic (2007) demonstrated that first-generation foreign entrepreneurs tend to be more active in ethnic markets and serve co-ethnic clients, while the second-generation entrepreneurs tend to choose mainstream markets. The results are also different in the same ethnic communities.

The case of the foreign entrepreneur is the aim of the great interest even in the overcoming of the evolutionary approach in the relationship between entrepreneurship, economic establishment and social integration. The experiences of typically ethnic entrepreneurs highlight the possibility that a successful assimilation in the host economic system is not consistent with a parallel social and cultural integration. Therefore, in the host society some foreign entrepreneurs, in a constant process of interaction and redefinition of their own identity, only adopt the most functional aspects for their business plan. Thus being perceived by native

entrepreneurs as marginal individuals who belong to self-referential communities, if not completely unrelated to the host society.

The foreign entrepreneurship plays different roles based on the respective degree of social, economic and cultural integration in the host country:

- competitive factor in creative and innovative processes in ecologies with medium or high technological and symbolic intensity as well as expertise intensity.
- social integration factor and economic growth without assimilation.
- requalification factor of abandoned or depressed urban areas and relaunch of urban variety.
- dynamic compensation factor to supply gaps or segments of low-productivity activities, but with a high incidence of labour costs.
- factor of evolutionary hybridization among entrepreneurial, organizational and inter-cultural governance models.

In conclusion, the foreign entrepreneurship is different based on its level of competences as well. The first group can be defined as *home know-how entrepreneurs*, who have high and diversified skills acquired in the country of origin, which are used as a *package deal* all around the world. Such abilities include: know-how, high education level, learning skills, managerial, entrepreneurial skills, and probably some special cultural-entrepreneurial skills.

The second distinction can be made with the *know-how at destination entrepreneurs*, ambitious entrepreneurs considering the host country as the main source to learn the key competences to establish their entrepreneurial initiative.

The third type are the *smart-brand entrepreneurs*. This kind of entrepreneurs do not have high experience in managing and coordinating an enterprise, which is the reason why they are forced to appeal to their country of origin.

Finally, the *smart-open entrepreneurs* are not so different from the previous type. The only difference is they do not take advantage of their country of origin trying to strengthen their business activity, preferring to exclusively operate in the typical sectors of the host country.

3.2.3) *A Taxonomy of the Entrepreneurship Mix Between Born Global and Ethnic Firms*

After investigating the multiple entrepreneurship assumptions with which it is possible to respectively define the Born global and the Ethnic firms. Now we can propose their integrated representation with the purpose of emphasizing the corresponding entrepreneurship mix forms. These can be summarized as follows:

Table 3.5 – Entrepreneurship mix between Born Global and Ethnic firms

Born global firms	Ethnic firms	
	No	Yes
Yes	Native Born globals	Immigrant Born globals
No	Native non-early global firms	Immigrant non-early global firms

Source: Personal elaboration

Note:

Shaded areas indicate a significant amount of Literature

- Native non-early global firms; they are established thanks to the determination of native entrepreneurship which decided to spill its offer (almost) exclusively in the domestic market, or to follow an internationalization process different from the one theorized by the Born Global Approach.
- Immigrant non-early global firms; they are driven by a totally (or mostly) foreign business summit intended to perform a business activity (almost) completely within the borders of the host country, or to increase the involvement degree with foreign enterprises unlike the typical internationalization process of the Born global firms.
- Native Born globals; they are Born global firms whose entrepreneurial initiative is linked to native individuals.
- Immigrant Born globals; these are entrepreneurial initiatives ascribable to the Born Global Approach, whose business summit is composed of different nationalities.

The Immigrant Born globals turn out to be the mix entrepreneurial form between Born global and Ethnic firms with the greatest number of unknown

investigation areas. Following what Cavusgil stated back in 1994, that is the diffusion of the Born global Phenomenon must be ascribed to the manifestation of these two phenomena in the '90s: *small is beautiful* and *gradual internationalization is dead*. After two decades, it is possible to suggest that the current global extension of this form of International Entrepreneurship is ascribable to a limited number of additional phenomena. One of which is certainly traceable in the recent changes occurred in the global entrepreneurial diaspora, both in terms of intensity and range.

While in the first phase of study of the Born Global Approach, efforts have been made to outline the borders of this contemporary theory of internationalization. In this step it is time to make use of such a multidisciplinary and systematic theoretical knowledge to examine the non-investigated paths. One of these is intended to understand the relationship between the Born global Phenomenon and Immigrant & Ethnic Entrepreneurship. Therefore, the attention is not only focused on the clear and widely debated International Entrepreneurship deriving from the activity of native entrepreneurs. But rather on the one promoted by resourceful individuals forced to immigrate in foreign countries, in order to find the right opportunity to develop and implement their own business idea.

CHAPTER 4 – LINKAGE BETWEEN SMEs AND TWO GUIDELINES OF INTERNATIONAL ENTREPRENEURSHIP: THE ITALIAN CASE

SUMMARY: 4.1) ITALIAN SMALL AND MEDIUM-SIZED ENTERPRISE IN THE INTERNATIONAL ECONOMY - § 4.2) BORN GLOBAL FIRM PERSPECTIVES OF ITALIAN INTERNATIONALIZATION - § 4.3) MAPPING OF THE ETHNIC ENTREPRENEURSHIP IN THE ITALIAN CONTEXT.

4.1) ITALIAN SMALL AND MEDIUM-SIZED ENTERPRISE IN THE INTERNATIONAL ECONOMY

*“Like the proverbial elephant the small firm is one of those things that is recognized when seen but difficult to define”
(Gore et al., 1992, p. 15)*

In the current economic context, small and medium sized enterprises (SMEs) are considered the key players in the supranational integration of competitive markets and scenarios. In fact, in addition to playing a leading role in the debate about the international evolutionary dynamics of industrial systems, they are vital for the balance, renovate and growth of strengthened economies and developing areas. This is proved by the impressive diffusion of the phenomenon (particularly in Europe and in our country), as well as important factors concerning the production capacity, added value and employment.

However, the process of foreign expansion of SMEs is still a moderately known phenomenon. This is essentially due to the fact that the economic thought has not formulated a specific theory yet. Such a delay is attributed to the following factors. Firstly, the internationalization of small enterprises is an evolving subject of investigation. This contributes to increase the investigated aspects, not always through uniform and comparable methodologies, enhancing observations and reflections, but making it more difficult to reach a systematic summary of the different contributions. Secondly, optimism and pessimism of the phenomenon constantly alternate, modifying the point of view of the analysis from time to time. In fact, in the 70s the vital importance of smaller enterprises was discovered, whereas in the 80s the attention was focused again on big enterprises, emphasizing once more the essential role of smaller enterprises in the early 90s. Since then, a new age of business operations has been progressively established, encouraged by the globalization and all the related effects, the age of the *widespread internationalization*.

The competitive logics as well as developmental strategies of the enterprise have deeply changed because of the integration of different national economies, associated with a diffused competition, an emphasis on mechanisms of international labor division and a reduction of the barriers to communication. This leads the national market to be highly exposed to foreign competitors, as well as to the possibility for SMEs to globally reorganize the operations of their value chain, and make use of distinctive factors developed in the local market, in new geographical contexts.

Specifically, *small enterprises* are characterized by the centrality of the entrepreneur, who is involved in almost every business activity. Such as operational activities or research and developmental activities. These enterprises are structurally committed to redefining their scope through strategies focused on the proximity supply chain of both market and specialization. They usually express technical training needs, entrusting to their reference context the task to guarantee essential training and information to survive.

At the other end, we can observe *medium-sized enterprises*, which tend to have a functional organizational framework inclined to conciseness, even if it is strategically more formalized compared to micro enterprises. In such enterprises we can often observe a partial division between command and control, as well as a greater accessibility to a number of channels that can provide tangible (financial and human resources) and intangible resources (e.g., technological knowledge, licenses, copyrights, business reputation, etc.).

The third ideal type is the one of *small and medium sized enterprises*. Such a business reality is extraordinarily capable of balancing factors and forces that would be incompatible in other enterprises, such as big multinational companies. As it is not intended to be anchored to an excessively small dimension and rejects to adapt to a big-sized enterprise profile, it tends to make use of a multiform organizational structure focused on the intense entrepreneurial culture, as well as on the specific identity traceable in its way of doing business.

These elements make the SME an independent business configuration, characterized by typical and singular values, behaviors and working and entrepreneurial principles.

On January 1st 2005 the new EU definition of SME was put into effect, whose main purpose was to officially define this widespread business reality in order to improve their coherence and efficiency and restrict the competitors' distortions in the EU²⁰. The regulation of 2003/361/EC, replacing the one of 1996/280/EC, states that: “An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity” (article 1).

The quantitative parameters that qualify a SME in the EU community are reported in details in the Table below.

Table 4.1 – Parameters for Micro, Small and Medium-sized firms in the European Union

Enterprises category	Headcount	Turnover	or	Balance sheet total
<i>Medium</i>	< 250	≤ € 50 million		≤ € 43 million
<i>Small</i>	< 50	≤ € 10 million		≤ € 10 million
<i>Micro</i>	< 10	≤ € 2 million		≤ € 2 million

Source: European Commission Recommendation 2003/361/EC

It is important to underline that, despite the obligation to respect the limits relating to the work units, a SME can choose to either abide by the criterion of turnover or the criterion of the total balance sheet. The enterprise does not necessarily have to fulfill both criteria and, at the same time, it can overcome one of the limits without losing its status. The definition offers this chance because the turnover of trading and supply chain enterprises is, by nature, higher than the turnover of extractive and manufacturing sectors.

Besides, the recommendation 1996/280/EC discussed the independence of SME, while now it discusses its autonomy. The concept is essentially unvaried²¹.

²⁰ Until 1996 every community State had its own definition of SME. This diversity of definitions both in the community and the countries involved a strong distortion of the competitions within the EU territory.

²¹ A SME is considered independent when it cannot be described as connected or associated with another enterprise. It is defined associated if more than 25% of its social capital or right to vote are controlled by another (even smaller) enterprise. The exceptions for this definition are the participations of public investments companies, companies of risk capitals, the so-called business angels and institutional investors (such as venture capital) that do not exercise control on the participated enterprise. By connected instead, when an enterprise controlled for over 50% of the rights to vote by another enterprise, or even subject to another enterprise in case of designation or

The purposes of the new EU definition of SME are summarized below (Bonifazi and Giannetti, 2014):

- To promote the micro enterprise; the definition takes into account the constant growth rate of the micro enterprise in the EU community and sets the appropriate financial limits, with the purpose of fostering the adoption of measures designed to solve the specific problems encountered by the micro enterprises, especially in the start-up phase.
- To favour the access to capitals; this is a remarkably critical aspect for SMEs, essentially due to the fact that they are not able to provide the warranty requested by the mainstream financier. The new definition favours the capitals financing for the SMEs granting advantageous treatments to some investors (such as regional funds, companies of risk capitals and business angels), preventing the enterprise from losing its condition of SME.
- To promote innovation and improve the access to research and development; universities and no-profit research centers can financially participate in a SME. This way, the above mentioned Institutions will have the possibility to put into practice the results of their innovative activities.

The widespread presence of small and medium sized enterprises in European countries represents a distinctive feature compared to other big global economies. This production system is based on the role of the widespread entrepreneurship, though it is structured in national and local specific models. However, it is also based on the rejection of a dimensional increase, considered as the only possible paradigm in the life cycle of the enterprise as well as in the development in foreign markets. In the European model, smaller enterprises are capable of adapting to the increasing environmental complexity and global competition logics, creating economic value and employment. On the other hand, big industries continue to lack job placements (Calcagnini and Favaretto, 2012)²².

suspension of the majority of administrators. These association or connection relations can also be indirect.

²² In the Unioncamere report (2015) it is highlighted that in 2014 the Italian SMEs created 110.000 jobs (+1,5% compared to the previous year), while in the same period the big companies registered a decrease of employment by 0,2%.

In total, in the 28 member states of the European Union (EU) there are about 21 million SMEs, providing almost 133 million job placements (85% of the total) and representing 98,9% of community enterprises. 55% of the entire wealth of the EU depends on these entrepreneurial realities (Eurostat Data - Enterprise and Industry, 2015).

The annual ISTAT report (2015) observes that Italy is the European country with the highest number of SMEs, which is equal to 99,9% of the total Italian enterprises. They use 80,3% of employable workers and contribute to 70,9% of added value. Big enterprises are about 3.000 units and use 19,7% of employable workers and contribute to 29,1% of the total added value. According to the ISTAT this fragmentation, which is only partly alleviated by the presence of entrepreneurial groups, determines: (1) an average restrained firm size (3,9 employees per enterprise, compared to the European average of 6,8 employees); (2) a very simplified ownership structure (63,3% are individual enterprises) and; (3) a part of independent workers equal to the doubled European average.

The universe of Italian SMEs is also characterized by a great variety and dynamism due to the plurality of entrepreneurial formulas assumed and the heterogeneity of strategic approaches and management styles. Such a wealth is one of main resources of our industrial system that configures a smaller and less structured business standard (also in contrast with the European archetype) which is highly interconnected with the local reference territory and other production companies.

The origin of such entrepreneurial initiatives is generally spontaneous (thus without contributions by public operators, big enterprises or financial intermediaries), intensely focused on the leading role of the entrepreneur and his closest partners, usually selected in the family. The business summit legalizes the condition of leadership with a strong knowledge of the product that, after being instilled in the organizational framework, strengthens the internal cohesiveness. The distinctive competences of the enterprise mainly concern the reality sphere, and particularly the production process and the knowledge of supply markets and national and international solution markets. Sometimes neglecting the development

of other functions, such as finance and the R&D activity. The privileged operating settings are the specialized ones, which adopt no-price competitive strategies, based on the ability to adapt to the needs of every single client with whom they interact according to a problem solving perspective, enhancing the service components of their offer.

A further traditional feature characterizing the Italian SMEs is the tendency to conceive the small-micro dimensions as the optimal target dimension for their business. Generally, we can observe that the awareness of small dimensions arises as a necessary-physiological life condition of the enterprise intended to last in time. This is the typical case of enterprises operating in global market niches (Pezzini and Di Cesare, 2003).

The widespread willingness to maintain a reduced dimensionality represents, at the same time, both a strength and a weakness in our entrepreneurial system. The common figure of a first or second-generation entrepreneur of small company in several industrial areas of our country, provided with a scarce inclination to delegate and strong production skills, seems to be particularly suitable for this business view. In particular, its key role in leading the enterprise represents a problem to the adoption of managerial figures provided with decision making independence and responsibilities. The inadequate availability to vary the dimensional scale of their business is due to this culture. Which tends to identify enterprise and entrepreneur as one thing, where the respective needs are often intertwined so that it is impossible to understand where one starts and the other ends.

As for the specific contribution of Italian SMEs to the international expansion of the national economy and local systems in particular, we have obtained specific information and elaborated personalized tables through a direct access to the ADELE Laboratory (for the Analysis of ELEmentary Data)²³ at the local division of the ISTAT of Tuscany. To increase the level of the investigation, such microdata files have been integrated with the information of database, magazines, articles, semiannual and annual reports specialized in the field.

²³ The ADELE Laboratory, located at Istat's head offices, is what is known as Research data centre (RDC), in other words a "secure" site accessible by researchers and academics enabling them to conduct their own statistical analyses on microdata from the Institute's surveys in compliance with legislation concerning the confidentiality of personal data.

Analyzing the annual ISTAT-ICE report (2014-2015), *Italy in the international economy*, we can observe that the overall value of Italian exports increased between 2011 and 2014 by 6,3%, guaranteeing about 387 billion euros (23 billion more in the last 7 years). The growth started exclusively following a 7,7% increase of the average value exported by each operator, keeping about unvaried numbers (215.405 exporters at the end of 2014, with an increase of only 3,5 thousand units compared to the previous year).

Examining the details of the foreign turnover, micro-operators represent 63% of the total (those with a foreign turnover up to 75.000 euros). The overall number of those above this limit is experiencing a progressive decrease, especially in small-medium sized classes.

In 2014 the first countries with the highest participation of Italian exporters were Germany (with over 70.000 participations), France (about 68.000) and Switzerland (about 53.000), followed by many other European countries. Among the first twenty markets there are only two extra EU countries. The USA, ranked sixth with nearly 36.000 operators (1.000 more compared to the previous year), and Russia, seventeenth. Moreover, the USA (with 791.000 euros) ranks second for its average value of exports, following Algeria (846.000 euros). They are followed by Germany, France and China (with 595.000 euros), which ranks fifth.

The average number of foreign markets served by each Italian operator (growing for the fifth year in a row) marked its highest level, reaching 5,8. This was the consequence of the increasing load of the most internationalized enterprises and those enterprises that are in over 40 markets. We owe 44,4% of the Italian exports to these enterprises (2,1% of the total).

By contrast, the incidence of one-single-market exporters has constantly been flexing since 2010, and the number of enterprises that participate in maximum two markets is decreasing.

As said before, the access to the ADELE Lab enabled the consultation of different database containing information regarding the international activity of the

Italian enterprises. Among these, the one relating to export enterprises allows to develop and enhance this investigation stage²⁴.

On the whole, in 2013 they amounted to 191.000 units, about one thousand enterprises less than 2012 (equal to -0,6%). This decrease is opposed to the progressive increase that characterized the previous 4 years. The first five enterprises to export volume only explain 6% of the overall exports of the national industry, compared to 14,5% in France and Spain, 15,1% in the UK and 30,6% in Germany. This demonstrates that the diffusion of the value of Italian exports is characterized by a low level of concentration.

Additionally, although Italy is the country with the highest number of export enterprises in Europe, it is observed a widespread passivity of its export activity, which is often favoured by foreign demands and limited in volume.

Analyzing their geographical location, it is observed that most of them are located in Northern Italy (68,3%). Lombardy is the region with the most relevant numbers (85.434 units), followed by Veneto and Emilia-Romagna (respectively with 27.000 and 23.000 units). Among Central and Southern regions, Tuscany ranks first (19.555 units), followed by Lazio (10.668 units) and Campania (10.238 units).

With regard to the regional *capability to export*²⁵, in the period between 2004 and 2013, Friuli-Venezia Giulia and Veneto are the regions with the highest average percentage (32%). Emilia-Romagna is third (31,8%), followed by Lombardy (30,2%) and Piedmont (29%). The lowest values are reported in Molise, Lazio and Campania (respectively 7,8%, 8,5% and 9,1%). Similar results arise from the *propensity to export*²⁶ between 2008 and 2012, with Friuli-Venezia Giulia (21%) and Veneto (16,3%) constantly ranked first. They are immediately followed by Tuscany and Emilia-Romagna (16%). Meanwhile, the lowest values are revealed in Lazio (3,6%) and Molise (6,4%).

[Appendices: Table 4.2]

²⁴ Please note that, however, while the data about operations with foreign countries are available one year later, the data about export or import enterprises are only available two years later.

²⁵ The value of export of goods in GDP at market costs.

²⁶ The total value of export in the total volume of turnover.

The main end markets of our exports are the EU (54,7% of the total), extra EU European countries (11,8%) and Eastern Asia (8,5%). With reference to each single country, even in 2014 Germany and France were confirmed as the main target of Italian exports, with the respective percentage of 12,6% and 10,6%. The USA are placed third, with the percentage of 7,5%.

In reference to 2013, the markets that registered the most substantial increase are: Belgium (+15,7%), Hong Kong (+15,5%), the USA (+10,2%) and Poland (+9,9%). The most significant decrease concerns Russia (-11,6%) and Japan (-10,9%).

Table 4.3 – Italian exports: The top 20 countries of destination – Years 2013-2014
(Millions of euros and percentage value)

Country	Position		Measure	Changes	Weigh		Cum
	2014	2013	2014	2013/14	2013	2014	2014
Germany	1	1	50.060	3,3	12,4	12,6	12,6
France	2	2	42.014	-0,6	10,8	10,5	23,1
USA	3	3	29.802	10,2	6,9	7,5	30,6
United Kingdom	4	4	20.907	6,7	5	5,3	35,9
Switzerland	5	6	19.074	-6,4	5,2	4,8	40,7
Spain	6	5	17.944	4,5	4,4	4,5	45,2
Belgium	7	7	13.217	15,7	2,9	3,3	48,5
China	8	8	10.494	6,6	2,5	2,6	51,1
Poland	9	9	10.324	9,9	2,4	2,6	53,7
Turkey	10	10	9.755	-3,3	2,6	2,5	56,2
Russia	11	11	9.523	-11,6	2,8	2,4	58,6
Netherlands	12	14	9.285	2,3	2,3	2,3	60,9
Austria	13	18	8.328	-2,1	2,2	2,1	63
Romania	14	16	6.195	3,2	1,5	1,6	64,5
Hong Kong	15	13	5.477	15,5	1,2	1,4	65,9
Japan	16	19	5.364	-10,9	1,5	1,3	67,3
United Arab Emirates	17	12	5.316	-3,5	1,4	1,3	68,6
Saudi Arabia	18	17	4.824	7,6	1,1	1,2	69,8
Brazil	19	20	4.696	-7,5	1,3	1,2	71
Czech Republic	20	21	4.658	9,4	1,1	1,2	72,2
rest of the world			110.739		28,5	27,8	100
Word			397.996	2	100	100	

Source: ICE Report - *Evoluzione del Commercio con l'estero per aree e settori* (2015)

In 2014-2015, Italy was the second most dynamic country among the first ten international exporters, in terms of annual variation of exports in euro. It was followed by China but it was ahead of all European competitors and the USA (ICE Report, 2015). Some sectors sell over half of their turnover abroad (e.g., production of basic pharmaceutical products, production of other transport equipment,

production of machinery and n.e.c. equipment, production of leather articles and related products). In reference to 2013, the propensity to export in the whole manufacturing industry increased by 1,4%, particularly in electronic (+12%) and mechanical sectors (+3,1%). However, the increase was reduced by the decrease of those sectors related to the extractive (-6,6%), metallurgy (-4,2%) and oil (-5,5%) industry.

Finally, it is important to underline the progressive expansion of differentials in economic performances within the manufacturing sector, between export enterprises and those enterprises exclusively oriented to the internal market.

In the statistical ISTAT-ICE annual report (2015), *Foreign trade and international activities of enterprises*, it is highlighted that the export enterprises create 74,5% of the national value added and register a production level per each employee equal to more than double in non-export enterprises. All this occurs, however, at a labour cost and with a gross salary per employee one third higher. At the same time there are no significant differences in both the whole number of annual working hours per each employee with employment contract, and the total investments made to develop and arrange training courses per each employee.

With regard to the imports, in 2014 the international incoming trade flows were reduced by 1,6%, standing at a total value of 338 billion euros. This result must be exclusively ascribed to the energy sector, falling by 19,5%, the net of which registered a 2,8% recovery. In particular the one related to consumption (+2,4%) and business goods (+3,8%).

Vice versa, the degree of penetration of imports²⁷ has passed from 34% to 37% in four years (Annual Report of The Bank of Italy, 2015).

As in the exports, most of national imports come from EU locations (57,1%), extra EU countries (11,3%) and Eastern Asia (11%). With regard to each single country, Germany and France are placed first again, with the respective percentage of 15,4% and 8,6%. These are followed by China (7,1%), Netherlands (5,5%) and Spain (4,8%).

²⁷ The percentage of national demand met by foreign goods.

In reference to 2013, the markets that registered the most significant increase were: Romania (+10,5%), Czech Republic (+9,3%), China (+8,6%) and the USA (+8,3%). On the contrary, the most significant decrease concerned Libya (-43,9%), Saudi Arabia (-23,8%), Azerbaijan and Russia (-20%).

Table 4.4 – Italian imports: The top 20 countries of origin – Years 2013-2014
(Millions of euros and percentage value)

Country	Position		Measure 2014	Changes 2013/14	Weigh		Cum 2014
	2014	2013			2013	2014	
Germany	1	1	54.618	2,5	14,8	15,4	15,4
France	2	2	30.646	0,4	8,5	8,6	24
China	3	3	25.055	8,6	6,4	7,1	31,1
Netherlands	4	4	19.634	-5,1	5,7	5,5	36,6
Spain	5	6	17.035	4,2	4,5	4,8	41,4
Russia	6	5	16.164	-20	5,6	4,6	45,9
Belgium	7	7	15.115	0,6	4,2	4,3	50,2
USA	8	8	12.495	8,3	3,2	3,4	53,7
Switzerland	9	9	10.534	-1	2,9	3	56,7
United Kingdom	10	10	10.071	4,1	2,7	2,8	59,5
Austria	11	11	8.462	-4,4	2,5	2,4	61,9
Poland	12	14	7.160	8	1,8	2	63,9
Romania	13	18	5.735	10,5	1,4	1,6	65,5
Turkey	14	16	5.705	3,6	1,5	1,6	67,1
Azerbaijan	15	13	5.487	-20,4	1,9	1,5	68,7
Czech Republic	16	19	4.878	9,3	1,2	1,4	70,1
Libya	17	12	4.543	-43,9	2,2	1,3	71,3
Saudi Arabia	18	17	4.191	-23,8	1,5	1,2	72,5
India	19	20	4.159	4,6	1,1	1,2	73,7
Hungary	20	21	4.066	5	1,1	1,1	74,8
rest of the world			89.361		25,3	25,2	100
Word			355.115	-1,6	100	100	

Source: ICE Report - *Evoluzione del Commercio con l'estero per aree e settori* (2015)

With regard to the *capability to import*²⁸ of Italian regions, in the last 10 years Lombardy has been characterized by an averagely higher percentage (36,1%). It is followed by Veneto (25,6%), Sardinia (24,6%) and Liguria (22,1%). The lowest values are registered in Calabria and Campania (respectively by 1,8% and 6,4%). Remarkably different results are registered in the *propensity to import*²⁹ over the period between 2008 and 2012, with Sardinia ranked first (23,2%), followed by Sicily (16,1%), Lombardy (14,3%) and Liguria (13,3%). On the contrary, Calabria (2%) and Valle d'Aosta (5,6%) have the lowest propensity to import.

²⁸ The value of import of goods in GDP at market costs.

²⁹ The total value of imports in the total volume of turnover.

[Appendices: Table 4.5]

A significantly important aspect of the investigation is the existence of an inverse correlation between the number of traders, divided based on the dimensional class, and the actual contribution to the internationalization paths of the national economy.

[Appendices: Tables 4.6 and 4.7]

In the last 10 years, about 98,7% of Italian export enterprises and 99% of import enterprises have been SMEs. However, during the whole period of investigation they only produce 54,5% of exports (sale) and 52,6% of national imports (purchase).

Instead, 45,5% of the total annual exports ascribable to great enterprises (1,3% of traders operating exports) is thus distributed as follows: 11,7% to those enterprises that have a number of employees between 250 and 500, and 33,8% to those having more than 500 employees. The respective percentage related to the imports (1% of traders operating imports) is the following: 11,3% to the enterprises that have a number of employees between 250 and 500, and 36,1% to those having more than 500 employees.

Therefore, it can be said that the contribution to the international incoming and outgoing trade flows of our country, significantly increases together with the firm size. This is proved by the fact that in the last 5 years, the export rate of SMEs in the total annual turnover has ranged from 20,5% to 33%, whereas big enterprises have far exceeded 40%.

Considering the dimensional structure of export enterprises in different target locations, it is observed that 60% of those with less than 10 employees exports to EU countries. The more the dimension increases, the more this value grows up to 92% in enterprises with less than 50 employees. This proves the geographical proximity plays a key role in minor enterprises.

Small exporters are particularly present in extra EU European countries (51,4% of micro exporters and 88,9% of enterprises with up to 50 employees). On the contrary, big and medium-sized enterprises are especially headed to further

markets, such as North America (69,2%), Latin America (64,5%) and Eastern Asia (62,9%).

In addition to pure foreign trade activities, the internationalization process of the enterprises assumes several other forms, which are different by nature and economic impact. Among these, the international expansion through Foreign Direct Investment (FDI) has a strong impact on the strategies and business performance.

Due to a management complexity and the necessary level of financial commitment, as well as the degree of involvement in foreign served markets. Exports and FDIs stand at the ends of a continuum populated by a plurality of forms of internationalization, that is the so-called “intermediate forms”. Such forms include trade or technical-productive agreements (e.g., licensing, franchising, subcontracting) and more structured cooperation projects (e.g., joint-ventures).

Examining the main structural characteristics and dynamics of the Italian enterprises internationalized through the implementation of FDIs, the ICE-Reprint database³⁰ (updated at the end of 2014) contains information regarding both the stock of foreign enterprises participated by Italian enterprises, and the main new initiatives (e.g.: M&A operations, greenfield investments and disposals) started by Italian enterprises in foreign countries.

Analyzing the data in the above mentioned database, it was revealed that in 2014 the decline of the primary amount indicators in foreign enterprises was controlled by Italy. Compared to the previous year there was a 2% downturn in the number of enterprises, 3,5% in the number of employees and 2,1% in the number of turnover. Deflations of similar magnitude (respectively -2,2%, -3,1% and -1,2%) are also registered in reference to every Italian interest abroad³¹.

However, when the analysis refers to a more extended period of time, the overall judgment about the internationalization process of Italian enterprises through FDIs is more structured. Between 2008 and 2014 the total involvement of Italian enterprises abroad increased. Besides, most of the multinational companies based in Italy were able to increase their direct involvement in international markets. It is also important to underline the increasing number of Italian members in the prestigious

³⁰ Managed by R&P in cooperation with the Polytechnic University of Milan available on the website of the Italian Trade Promotion Agency.

³¹ That is to say summing the equal joint-ventures and minority interests to controlling interests.

FDI club. Such a process started in the '90s, following the significant increase of SMEs in the international scene. The total number of Italian enterprises with foreign participation has doubled in the past two decades. In 2014 we had a total of over 11.000 Italian investors, both in individual enterprises and industrial companies. Among them, the majority is represented by SMEs. The 61,8% of investors in foreign countries has less than 50 employees, while the other 26,7% belongs to the dimensional segment between 50 and 249 employees, and only 11,5% of the Italian multinational companies has 250 employees or more.

The internationalization degree of the Italian production system through FDI can be assessed based on production activities realized abroad compared to the overall activities performed in Italy. In some industry and tertiary sectors the internationalization degree, measured in terms of turnover, is particularly high. In particular, the mining industry produces 45,8% of revenues in foreign countries compared to the national context, followed by manufacturing activities standing at 23,5%. Regarding the manufacturing industry, it is emphasized the production of motor vehicles, trailers and semi-trailers, with 154,3% of turnover abroad in contrast with the national context. As well as 38,6% of manufacture of electrical equipment, household appliances and others.

Consulting the same information from the ICE-Reprint database, we can highlight that less than three fourth of the employees participating abroad (73,3% of the total) and almost nine tenth of their turnover (86,2% overall), are ascribable to enterprises with 250 employees or more. Enterprises with more than one thousand employees affect about two-thirds of workforce and four-fifths of the total turnover obtained by foreign participations. Particularly, big businesses of the utilities and tertiary sector have reported the most significant growth rates of the last two decades.

Such a circumstance is considered as the empirical evidence of the relationship between the ability to implement FDIs and the firm size. That is, such a phenomenon is the same as the one related to Italian traders who perform export or import activities.

4.2) BORN GLOBAL FIRM PERSPECTIVES OF ITALIAN INTERNATIONALIZATION

As extensively highlighted in chapter 3, the perspective according to which foreign markets are considered opportunities to learn and develop competitive advantages, is broadly supported in the study of the International Entrepreneurship. In reference to the *new ventures internationalize*, particular relevance is given to the temporary dynamic of internationalization processes developed in a faster order of succession with complex causal links, tending to appear in the enterprises' life more and more precociously.

These contemporary dynamics of the international expansion of an enterprise foster the diffusion of the Born global Phenomenon in different areas of the globe.

Regarding the European context in the Eurofound Report conducted in 2012, *Born global: The potential of job creation in new international businesses*, we can observe that about one fifth of young European enterprises can be defined as Born global. While in countries like Romania, Belgium, Denmark and Norway the percentage of BGs of the total number of new-enterprises is almost 50%, in other countries like Italy, the UK and Spain the percentage is consistent with the European average. By contrast, we can observe values below 10% in Hungary and Austria.

This heterogeneity is absolutely normal considering that the European market is far from being internally homogeneous (Dana, 1995, 2005; Dana et al., 2005; Ratten et al., 2007). Enterprises whose domestic market offers good developmental opportunities while being supported by an advanced economy, perceive less pressure from the internationalization to obtain and strengthen their competitive advantage. Vice versa, in countries where the national market has lower economic growth prospects, the related industry prefers to grow beyond domestic borders.

Lindmark et al. (1994) underline that about 50% of the start-ups in Norway, Finland, Denmark and Sweden are operative in export activities within the second year since their establishment. In the study conducted by Aspelund and Moen (2001), the sample of 213 Norwegian SMEs is divided based on the establishment date of the enterprise. Three groups are identified: (1) the one relating to the enterprises established before 1980, (2) the enterprises founded in the '80s and, finally, (3) the

ones established from 1990 on. The two authors observe that, the first group needed 27 years after the establishment to start the very first activities in foreign countries. Such a long period was reduced to only two years for the enterprises established in the 80s, and one year for the ones established from 1990 on.

Such results seem to be consistent with what was identified by Moen and Servais (2002) on a sample of 677 small Danish, French and Norwegian enterprises. The study highlights that a significant part of the sampled enterprises founded in the '90s, started export activities within the second year since their establishment, with Danish and Norwegian enterprises standing respectively at 30,7% and 38,8%.

In the same year Moen (2002) proposed a further research whose aim was to identify BG firms in a sample of 405 French and Norwegian enterprises. The collected enterprises are subdivided by making use of two survey variables: the export rate in the annual turnover and the year of establishment.

Table 4.8 – Taxonomy based on firms – Moen (2002)

Export to total sales ratio (%)	Establishment year	
	1850-1989	1990-1998
< 25	Old and Local	New and Local
> 25	Old and Global	New and Global (<i>Born global</i>)

Source: Personal elaboration

In particular, the study emphasizes the importance of BGs in the total number of enterprises established after 1990. Although the enterprises founded after this year only represent 18,4% in Norway and 18,8% in France totally, the incidence rate of the Born global Phenomenon is respectively over 50% in Norway and over 60% in France. With an average export rate in the total annual turnover standing respectively at 65,4% and 73,5%.

Considering instead the period earlier the internationalization process, the enterprises established before 1990 start export activities approximately after 20 years since their foundation. While those established later start their export operations within the third year.

Furthermore, analyzing the disaggregated data of local enterprises and BG firms, the time required is further reduced in the second case. Norwegian BGs are internationalized within the year in which they have been established, whereas in France this occurs one year later.

Regarding the specific Italian case, Zucchella et al. (2007) trace two possible types of Italian BG firms. On the one hand, they identify firms operating in high-tech sectors (e.g. e-commerce, ICT and design), whose relation with the local setting is essentially void. On the other hand, the firms present in typical sectors of “Made in Italy” (mostly non- high-tech sectors) which are, instead, strongly anchored to the Italian environment where they were established and perform their entrepreneurial operations.

The close connection between the local system and this last typology of BG firm is not due to their history and business traditions, but rather to the implementation and promotion of those Italian products that are strongly attractive, fascinating and appealing to foreign markets. Clearly, the potential loss of this direct interconnection would cause a sudden decrease in their intrinsic value.

A relevant aspect arising from most of the examined studies, is that almost the total number of European BGs tend to define their internationalization process within the continent. As reported in Chapter 3, in the formulated taxonomy of Born global firms, it is correct to wonder whether these start-ups might be defined as real Born globals or denominated as *Born regionals*, since their scope is limited to one single international geographical context.

The European context allows to glimpse a peculiarity which distinguishes itself from other areas, such as the American and Japanese ones. It is observed that the international economy is undergoing the pressure of globalization and all the related effects, but it is also correct to state that we are concurrently witnessing the diffusion of the *regionalization* phenomenon. Regionalization is meant as the process which subdivides the global geo-economic space in minor territorial units, combined within according to different criteria (economic, social, cultural, linguistic, geographic, etc.). Therefore, the regionalization can be considered as a form of semi-globalization (Ghemawat, 2003).

The EU is clearly the example of such a phenomenon, which however has several similar cases in the world but of lower intensity (for example the NAFTA in the USA, Canada and Mexico or the Mercosur in some countries of South America) (Dana et al., 2005). The EU contributed to the progressive reduction of distances between community countries following the abolition of trading barriers, a higher homogeneity in the national regulations, the creation of an intra-European infrastructural network and, above all, the adoption of a common currency, the Euro, by most of the member states. This European integration process allowed the enterprises of different member states to internationalize within the European Union, benefiting from a decrease in the number of problems related to the liability of foreignness, smallness and newness (Dana, 2005). As operations in similar markets within a common geo-economic space: (1) increase opportunities to interact with different traders and community financial partners; (2) produce positive effects in terms of knowledge spillover as well as a remarkable reduction of coordination costs in different member states; (3) favour internationalization even in young entrepreneurial initiatives.

In this regard, it is interesting to examine the study conducted by Cerrato and Piva in 2013. The related survey of a sample of 180 European BG firms underlines that the exports to the countries of the Old Continent reach about 92,7% of total exports (88,2% to EU countries). This proves a strong community orientation of the sampled European BG firms. Only 27,8% of the collected BG firms operate in foreign markets very distant (geographically and psychologically) from European markets.

This seems to be possible as the additional costs that should be sustained by the BGs in order to grow internationally, turn out to be lower in case this expansion occurs in their own “Region” (that is to say within the European context). Which is more homogeneous and consistent with the socio-economic and cultural standards of the country of origin, compared to other standards that should be faced in order to establish in other continents (Rugman and Verbeke, 2007).

However, it is interesting to underline that the BGs capable of expanding “Globally” (strict meaning of Born global), achieve better performances compared with those that are exclusively delimited to the European context. This proves a

positive correlation between the geographical extension of the internationalization process and business performances. The entrepreneurs of BG firms need to be aware of the potential and advantages that could be obtained from the global expansion of their own business activity, yet without underestimating the hurdles that this growth could encounter (Cerrato and Piva, 2013).

4.3) MAPPING OF THE ETHNIC ENTREPRENEURSHIP IN THE ITALIAN CONTEXT

In Italy, foreign workers represent an important part of the national economic development. As the operation and preservation of many Italian labour-intensive enterprises (typically, those operating in manufacturing, textile and engineering industries) depend on them. Specifically, the enterprises that need workforce do not find an adequate response in the native population (locally and nationally).

Foreigners residing in Italy on January 1st 2015 were 5.014.437 (increased by 92.000 units, which is 1,9% compared to the previous year) and represented 8,3% of the whole population. Since 2008 until today the overall number of foreigners in our country increased by 47,3% (ISTAT annual Report, 2015). Most of foreign people living in Italy come from Europe (52,2% of the total). The biggest ethnic community is the Romanian community, with 22,6% of all foreign people in the territory, followed by the Albanian (9,8%) and Moroccan (9%) community.

According to the annual Report of the Ministry of Labour and Social Policy (2015), *Migrants in the labour market in Italy*, in 2014 the number of foreign people in working age (15 years and over) was a little higher than 4 million individuals of whom 2.294.120 employed, 465.695 people looking for employment and 1.240.312 inactive. The percentage of foreign labour market exceeds 10% of the total, which is above the EU average (7,1%), as well as other powers of the old continent: the UK (9,7%), Germany (9,3%) and France (5,3%).

Examining the 2012-2014 period, it is observed that the number of foreign people increases along with the unemployment, employment and inactivity rate.

As in the native population, the unemployment rate of foreign people is mostly concentrated among the youngest. More than half of the job seekers is less

than 34 years old (51% of the total). Even the employment rate, following a decrease of about 23.000 units in the number of Italian employed, in turn has increased the number of foreign employed by over 111.000 units. Particularly, among women, the employment rate of extra EU workers stands at 46,7%, whereas the rate of European workers stands at 56,9%, compared to the employment rate of Italian women standing at 46,4%.

Instead, the number of unemployed foreign people has increased by 70.000 units, although most of them work hard. This is true especially in particular communities, such as the Philippine one (80,1%), the Peruvian one (68,2%), the Chinese one (67,8%), the Moldovan one (67,8%), and the Ukrainian one (67,7%). At the same time the unemployment rate is similarly high for Moroccan (27,3%), Tunisian (24,3%), Albanian (22,7%) and Pakistani workers (20%).

Starting from the '90s, entrepreneur has gained ground, within the labour market of foreign people residing in Italy. The Ethnic firms located on the Italian territory are considered as dynamic and diversified business realities, characterized by multiple evolutionary trends, both nationally and internationally. However, they are also strongly marked by many weak points. Among which different cases of socio-economic uncertainty are observed in different local reception contexts. Together with the evolution of the growth path of foreign entrepreneurship in Italy, which occurred over the years without the appropriate awareness of its distinguishing features and without any schedule of proper accompanying measures, both nationally and locally, in terms of interests and social and cultural policies.

To date, while the foreign entrepreneur is a widespread and strengthened figure in most of developed countries (firstly, in the USA, Canada, Australia and recently in the UK, Germany and France), in Italy it is still a marginal phenomenon, whose evolution is almost in a state of neglect. As a consequence, it is not able to express its potential and play a key role in the development of the national economy and Italian local systems in particular.

However, there are different national research centers and institutions (public or private) intended to outline the characteristics, determinants and peculiarities of the foreign entrepreneurship in the Italian context. Among them, it is

important to mention the ISTAT, the Chamber of Commerce, the Centre of Study and Research IDOS, the CNEL and the Leone Moressa and Caritas/Migrantes Foundations that, in various ways, conduct investigations on the progressive evolution of the phenomenon recreating the previous tendency both in the national area and comparing specific geographic areas.

According to the InfoCamere data in 2015, among 6.060.085 enterprises operating in Italy, 545.968 were foreign enterprises (9% of the total), of which 99,8% were SMEs. Only between July and September 2015 they increased by a pace four times higher than the remaining manufacturing base (+1,5% against +0,3%), contributing to 40% of the growth achieved within the Italian entrepreneurial system. Since 2012 the total number has increased by 92.000 units, compared to a decrease in the native entrepreneurship by 132.000 units.

Table 4.9 reports the first ten ethnic communities in Italy by level of entrepreneurship in reference to the 2012-2014 period.

Table 4.9 – Level of Immigrant Entrepreneurship by Citizenship – Years 2012-2014
(Number of enterprises)

Nationality	31 dec 2012	31 dec 2013	31 dec 2014
Morocco	61.440	64.090	67.207
China	49.540	52.172	54.455
Romania	50.688	52.100	53.456
Albania	33.466	33.629	34.111
Switzerland	31.213	31.456	31.658
Germany	28.934	29.254	29.650
Bangladesh	20.476	24.322	29.433
Egypt	16.245	17.281	18.583
France	20.711	20.852	18.406
Senegal	16.568	17.072	18.368

Source: Personal elaboration from Unioncamere-InfoCamere data, Movimprese

In the examined period, the growth record is held by Bangladesh, which has increased its balance by 8.900 enterprises compared to the data obtained in late 2012. Among other nations we can highlight Morocco (67.207 enterprises registered at the end of the year, 5.767 more compared to those registered on 31 December 2012), China (54.455, +5.005) and, with more restrained numbers, Romania (53.456, +2.768). With regard to European countries, Switzerland and Germany reported a very small increase, whereas in France, in 2014, a 8,9% contraction was observed.

In 2015, commerce (198.000 units, 36,3% of the total Ethnic firms) and the construction industry (129.000 units, 23,6%) are the operational sectors of primary importance to foreign entrepreneurs, collecting 6 foreign enterprises out of 10 on the whole. They are followed by the manufacturing sector (43.000, 7,9%) and the accommodation and food sector (40.000, 7,5%).

However, for the second consecutive year, business services (29.000 units, 5,3%) are characterized by the highest incidence of foreign entrepreneurship nationally, with a ratio of 1 to 6 (15,9%). These are followed by construction (15,1%), wholesale and retail trade (12,8%), accommodation and food service activities (9,6%) and manufacturing (7,4%).

The service industry drives the growth (+7,9%) and collects over half of all the Ethnic firms registered in 2015 (58,7%). The industry share stands at one-third (33,3%) but it is constantly on the increase (+1,8%). Trade confirms its leadership with a 24,8% increase in the number of ethnic enterprises compared to 2012. While, in the last four years, business services have marked a 51% increase.

The agricultural sector remains residual. This is a sector in which the marked difficulties in the generation change (in 2015 -2,6% enterprises managed by Italian entrepreneurs, -19.000 enterprises on the whole) do not find the appropriate compensation in foreign workers (+2,5%, +359).

The examination of economic operation sectors where most of the foreign entrepreneurs are concentrated, sheds light on the dynamics of the national production systems. Obviously, the concentration in specific sectors is not exclusively related to the structural features of the host context, but it also depends on the professional path of the individuals, as well as the relational system used by foreign individuals in their own business.

The partition of ethnic communities by operating sectors highlights the existence of a *specialization* mechanism in the foreign entrepreneurship. Since the business owners with a foreign citizenship, as well as the employed workers, are usually placed in some sectors rather than others.

According to the InfoCamere database, in 2015 the trend emphasizing the prevalence of foreign entrepreneurs coming from the Balkans and Eastern countries in the construction industry, is still observed. In particular, with an above-average

rate of concentration, we can find Albanians (8 entrepreneurs out of 10 are in the construction industry), Macedonian (73,8%), Romanian (62,7%) and Moldovan entrepreneurs (52,2%), as well as Tunisian (50,5%) and Turkish enterprise owners (38,1%). African and Asian countries excel in the trading sector. In particular, the first countries are Senegal (87,8%), Nigeria (75,9%) and Morocco (71,8%), followed by Bangladesh (62,2%), Pakistan (61,1%) India (42,2%) and China (37,9%).

There is also a high concentration of Chinese enterprises in textile and clothing industries (41,7%), whereas Polish (4,2%) and Ukrainian entrepreneurs (4,6%) are involved in business services. Conversely, entrepreneurs coming from Turkey (35,5%), China (17,3%), Egypt (15,8%) and Germany (11,2%) are involved in accommodation and food service activities.

From the local point of view, last year the Italian scenery was highly diversified (Leone Moressa Foundation, 2015). In the Northern part of Italy, where over half of Ethnic firms are concentrated (30% in the North-West and 21% in the North-East), construction industry is predominant. On the contrary, in the Middle and Southern part of Italy commerce achieves the best results.

The regions of Central Italy host one-fourth of foreign enterprises (26,7%), which has a 10,7% impact on every local enterprise. While Southern regions host little more than one-fifth of foreign enterprises (22,3%), which has a 5,8% impact on the total number of enterprises located in this area.

In some regions even the agricultural sector is relevant to the foreign entrepreneurship. In Basilicata and Molise it stands at 13% compared to the national average of 3%.

With regard to the geographical location, Lombardy holds the record with about 100.000 units in 2015 (one-fifth of the total number of enterprises operating in Italy and owned by foreign entrepreneurs), where Milan continues to represent the national pole of attraction (45.000 units, 8,6%). The second important block is composed of Piedmont, Veneto, Emilia-Romagna, Tuscany and Lazio, each having a 9% average rate.

However, the highest foreign entrepreneurship rate³² belongs to Tuscany (9,8%), where one of its provinces, the city of Prato, report the most significant data concerning its municipality. This is almost entirely ascribable to the Chinese community, of which one out of four enterprises (26,2%) is involved in the textile industrial district of Prato. They are followed by the provinces of Trieste (15,1%), Florence (14,8%), Imperia (13,9%), Reggio Emilia (13,7%) and Milan (13,1%). Less significant values are observed for Taranto (3%), Potenza (3,2%) and Oristano (3,3%).

In reference to the corporate aspects, 94% of the Ethnic firms established in the Italian territory are owned exclusively by foreign entrepreneurs (Leone Moressa Foundation, 2015). This proves foreign entrepreneurs prefer to work independently or with their fellow citizens, rather than cooperating with other ethnic communities or native entrepreneurs.

The so-called mixed entrepreneurial form, that is the mix between native and foreign entrepreneurship, is present in just 5,9% of the Italian industrial pattern. Even the employees are mostly foreigners. In most cases the employee has the same nationality as the employer (62,9% of the total), 20,8% has other nationalities, while only 16,3% of employers hires Italian employees.

Considering the legal nature profile assumed, the foreign entrepreneurship confirms its preference towards individual enterprises (in line with the trend related to the native entrepreneurship), with 80,2% of the total. They are followed by limited companies with a 10,8% value and people companies with a 7,2% value (Caritas/Migrantes Foundation, 2015).

In any case, it is important to underline that according to a comparison in the 2012-2014 period, the number of limited companies owned by foreign entrepreneurs increased by over 30%. The data seem to indicate an evolution of the Ethnic firms into more complex and structured businesses. As a consequence, this produces a positive impact both in terms of access to equity and debt capital, and higher susceptibility of the company to sign collaborations with other entrepreneurs.

³² The incidence of foreign entrepreneurs in the total number of active enterprises locally.

In conclusion, regarding the longevity of Ethnic firms, this has been strengthened over time along with the expansion and the reinforcement of the migration phenomenon in our country. The evaluation of the average age of the enterprises, according to the nationality of the owners, provides an overall review (Caritas/Migrantes Foundation, 2015). The most recent entrepreneurial experiences belong to entrepreneurs coming from EU member states that have an average age of 3,6 years (in particular Germany, France, the UK, Romania, Poland, Bulgaria). They are followed by entrepreneurs from Central-Eastern Europe, whose enterprises generally have a 3,8-year longevity (in particular Ukraine, Moldavia, Russia). The situation regarding other geographic areas is more diversified. With regard to the Asian area, the enterprises are aged 4,2 years on average, but each country differs: the most recent experiences are those belonging to Indian entrepreneurs (3,9 years) while the most strengthened are those belonging to Iranian entrepreneurs (6,7 years). The situation is similar in Latin America, where the most enduring experiences of Peruvians, Chileans, Venezuelans and Argentinians entrepreneurs (approximately 7,3 years) are in contrast with the experiences of young Ecuadorians, Dominicans, Bolivians and Cubans entrepreneurs (around 4,3 years).

Higher consolidation is observed among African entrepreneurs, whose average longevity of enterprises is about 5 years.

CHAPTER 5 – BORN GLOBAL AND ETHNIC FIRMS: A QUANTITATIVE ANALYSIS ON TAXONOMY OF THE ENTREPRENEURIAL MIX

SUMMARY: 5.1) RESEARCH METHODOLOGY - § 5.2) RESEARCH DESIGN - § 5.3) 1st ANALYSIS; SOME EVIDENCES ON ITALIAN OPERATOR USED TO THE OFFSHORE - § 5.3.1) *Data Source* - § 5.3.2) *Sample Selection and Data Collection* - § 5.3.3) *Summary of Findings* - § 5.3.4) *Web-based Survey* - § 5.4) 2nd ANALYSIS; RECENT EVOLUTION OF THE BORN GLOBAL PHENOMENON IN TUSCANY - § 5.4.1) *Data Source* - § 5.4.2) *Population Selection and Data Collection* - § 5.4.3) *Theoretical Framework* - § 5.4.4) *Summary of Findings*.

5.1) RESEARCH METHODOLOGY

A clear and precise formulation of a methodological research approach is the starting point to conduct an analysis capable of highlighting and exploring phenomena, dimensions and highly informative issues.

To the researcher, this is certainly the most difficult moment of the investigation, as it is necessary to choose the way to follow based on the nature of existing paths, time and resources available. This way, the task of the researcher is similar to the task of the entrepreneur in making decisions in limited times and with incomplete information.

The research method cannot be defined as a simple one-dimensional sequence of steps, but it needs to be conceived as a long path with several crossroads and branches where, at every crossing, it is necessary to make a decision. Neither rules nor algorithms are able to determine which decision is the right one. The more the researcher conceives the method as a strict sequence of steps, the more he makes thoughtless decisions.

Similarly, the research must be developed in the form of a cognitive process that requires new ideas, not being confined to the simple progressive validation of ideas formulated before, but opening itself to new incitements and information capable of both withstanding the pressure of modern interpretations and increasing the complexity in the traditional conceptual schemes.

Once the methodology is adopted, the researcher is able to choose the data collection mode as well as survey techniques and instruments that must be applied to respond to the research questions. So that a central idea is observed in the whole analysis. However, in order to achieve these results, the individuals designated to

conduct the investigation must have a clear idea of the goals set by the research, because most of the non well-defined goals reduce the probability to draw a conclusion capable of increasing, formulating and examining the knowledge of a certain field of study.

In this study the research path follows a methodological approach divided into a quantitative and qualitative investigation.

While the quantitative research provides answers to “what” questions, essentially allowing the prediction and generalization of phenomena through the validation and the confutation of default theories. The qualitative research lingers on “how” and “why” questions, being drawn in dynamic processes and phenomena rather than static frameworks (Yin, 2003).

This bipolarity in the implementation of the survey is widely justified by the research questions we intend to respond to, whose common purpose is to examine “the connection between the Born global Phenomenon and the Immigrant & Ethnic Entrepreneurship”. This goal is essentially pursued through the investigation of the respective mixed entrepreneurial configuration which has the highest number of unexplored investigation areas and, in turn, a great potential of interest in the intrinsic study, which is the Immigrant Born global.

In this chapter we will conduct the quantitative research, which is composed of two separate but complementary surveys. The first study makes use of the ITALIANCOM Chamber database (Italian Companies Around the World) containing all those companies headquartered in Italy that utilize the Codice Meccanografico for operator with the offshore³³. The second study uses a database specifically created (resulting from the overlap between two ISTAT database) to exclusively collect international Tuscan enterprises. This last survey has been conducted during the visiting researcher period at the Regional Institute of Economic Programming of Tuscany (IRPET).

While the purpose of the first study is to emphasize the prominence and peculiarities associated with the Immigrant Born global Phenomenon originated in

³³ The ITALIANCOM database on which the investigation has been based, was provided by the U.O Statistics and Studies of the Chamber of Commerce of Florence. The online version (free access) only contains those enterprises that must request such a denomination.

the entire Italian territory. The second study makes use of the most significant evidence arisen from the first quantitative research, in order to represent in details the different evolutionary paths of the Immigrant Born globals headquartered in Tuscany.

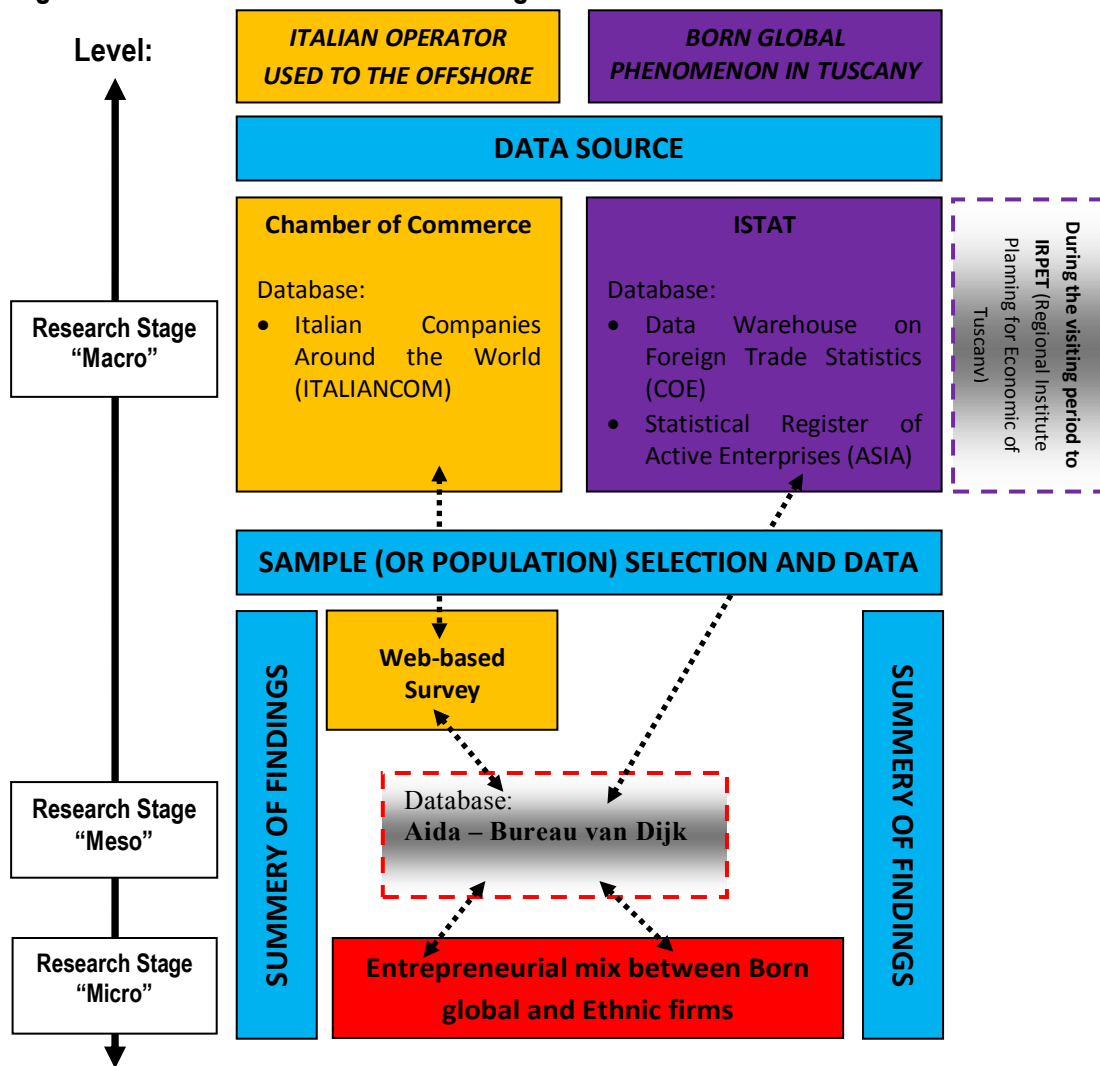
As we shall see later, both studies prove the existence of recurring dynamics in the internationalization process of the sampled enterprises, representing real generalized evolutionary trends. For this reason, they are so scientifically relevant that, the search for prerequisites, justifications and cause-effect links is validated.

5.2) RESEARCH DESIGN

In this paragraph, we recreate the research plan required to define step-by-step the most important stages of the quantitative research. In this regard, it is possible to identify a nonlinear investigation path composed of three different steps. The investigation was carried out in both directions going through the different levels of the project, in order to contextually and gradually evaluate theory implications, research questions, goals, methods and efficiency threats for both.

Such levels are summarized in the table below:

Figure 5.1 — Quantitative Research Design



Source: Personal elaboration

5.3) 1st ANALYSIS; SOME EVIDENCES ON ITALIAN OPERATOR USED TO THE OFFSHORE

5.3.1) Data Source

The ITALIANCOM database contains the name of each company headquartered in Italy making use of Codice Meccanografico in foreign operations

(also named Identification Code)³⁴. Such identification number recognizes the individual with the status of *Usual operator with the offshore*³⁵.

Specifically, it might be requested by any enterprise capable of annually demonstrating (upon documentation) to meet at least one of the following requirements:

- Usual exporter (in accordance with the DPR 633/72, D.L. 746/83, converted with the L. 17/84 and D.L. 331/93, converted with the L. 427/93).
- Direct and/or indirect realization (through Italian trading companies) of at least one incoming and/or outgoing commercial transaction over the year, for a total amount not lower than 12.500 euros, or worth more than 50.000 euros with EU countries.
- Permanent stay abroad through their own local unit.
- Participation of foreign individuals in company shareholdings.
- Creation of partnerships with foreign companies.
- Establishment of company and/or capital and/or contractual joint venture abroad.
- Performance of Foreign Direct Investment (FDI).
- Payment of share capital in foreign companies (this case is not included in the FDI).
- Implementation of the franchising system in foreign countries.
- Drafting of at least one supply contract and/or agency contract abroad.
- Establishment of companies abroad.
- Participation in a temporary consortium in a foreign country.

The main strength of this database is related to the investigation of the entire range of entry modes in foreign markets that might be adopted by an enterprise during its foreign expansion. This aspect makes it different from most of those

³⁴ Since 2008, after the abolition of the Italian Foreign Exchange Office, the Codice Meccanografico has been compulsory only for operative enterprises enrolled in the Registry of Businesses that realise annual export or/and import operations worth 12.500 euros or more, or worth more than 50.000 euros with EU countries.

³⁵ The Identification Number, which cannot be appointed to individuals, is granted to the companies or the societies registered in the Registry of Businesses and to the Public Authorities which are non-profit institutions and must realize offshore initiatives.

information resources exclusively focused on foreign trade techniques (exports and imports).

Due to a management complexity and the financial level of commitment of the enterprise, as well as the degree of participation in served foreign markets, exports and FDIs are placed at the end of a continuum, populated by a plurality of forms of internationalization, the so-called “intermediate forms”. These comprise (also) trade or technical-productive agreements (e.g., licensing, franchising, subcontracting) as well as the implementation of more structured cooperation projects (e.g., joint-ventures). The circumstances according to which these forms do not directly allow the transit of goods through customs, or prevent capital flows that need to be registered in the balance of payments, make them almost transparent in the light of the official survey and rather difficult to be assessed. As a consequence, over time an inadequate consideration has been developed also in academic and non-academic studies.

5.3.2) Sample Selection and Data Collection

After presenting the database used to conduct the first quantitative research, the procedure intended to choose the final survey sample, as well as the approach of the data collection, are explained in sequential steps as follows.

---- 1st Phase ----

In the last update of May 2015, the ITALIANCOM database approximately contained 40.000 (exactly 40.797 units) Italian companies registered in the Registry of Businesses that, from January 1992 to April 2015, requested and later obtained from the Chamber of Commerce of the province where the enterprise is headquartered, the only and personal Codice Meccanografico for operator with the offshore.

The variables utilized in the record layout to extrapolate from the first sample the entrepreneurial realities ascribable to the Born Global Approach, were: the “date of establishment of the enterprise” and the “date of grant of the code”³⁶. The limit threshold between the two dates was set at three years.

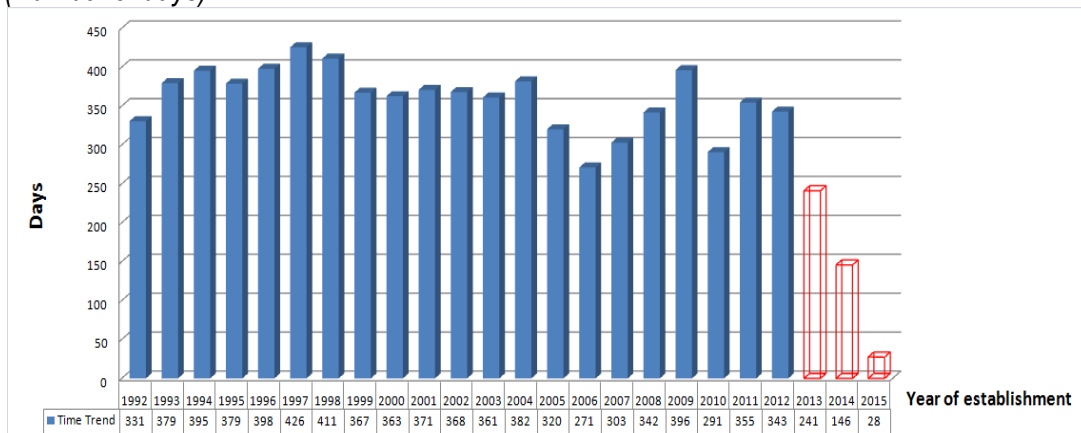
³⁶ This is the moment in which the enterprise started to operate with foreign countries.

Overall, the BGs with Identification Code turned out to be 10.413 (25,5% of the total).

For the following reasons, the remaining enterprises are eliminated from the sample: 809 units rejected due to the inconsistency between the two dates assumed for the purposes of the samples; 48 units rejected due to the lack of one of the two dates, or both; 28.094 units rejected because of the internationalization process which occurred three years later their establishment; 1.433 units rejected because established before 1992³⁷.

Subdividing the sampled BGs according to the year of establishment (that is, from 1992 to 2015, included), it can be observed that they achieve the status of Operator used to operating in foreign countries in the considered period, approximately one year after the establishment. This emphasizes the intense and instant desire of the owners to approach the international competitive context as early as in the start-up phase of the company.

Figure 5.2 — Average days before being a Born global with Codice Meccanografico (Number of days)



Source: Personal elaboration

The progressive decrease reported in the last three years is due to an intrinsic limit to the adopted method of sampling. Having set the limit threshold at 3 years in order to ascribe an enterprise with Identification Code to the Born Global Approach, the more we get closer to the investigated time span (in this case April

³⁷ Those enterprises established before 1992 are not included in the sample. This is because the aim of this study is to start the investigation in the period in which such an identification was coming into effect.

2015), the more the above mentioned margin is restricted. In other words, the time required by the enterprise to internationalize itself is gradually reduced³⁸. Therefore, it stands to reason that both a decrease in the number of Born global Phenomena and a reduction of time available to internationalize are observed in the last three years. That's because during this period of time an increasing number of virtuous BGs are progressively collected at the foreign growth level; that is to say, the most Born global among the Born global firms.

---- 2nd Phase ----

After collecting the tax code (or VAT number) of each BG firm through the use of the AIDA – Bureau van Dijk database, it was possible to determine the nationality of the owner group. This second phase allowed the partition of the previously selected enterprises in Immigrant Born globals (IBGs) and Native Born globals (NBGs).

The overlap between the two samples was higher than 70% (7.904 on the whole). This is a highly surprising result because, while in the Chamber database the sampled enterprises are found to have any legal form, in the AIDA database there are only limited companies.

Among these, several BGs are eliminated: 363 were rejected due to the inconsistent date between the two database; 1.113 units were rejected because the status of the enterprise activity is not “Active”. Additionally, it is necessary to specify that when the current study was conducted (approximately around the first months of 2016), all the BGs established in 2015 presented incomplete or missing data in the AIDA database. This is why we decided to delineate the survey period between 1992 and 2014 (included).

Therefore, the final sample was definitively reduced to 6.393 limited companies with Codice Meccanografico for operator with the offshore. All of them

³⁸ The enterprise established before May 2012 had the whole period of three years to decide whether to internationalize itself or not. On the contrary, the enterprise established after that date had a progressive restriction in the time needed to start operations with foreign countries, in order to be defined as a BG firm. Therefore, the more we get closer to the right extreme of the investigated period of time (that is April 2015), the more the probability as well as the intensity of the Born global Phenomenon decrease.

are ascribable to the Born global Phenomeon, of which 672 are Immigrant Born globals and 5.721 Native Born globals.

Table 5.1 — Descriptive information of the total sample

(Number of enterprises and percentage value)

International Entrepreneurship	Freq	Percent	Cum
<i>NBG</i>	5.721	89,5	89,5
<i>IBG</i>	672	10,5	100
TOTAL	6.393	100	

Source: Personal elaboration

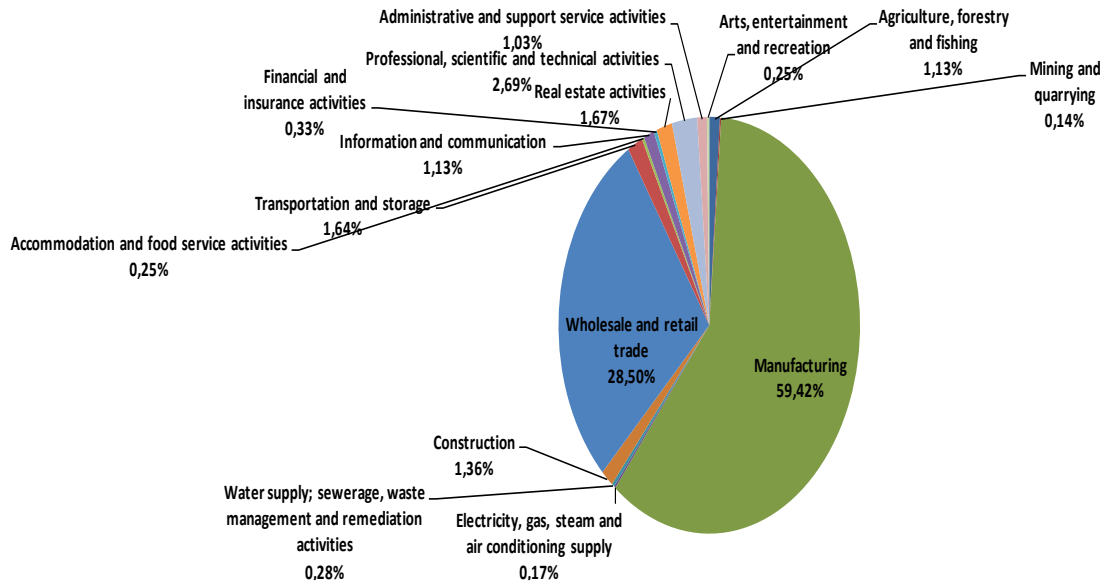
5.3.3) Summary of Findings

The most significant results of the survey have been partitioned in macro research areas.

Membership product market

More than half of the collected BGs operates in the manufacturing sector (59,4% of the total). The most significant values are those related to: Manufacture of machinery and equipment n.e.c (13,3%), Manufacture of fabricated metal products, except machinery and equipment (9,1%) and Manufacture of Food, Beverages and Tobacco (4%). Concurrently, it can also be observed an intense participation in the trade industry (28,5% of the total). However, there is a clear difference between those operating in wholesale trade (27%) and those operating in retail (1,5%).

Figure 5.3 — Born global by Sector
(Percentage value)



Source: Personal elaboration

With regard to this macro research area, considerable differences are not observed between the BGs owned by foreign entrepreneurs and ones managed by native entrepreneurs.

The IBGs are concentrated in the manufacturing industry (57,7% of the total) and in wholesale and retail trade (27,8%). By contrast, they marginally participate in Professional, scientific and technical activities (4,6%), Information and communication services, and Transportation and storage (2,1%).

Table 5.2 – Immigrant Born global and Native Born global by Sector
(Number of enterprises and percentage value)

Economic activities: ATECO 2007	International Entrepreneurship			
	Immigrant Born global		Native Born global	
	n°	%	n°	%
Agriculture, forestry and fishing	1	0,1	71	1,2
Mining and quarrying	1	0,1	8	0,1
Manufacturing	388	57,8	3.411	59,6
Electricity, gas, steam and air conditioning supply	2	0,3	9	0,2
Water supply; sewerage, waste management and remediation activities	1	0,1	17	0,3
Construction	5	0,7	82	1,4
Wholesale and retail trade	187	27,9	1.635	28,6
Transportation and storage	14	2,1	91	1,6
Accommodation and food service activities	1	0,1	15	0,3
Information and communication	14	2,1	58	1
Financial and insurance activities	6	0,9	15	0,3
Real estate activities	8	1,2	99	1,7
Professional, scientific and technical activities	31	4,7	141	2,5
Administrative and support service activities	11	1,6	55	1
Arts, entertainment and recreation	2	0,3	14	0,2
TOTAL	672	100	5.721	100

Source: Personal elaboration

Thanks to the partition of different ethnic communities based on operational industries, it is possible to analyze the *specialization* mechanism of foreign entrepreneurs. Since, both salaried jobs and foreign entrepreneurs are more involved in some industries rather than others.

Subdividing each IBG based on the nationality of the owner group, a strong polycentrism of foreign entrepreneurship has been observed in several communities. Many of these are ascribable to European countries. The following table shows the most significant values.

Table 5.3 — Specialization Immigrant Born global by Sector
(Percentage value)

Country	Level of specialization	Economic activities
China	53%	Manufacture of textiles, wearing apparel and leather
	33%	Wholesale trade, except for motor vehicles and motorcycles
Germany	15%	Metallurgy and Manufacture of fabricated metal products (except machinery and equipment)
	23%	Wholesale trade, except for motor vehicles and motorcycles
Switzerland	18%	Manufacture of machinery and equipment n.e.c.
	33%	Wholesale trade, except for motor vehicles and motorcycles
France	13%	Manufacture of textiles, wearing apparel and leather
	11%	Metallurgy and Manufacture of fabricated metal products (except machinery and equipment)
Spain	19%	Manufacture of other non-metallic mineral products
	28%	Manufacture of electrical equipment and of non-electrical equipment for domestic use
USA	8%	Manufacture of computer, electronic and optical products
	19%	Manufacture of machinery and equipment n.e.c.
Albania	42%	Construction

Source: Personal elaboration

China and the USA are the only non-European countries where a strong interconnection is outlined between the Italian economic context and the Immigrant Born global Phenomenon.

The highest rates of industry specialization are reported in those IBGs managed by Chinese entrepreneurs, which are almost exclusively productive in the Manufacture of textiles, wearing apparel and leather (53%), or in Wholesale trade (except for motor vehicles and motorcycles) (33%). With more significant values, there are also IBGs managed by Albanian entrepreneurs in the construction industry (42%), or Swiss entrepreneurs in the wholesale trade (except for motor vehicles and motorcycles) (33%).

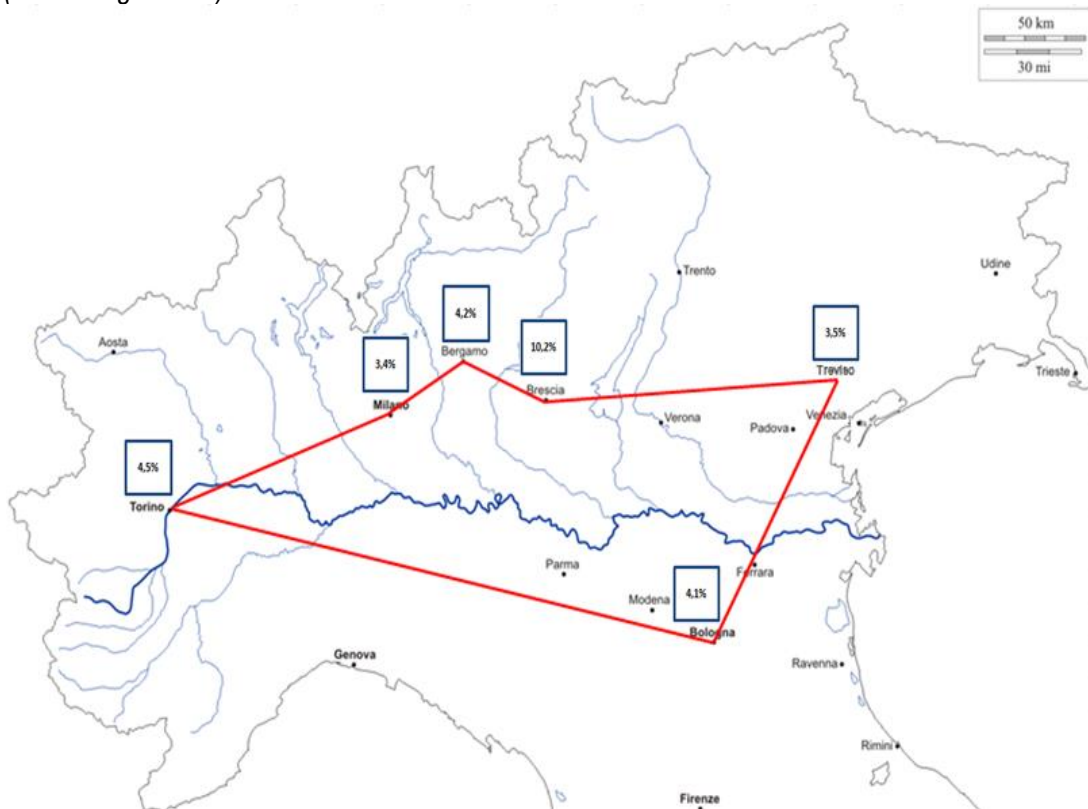
Geographical location

The Born global Phenomenon is not evenly extended across the Italian peninsula. In fact, 75% of the sampled BGs are located in Northern and Central

regions. Lombardy has the highest percentage (28,2% of the total). It is followed by Emilia-Romagna (15,8%), Veneto (13,7%), Tuscany (9%) and Piedmont (8,9%).

Among the provinces, Brescia is the main pole of attraction with a percentage of 10,2%. It is followed (with clearly lower percentages) by: Turin (4,5%), Bergamo (4,2%), Bologna (4,1%), Treviso (3,5%) and Milan (3,4%). Among Southern regions the most remarkable cities are Bari (2%) and Naples (1,8%).

Figure 5.4 – Epicentre of the Born global Phenomenon in Italy
(Percentage value)



Source: Personal elaboration

The purpose of the above figure is to represent the extension of the geographical area in Italy, designated as the core of the Born Global Approach. The lines marked in red roughly delineate its boundaries. These are obtained by joining the different points corresponding to each provincial administrative center where the diffusion of the Born global firms has the highest level of intensity.

Examining in detail, the subdivision of the sampled BGs according to the nationality of the owners (native or foreign) allows us to trace the diffusion of IBGs and NBGs across the entire peninsula.

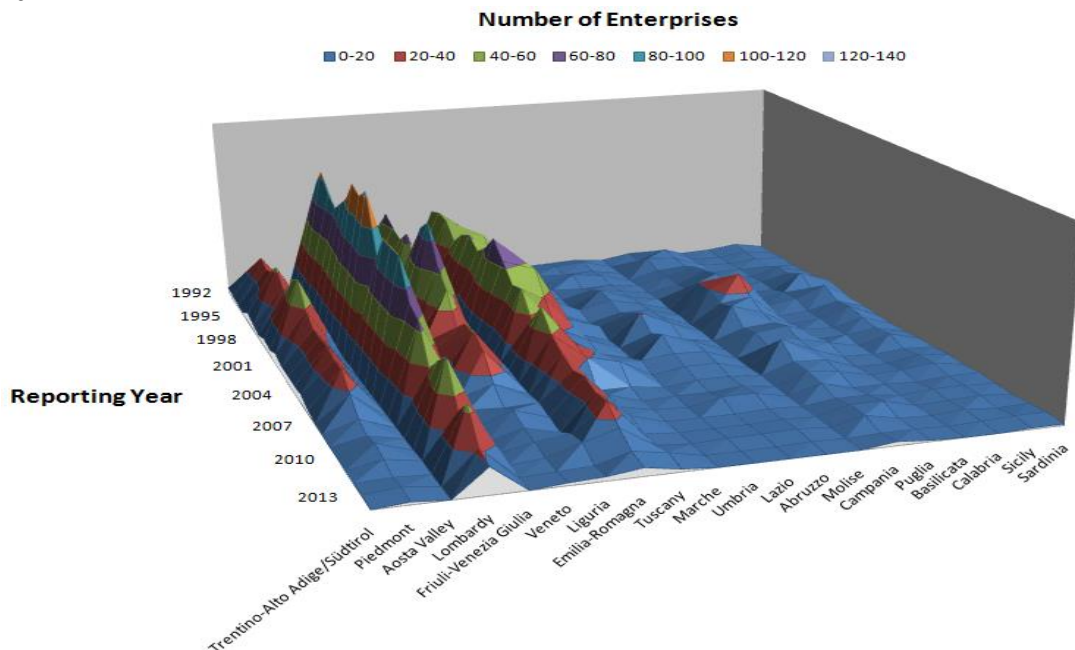
Entrepreneurship. Several Southern regions have higher percentages than other Northern areas. See the case of Puglia and Campania.

By contrast, subdividing the sampled BGs based on the year of establishment (so between 1992 and 2014, included), it is possible to put together the framework of their recent diffusion in the Italian context.

In Italy, the boom of BGs with Identification Code for operator with the offshore occurred over the last two decades, between the old and the current century. In the last years of the 19th century, they constantly and intensely diffused across almost every Italian region, especially in Central-Northern regions. On the contrary, since the first years of this decade their diffusion has been irregular, leaving space for a varying trend that reached the highest negative point in 2008.

However, it is necessary to specify that the progressive involution reported in the last three years is still due to an intrinsic limit to the adopted method of sampling.

Figure 5.6 – Evolution of the Born global Phenomenon by Region – Years 1992-2014



Source: Personal elaboration

International Activity Paths

In order to verify the existence of distinctive and recurring approaches to the internationalization process by the sampled Born global firms, two of the most important business strategies related to foreign activities are analyzed below.

1) Foreign Market Entry Modes

There are multiple modalities through which an enterprise may internationalize itself and they imply a different level of financial and organizational commitment, as well as a higher or lower rooting in served foreign markets. Ordering them from the less complex to the most structured form, the indirect exports and the FDIs are placed at the extremes. In the intermediate position there is a wide range of techniques that, because of their different level of intensity, are based on the peculiarities of either.

The ITALIANCOM database is one of the few sources considering all the forms of internationalization that might be adopted by an enterprise during its foreign expansion. Such a feature differentiates it from most of the other information resources which, conversely, are exclusively focused on foreign trade techniques.

With respect to this macro research area, the sampled BGs based on the year of establishment, were subdivided in three groups, each corresponding to a specific period in the entire survey (between 1992 and 2014, included): *Well-Established BG* [years: 1992-1999]; *Advanced BG* [years: 2000-2006]; *Young BG* [years: 2007-2014].

Table 5.4 – Foreign Market Entry Modes of the total sample
(Number of enterprises and percentage value)

Born Global group	Reference periods	Freq			Not specified (%)	Tot percentage (%)
		IBG	NBG	Total		
<i>Well-Established BG</i>	1992-1999	276	2.634	2.910	72,7	45,5
<i>Advanced BG</i>	2000-2006	293	2.331	2.624	73,4	41
<i>Young BG</i>	2007-2014	103	756	859	30,1	13,5
TOTAL		672	5.721	6.393		100

Source: Personal elaboration

Before delving into the investigation, it is necessary to specify that during the annual validation of the code, most of the sampled BGs preferred not to inform the Chamber of Commerce about their approach to foreign markets. In the above table, the entry *Not specified* reports the percentage of failed correspondence for each formulated group.

It is clear how the lowest percentage corresponds to the Young BGs. Therefore where the distinctive elements of the Born global Phenomenon are released with higher intensity and so where it is more correct to conceptualize this form of International Entrepreneurship.

In young BGs, the foreign trade technique plays a primary role in the internationalization strategies. In fact, the exports are the main entry mode in foreign markets. Indirect exports are employed in 66,6% of cases, followed by direct exports in 24,4% of cases. Instead, a secondary role is played by strategic alliances (e.g., joint-ventures, licensing, franchising, subcontracting), only signed in 3,2% of cases.

As for the intermediate class (Advanced BGs), the rate of direct and indirect exports is slightly decreasing, respectively by 61,4% and 22,7%. Such a rate is completely assimilated in the strategic agreements, which percentage stands at 13,7%.

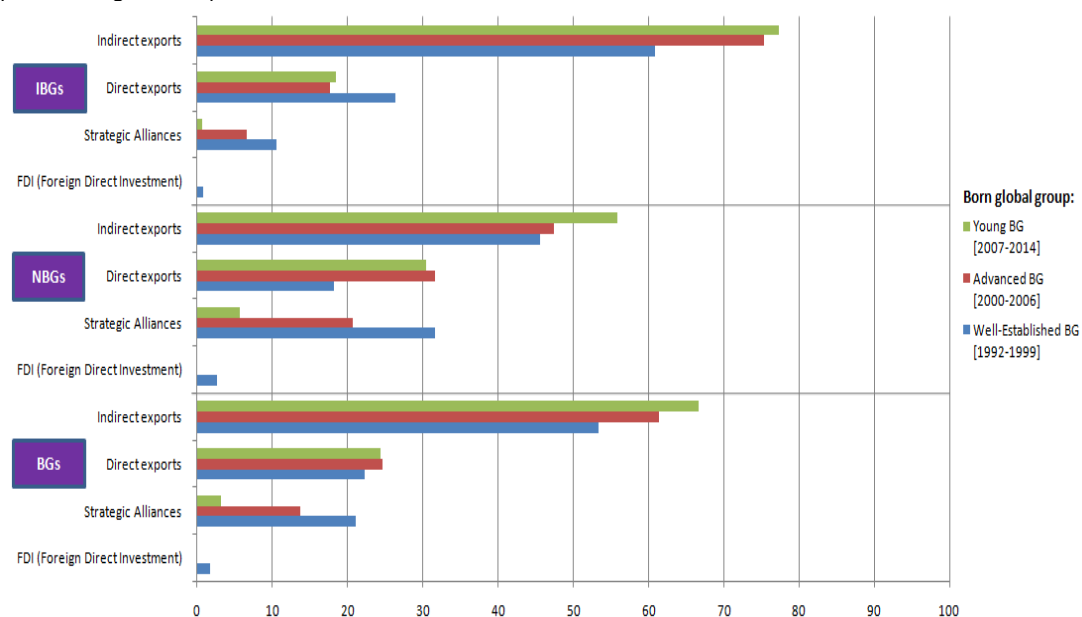
Finally, in the oldest BGs (Well-Established BGs) foreign trade is still decreasing, respectively by 53,3% in indirect export and by 21,3% in direct export, whereas the intermediate internationalization technique, such as licensing, franchising, subcontracting, and joint-ventures, are continuous increasing (21,1%).

In Well-Established BGs the FDIs exceed the 1% limit for the first time: 39,7% refers to shareholdings of corporation stock higher than 50%; 45% higher than 10%; 10,2% lower than 10%. While 5,1% refers to the establishment of a new society in a foreign country.

As for the combined use of different internationalization modalities, this generally occurs in 22,1% of the sampled BGs, particularly, in Well-Established BGs (17,5%). The most common mix modality is the one combining direct and indirect exports (61,9%), followed by the modality combining direct and indirect exports with strategic alliances (9,2%).

Dividing the study according to the native or foreign owners' nationality, it is observed that the NBGs have progressively adopted a heterogeneous approach to the served foreign markets over time. By contrast, in BGs owned by foreign entrepreneurs there is a strong and constant concentration on the internationalization techniques related to foreign trade.

Figure 5.7 — Foreign Market Entry Modes in the Immigrant and Native Born global Groups
(Percentage value)



Source: Personal elaboration

In the youngest IBGs with Codice Meccanografico, the traditional indirect marketing technique monopolizes the international activity (77,3% of the total). The same is valid for the Advanced IBGs, where the total export percentage is up to 93,1%. Trade or technical-productive agreements, as well as structured partnership projects are only occasionally signed (6,6%).

However, the reference framework unequivocally changes for those IBGs established in the '90s (Well-Established IBGs). In fact, ensuing the increase in number of direct exports (26,3%) and the stipulation of business agreements (10,6%), there is a strong decrease in number of indirect exports of almost a 1/4 of the total (60,9%).

Regarding the implementation of FDIs, this form of internationalization plays a secondary role even in Well-Established IBGs (0,8%).

On the contrary, the sampled Young NBGs have totally different features compared to young IBGs. As early as in the first years of international growth, trade reaches the 30,4% limit through direct entry modes, and the 55,8% limit through indirect entry modes. There is also an increasing application of intermediate forms of internationalization. Indeed, strategic alliances are stipulated in 5,7% of cases.

In Advanced NBGs there is a considerable decrease in indirect exports (47,4%), following an increase in the number of direct exports (31,6%), as well as a highly significant increase in business agreements (20,7%).

Similarly, in Well-Established NBGs trade or technical-productive agreements as well as structured partnership projects exceed the 30% share. Export activities totally cover 63,8% of operations with foreign countries; respectively by 45,6% and 18,2%. Finally, the implementation of FDIs plays a secondary role even in the oldest NBGs (2,6% of the total).

2) International Networking

An additional variable of the ITALIANCOM database is the one collecting the different business strategies to arrange the global contact network (formal or informal contacts).

Table 5.5 – International Networking of the total sample
(Number of enterprises and percentage value)

Born Global group	Reference periods	Freq			Not specified (%)	Tot percentage (%)
		IBG	NBG	Total		
<i>Well-Established BG</i>	1992-1999	276	2.634	2.910	80,3	45,5
<i>Advanced BG</i>	2000-2006	293	2.331	2.624	81,5	41
<i>Young BG</i>	2007-2014	103	756	859	53,9	13,5
TOTAL		672	5.721	6.393		100

Source: Personal elaboration

Also in this case, most of the sampled BGs has not informed the Chamber of Commerce about the networking strategies adopted in their international activities. In the entry *Not specified* the percentage of failed correspondence is reported for each formulated group. However, it is clear how the lowest percentage is still found in Young BGs.

Most Young BGs are used to establishing relationships with international operators based on independent initiatives (in 63,1% of cases). The participation in international networking projects sponsored by external institutions or associations rarely occurs (18,3%). The same is valid for more structured and long-term solutions, such as direct reception by foreign participants (8,6%) or the stay of business technicians in foreign countries (5,6%).

Also in the intermediate class (Advanced BG) the international networking is essentially based on the individual willpower of the enterprise (59,5%). However, slightly increasing values are observed, both in the involvement in initiatives supported by institutions or associations (20%) and in more structured cooperations (17%).

As for the oldest BGs (Well-Established BGs) significant variations are not observed in: independent initiatives (58,2%), programs sponsored by outer bodies (19,4%), direct reception by foreign operators (11,4%) or stay of business technicians in foreign countries (6,7%).

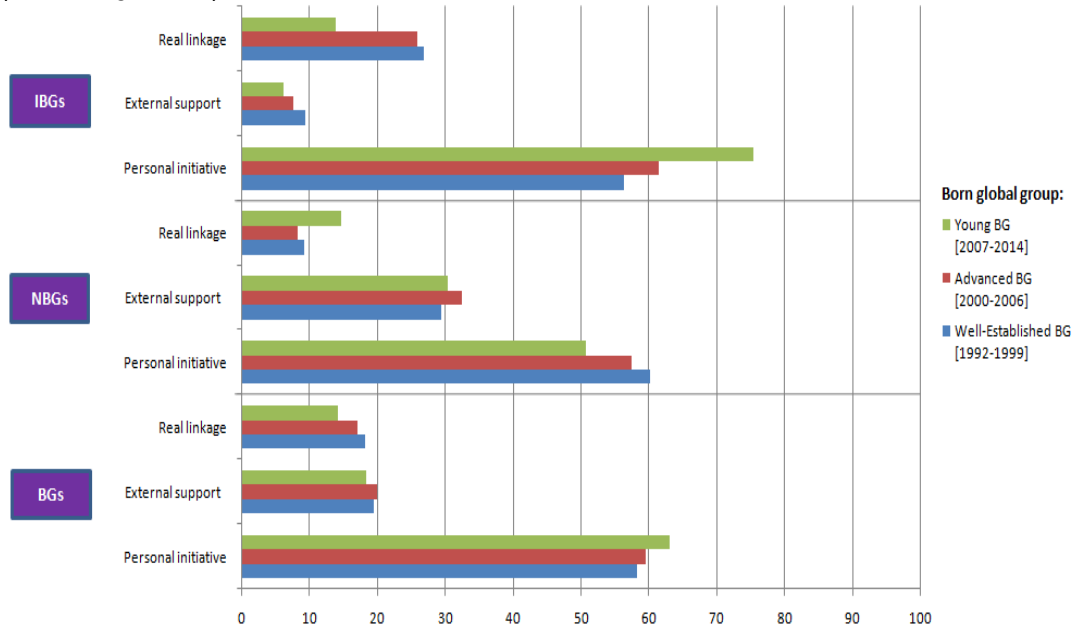
Sectioning the study based on the owner group's nationality, in young BGs owned by foreign entrepreneurs (Young IBGs) the independent initiative plays a primary role in international networking strategies (over 75%). However, the situation drastically changes in the analysis of the Advanced IBGs. The strong decrease in the percentage related, both to the individual initiative (61,5%) and the participation in projects sponsored by outer bodies (8,6%), is counterposed to a real boom of more structured approaches (25,8%).

The reference framework of the IBGs established in the '90s (Well-Established IBGs) does not undergo further changes.

Similarly, as with the previous *Foreign Market Entry Modes*, the Young NBGs take on highly heterogeneous approaches in *International Networking* activities compared to the equivalent IBGs. The business strategies with more dissimilar values are related to the participation in programs supported by external institutions or associations (30,4%), or the ones related to the individual initiative of the enterprise (50,7%). Both have variations (the former increasing, the latter decreasing) ranging over 20 percentage points.

Conversely, in the oldest NBGs significant variations are not registered.

Figure 5.8 — International Networking in the Immigrant and Native Born global Groups (Percentage value)



Source: Personal elaboration

Finally, it is possible to state that IBGs with Identification Code prefer to resort to independent initiatives, rather than being supported by external institutions or associations in the promotion of their interconnections beyond national borders. Similarly, they consider the international mobility of their employees as a valid international networking strategy.

On the contrary, the NBGs show a strong interest in the cooperation with institutions or associations from the start-up phase. But over time they are less inclined to establish well-structured and long-term relationships with international operators.

Ownership Structure

Thanks to the aspects of Corporate governance, as well as the features related to the identity of the ownership structure, it is possible to further examine the study of the Immigrant Born global Phenomenon.

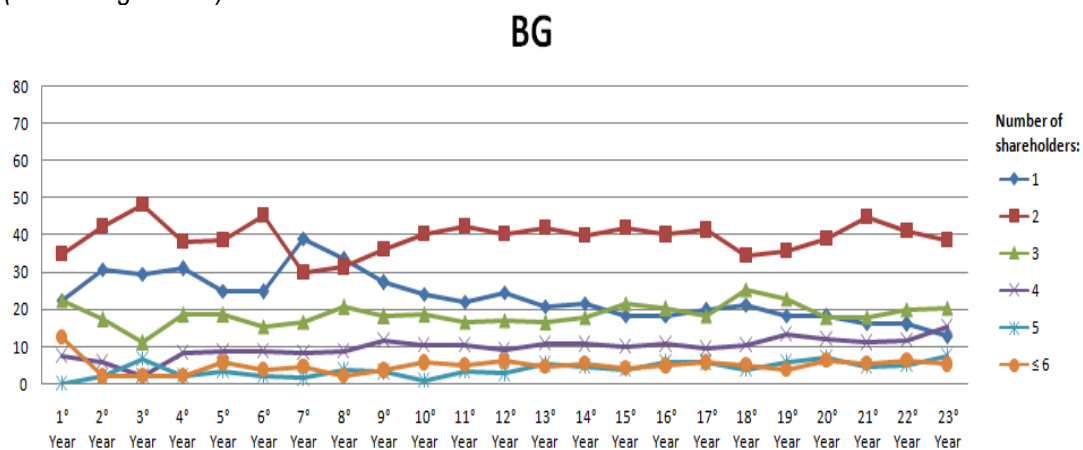
1) Corporate Governance

As debated in the paragraph concerning the *Sample Selection and Data Collection*, the final sample originates from the overlap between two database: ITALIANCOM and AIDA – Bureau van Dijk. On the one hand, the choice to set the investigation in this way allows us to examine only BG firms with the typical legal nature of limited companies. On the other hand, it also enables us to conduct an analysis on the corporate aspects.

Subdividing the sampled BGs according to the year of establishment, it is possible to determine whether the openness of the ownership structure to new investors increases as the business grows, or the consolidation of the shareholdings is strengthened among the founding members.

Proceeding in chronological order, in the 1st Year (after the establishment) it is observed the data integration referring to the stock split reported in 2014 by the BGs founded in the same year. Progressively reaching the 23rd Year (since their foundation), we can observe the values updated in 2014 in reference to the enterprises established in 1992.

Figure 5.9 – Evolution of the stock split – Years 1992-2014
(Percentage value)



Source: Personal elaboration

Considering the different trends, it is clear that over time the consolidation of the shareholdings among the founding members has increased. In fact, during the whole analysis period the Board of Directors composed of 1 or 2 shareholders regularly reach an approximately 60% share. The low split of the venture capital

enables a simple decision-making structure, capable of promptly responding to sudden and unexpected external changes. Which, in an internationalized start-up company, relentlessly follow one another and are able to irreversibly change the future of their existence.

The trend reports the highest variations during the first years after the establishment. Respectively, the 9th year for the Boards of Directors composed of 1 or 2 partners, and the 4th year for the Boards of Directors composed of several shareholders. Similarly, during the first three years after the establishment³⁹ only those BG firms that decide to reduce the number of owners are on the rise. This means that the search for stability in the business summit is one of the main goals of young internationalized enterprises.

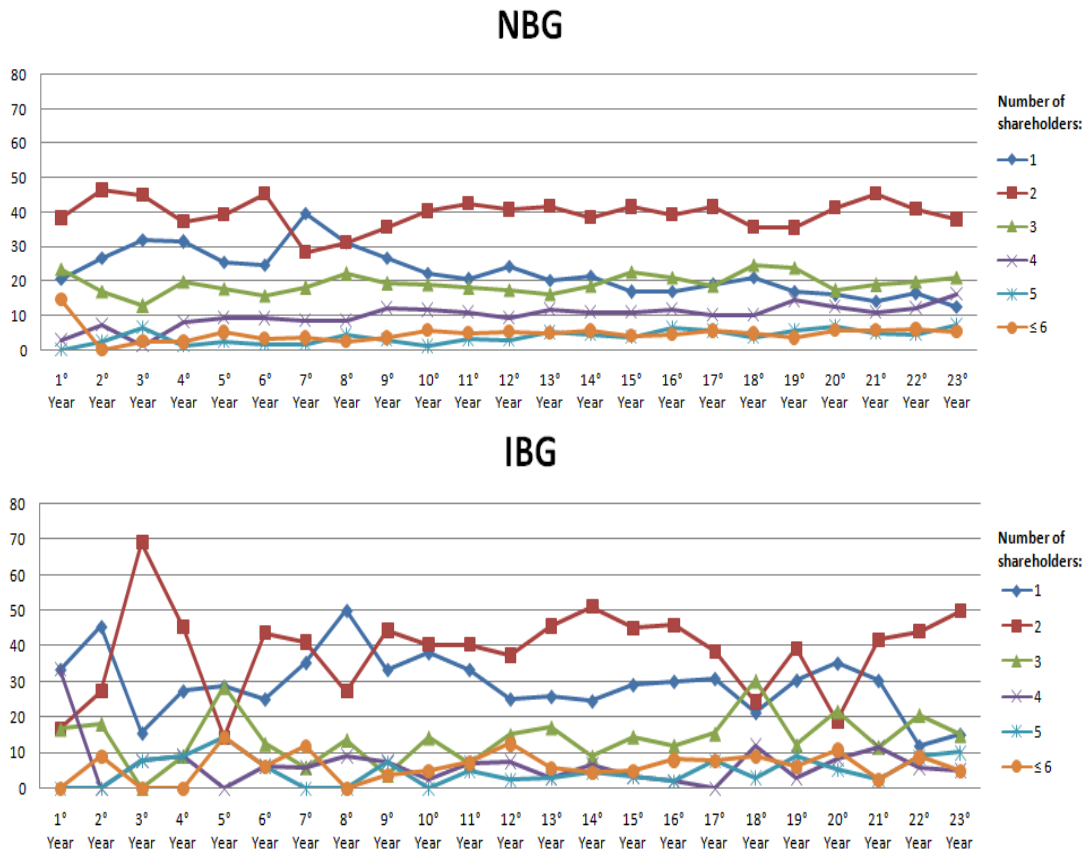
In 63,1% of cases, the reference shareholder has the “absolute” majority (50% + 1) of the joint stock, whereas in 32,6% of cases this value is equal to or higher than 90%. By contrast, for those partners who have a “limited” majority, the following is revealed: 10-30% in 6,7% of cases; 31-40% in 10% of cases; 41-50% in 20,2% of cases.

In conclusion, in addition to the fact that the ownership structure of the sampled BGs stands out for being constantly closed off and contained, it is observed a considerable imbalance of power inside of it. In fact, in those Boards of Directors composed of 2 or more partners, the shares of joint stock are not equally distributed to the parties. Usually, the reference shareholder holds such a significant majority that the minority partner is relegated to the simple role of supporting player.

By examining the aspects of business governance, it is possible to recognize the most significant differences between the Born global Phenomenon related to the Immigrant & Ethnic Entrepreneurship and the one originating in the Native Entrepreneurship.

³⁹ That is, the period of time available to a start-up in order to be ascribed to the Born Global Approach.

Figure 5.10 — Evolution of the stock split – Years 1992-2014
(Percentage value)



Source: Personal elaboration

The most remarkable feature is the one concerning the different breaking points that mark the increase in the number of shareholders included in the Board of Directors of IBG firms.

Grouping them together in macro-periods, three chronological phases can be identified:

- [1st – 6th Year of establishment]; constant alternation of individuals in the ownership structure. This underlines a high difficulty finding a balance in the business ownership. However, a low split of shareholdings is observed. In this phase, the reference shareholder has the absolute majority of joint stock, which is equal to or higher than 90% in 65% of cases.
- [7th – 17th Year of establishment]; the composition of the controlling body is stable, both in numbers and individuals. During this period, the reference shareholder usually holds the absolute majority of joint stock, which is equal to or higher than 90% in 63% of cases.

- [18th – 23rd Year of establishment]; after the first period of business maturity, new stock changes are made, solved with a high concentration of shareholdings.

Even in this last phase, the reference shareholder holds the absolute majority of the joint stock, which is equal to or higher than 90% in 58% of cases.

By contrast, the ownership structure of the sampled NBGs only undergo the most important transformations in the first years following their establishment. Once the initial corporate balance is found, the native entrepreneurs are able to maintain an enduring corporate governance stability during the whole internationalization process.

On equal terms of the IBGs, there is a low split of the joint stock, although the difference between the share possessed by the reference shareholder and the share possessed by the minority partner is less remarkable. Indeed, in 61% of the sampled NBGs there is a partner with “absolute” majority, but only in 33,8% of cases the share is equal to or higher than 90%.

2) Ownership Identity

The identities assumed by the business owner are multiple and deeply different. In fact, each one of them is characterized by specific entrepreneurship features, strategic orientations, corporate structures and business goals.

While the participation of a public institution in the owner group inclines the business activity efforts towards the defense of the social welfare of every individual. The single person or people belonging to the same nuclear family are usually inclined to protect the enterprise as a family asset.

Conversely, the institutional investor constantly applies political pressure to the owner summit in order that the strategic orientation guarantees high long-term financial revenues on the implemented investment, as well as the chance to liquidate the acquired share of joint stock on schedule. Whereas managers and directors rarely express suitable expectations to achieve a specific long-term business blueprint, giving preference to the achievement of immediate and personal economic interests.

With reference to the ownership nature of the sampled BGs, the following is revealed.

Table 5.6 — Born global Ownership Identity in Italy

(Number and percentage value)

Actual identity of shareholders	N° of shareholders		N° of Major shareholders	
	n°	%	n°	%
Insurance Companies	1	0,005	1	0,016
Banks	36	0,178	0	0
Public authorities, States, Governments	10	0,049	4	0,063
Mutual & Pension Funds/Nominees/Trusts/Trustees	61	0,302	23	0,360
One or more named individuals or families	14.215	70,309	4.507	70,499
Private Equity & Venture Capital firms	35	0,173	16	0,250
Foundations/Research Institutes	1	0,005	0	0
Industrial Companies	2.023	10,006	1.301	20,350
Financial Companies	672	3,324	423	6,616
Not specified ⁴⁰	3.164	15,649	118	1,846
TOTAL	20.218	100	6.393	100

Source: Personal elaboration

Since our industrial sector has always been characterized by an entrepreneurial structure with strong personal and family features, it is not surprising that the *One or more named individuals or families* is the most common ownership nature in the sampled BG firms. The percentage stands at 70% for the total number of partners and the single reference shareholder.

The other two identities where indicative values can be observed are those connected to *Industrial or Financial Companies*. In particular, the BGs controlled by other industrial enterprises cover 20% of the sample. For all other Ownership Identities, the shares are constantly lower than 1%.

Directing the study towards the entrepreneurial configuration mix between Born global and Ethnic firms, essential in our research, that is the Immigrant Born global firm, it is possible to observe how extremely high is the percentage in correspondence to the *Not specified* entry for the total number of shareholders. For

⁴⁰ Nella voce *Not specified* vengono inserite tutte quelle partecipazioni azionarie, la maggior parte detenute da azionisti di minoranza, di cui sappiamo solo lo status del socio ma non il relativo ammontare. Questo ha consentito di ridurre qualsiasi tipo di distorsione del fenomeno indagato.

this investigation section, this causes an intense compression of the values in each Ownership Identity.

In order to reduce any distortion of the investigated phenomenon, the analysis of the sampled IBGs is exclusively focused on the values related to the reference shareholder, as the *Not specified* share is highly contained.

Table 5.7 — Immigrant Born global and Native Born global Ownership Identity in Italy
(Number and percentage value)

Actual identity of shareholders	Immigrant Born global				Native Born global			
	N° of shareholders		N° of Major shareholders		N° of shareholders		N° of Major shareholders	
	n°	%	n°	%	n°	%	n°	%
Insurance Companies	0	0	0	0	1	0,01	1	0,02
Banks	28	0,57	0	0	8	0,05	0	0
Public authorities, States, Governments	1	0,02	1	0,15	9	0,06	3	0,05
Mutual & Pension Funds/Nominees/Trusts/Trustees	35	0,72	7	1,04	26	0,17	16	0,28
One or more named individuals or families	1.330	27,20	161	23,96	12.885	84,06	4.346	75,97
Private Equity & Venture Capital firms	12	0,25	4	0,60	23	0,15	12	0,21
Foundations/Research Institutes	0	0	0	0	1	0,01	0	0
Industrial Companies	588	12,03	402	59,82	1.435	9,36	899	15,71
Financial Companies	126	2,57	68	10,11	546	3,55	355	6,2
Not specified	2.769	56,64	29	4,32	395	2,58	89	1,56
TOTAL	4.889	100	672	100	15.329	100	5.721	100

Source: Personal elaboration

Over half of the IBGs belongs to another foreign entrepreneurial initiative, the *Industrial Companies*, which is headquartered out of the Italian borders in 60% of cases. However, these enterprises are not simple foreign subsidiaries, as they are widely active in many commodities sectors different from the headquarter sectors. Making use of the same parameters adopted for the macro research area of *International Activity Paths*, it is possible to determine their age, which approximately stands at the 15th year. Therefore, they all fall within the oldest IBGs (Well-Established IBGs).

There is also a considerable number of foreign BGs controlled by *One or more named individuals or families* (23,7%) or by *Financial Companies* (10,1%). The former are mostly Young IBGs (85% of cases), while the latter are equally divided into Advanced (42%) and Well-Established IBGs (51%).

Finally, the entrepreneurship connected to the *One or more named individuals or families* is the most common identity among native entrepreneurs. 52% of them are Young NBGs, 28% Advanced and the remaining 20% Well-Established. In terms of diffusion, they are followed by those NBGs controlled by *Industrial or Financial Companies*; respectively by 15% and 6%.

3) Ethnic Identity

The purpose of this research area is to define the ethnic features of shareholders who are part of the Board of Director of the sampled IBGs.

The attention is focused on the ownership status of *One or more named individuals or families*. In order to draw a conclusion of the close examination of information regarding the nationality of the specific individual, rather than the foreign country in which the body, organization, enterprise or fund controlling the shareholding is headquartered.

Totally, 47 different nationalities can be observed. The community diaspora of the foreign entrepreneurship covers 41% of the entire incoming flow. This often originates in countries like Germany (9,3%), France (8,6%), Great Britain (3,6%). That is, those geographical areas with the highest specific weight in development programs of the community. With more contained percentages, they are followed by: Spain and Greece (3%), Slovenia and Austria (2%), Belgium, Bulgaria and Czech Republic (1,5%).

By contrast, the extra EU foreign entrepreneurship flow has more characteristic ethnic features. On the one hand, it is not surprising that such an incoming flow mostly originates in countries such as Switzerland (10,8%), the USA (8,6%) and China (7,9%). Without excluding the contribution given by some neighbouring countries such as Algeria, Ukraine, Morocco, Egypt, Romania (each one respectively ranging between 3% and 1,5%). On the other hand, in the following countries there are unexpected results in terms of significance: United Arab

Emirates, Japan, India, Venezuela, Brazil, Canada, Israel and Iran (each one respectively ranging between 3% and 2%). Therefore, in some of those countries over the last years there has been a rapid and intense global economic growth.

5.3.4) *Web-based Survey*

At the end of this first quantitative research, a Web-based Survey is conducted. The e-research is a synchronous methodology of statistical investigation, as the responses of respondents are real-time collected and filed in database thanks to the support of digital technologies. Technically, online questionnaires make use of the CAWI technology (Computer Assisted Web Interviewing), that is to say the set of web interviewing procedures supported by internet access devices.

The major advantages of this technique have a double nature. On the one hand, it is efficient because of the rapidity of implementation and because it has reduced the probability of making mistakes during the tabulation of the collected data (being this directly made by the online software). On the other hand, it allowed us to confine the analysis to a specific population target, in this case the previously selected BG firms. Indeed, only these entrepreneurial initiatives have been contacted via e-mail and have been asked to release more detailed information⁴¹ about the following research topics:

- *Globalization vs Regionalization;*
- *Local Environment;*
- *Global Strategy and Vision.*

For the purposes of a correct research approach and with the aim of obtaining satisfying results in terms of quality and quantity of the response. It was necessary to shape the questionnaire around the following fundamental specifics: (1) clarity of questions; (2) common use of multiple choice answers; (3) the possibility to apply to each commodity sector examined; (4) the capability of providing a significant number of information; (5) fast compilation.

The web survey was run using the hosting internet website: www.google.it/intl/it/forms/about/.

⁴¹ Compared to those reported to the Chamber of Commerce for the renewal and issue of the Identification Code, as well as those reported in the AIDA – Bureau van Dijk database.

The effectiveness and reliability of the results were set in different ways. First of all, the questionnaire was specifically aimed at the owners of the enterprise. Secondly, through the overlap between the respondents' statements and the existing information in database used for sampling purposes.

On the whole, 30 IBGs (4,5% of the total) and 122 NBGs (2,1%) were available to participate in this additional research phase. While the response to the survey seems to be generally inadequate, this must be considered decisively sufficient when analyzed in the involved sectors. In fact, the sector-based structure of the respondents is not significantly distant from the whole structure of the final research sample.

Also in the Web-based Survey the most significant results are subdivided in macro research areas.

Globalization vs Regionalization

As already mentioned in Chapter 4, one of the most important research areas of the International Business is the one concerning the geographical extension of the internationalization process. The literature investigating the Born Global Approach is no exception.

For this reason, in line with the goals of this research, it is necessary to wonder if the start-ups located in Italy and internationalized exclusively in the European continent might be defined as real Born globals or, it is more correct to define them as *Born regionals*, being their scope limited to one single international context.

Indeed, the European context shows a peculiarity that makes it different from other territorial contexts, such as the American and Japanese ones. The global economy is undergoing the pressure of the globalization and all the related effects but, at the same time, it is also correct to state that the diffusion of the *regionalization* phenomenon is underway.

Based on the collected data, it can be observed that the European context certainly is the international focus of the surveyed NBGs, since it is mentioned in the

questionnaire in 66% of cases. However, the international orientation towards more distant territories plays a primary role anyway, especially in North America and Asian countries, where the total share stands at 23%.

Even the values relating to the BG firms owned by foreign entrepreneurs are not that different. The percentages are respectively 69% in European countries and 31% in other geographical areas.

However, the most interesting thing of the analysis is that the sampled IBGs almost totally lack provision, trade and production relations with the entrepreneur's country of origin. 60% of the interviewed Ethnic firms states that they have never had any kind of business relationship with the native context, not even in the early stages of the enterprise.

In order to deduce more detailed information about this research aspect⁴², we attempted to *measure the concept of psychic distance*. That is to assess the entrepreneur's individual perception of the differences between the country of origin (in this case, Italian) and the foreign country.

Essentially, two methodological paths have been used:

- The former is intended to assess the level of diversity (“less different”, “averagely different” or “more different”) of the different economic, political/administrative, cultural and social aspects, between the country of origin and every single foreign served market.
- The second path is focused on the business strategies related to the standardization or adaptation of product policies, according as the foreign country is considered “less different”, “averagely different” or “more different” than the country of origin.

The product has been examined and sounded out in all its basic components. The central linchpin is made of structural features (e.g., technical, functional, shape and aspect characteristics), followed by outer or complementary attributes (e.g., packaging, label, trademark) as well as service characteristics (commercial, financial or supporting).

⁴² That is, the degree of intensity according to which the regionalization phenomenon influences the international orientation of the BGs located in Italy.

With regard to the first research path, the interviewed entrepreneurs define the markets of Eastern-European countries as the most similar to the Italian market in every aspect (economic, political/administrative, cultural and social aspects). The same is valid for Germany, which common feature with the Italian context is particularly revealed in socio-cultural aspects, even if there are increasing differences in the economic and political/administrative spheres.

Highly composite results are observed in the case of France. 42% of interviewees considers the French market as the “less different”, while 29% of them defines it as the “most different”.

As for North America and Russia, the prevailing orientation is the “averagely different” one, especially in economic and cultural aspects. Vice versa, South America, Asian, Arab and African countries are considered the “most different” in political/administrative, economic, cultural and social contexts.

Similarly, in the immediate future the interviewed entrepreneurs declare to be inclined to increase their involvement and their trade in foreign destinations, starting from the currently served European markets. More precisely from “less different” markets in 39% of cases, and from “averagely different” markets in 46% of cases. While being reluctant to the idea of extending their international participation in new foreign countries or in geographically distant areas. Only in 15% of cases the boxes corresponding to the “most different” countries have been marked.

The second research path, aimed at assessing the psychic distance, is focused on those business strategies related to the standardization or adaptation of product policies in served foreign countries.

Considering the structural features of the product, those adjusted to the expectations of foreign consumers essentially concern design (43%), performances (29%) and user functions (16%).

Design is adapted by almost half of the interviewed entrepreneurs in each category of served foreign country (“less different”, “averagely different” or “more different”). This means the attention is not only focused on the technical-functional features of the performance (second element of adaptation). Utility functions (or the needs met by the product, the advantages derived from the product, the different uses

of the product by the client) are almost exclusively adapted to countries identified as “very different”. This demonstrates not every feature is equally important to potential clients. On the contrary it is necessary to identify every time the benefits pursued by specific client target.

Finally, it is surprising how the features related to the colour and weight are only adapted in 6% of cases.

Carrying on with the analysis, the following level is referred to external or complementary attributes, such as the quality of materials, package and information reported on the label and price.

Not surprisingly, the most frequent adaptation corresponds to the information reported on the label, in 43% of cases. Indeed, such information need to be adapted in every foreign country, due to linguistic necessities or national regulations imposing specific explanatory contents (e.g., material, mode of use, etc.).

The second most adapted complementary component is the price (34%), which influences the offer positioning and the competitive structure. Prices in different foreign markets are adapted according to marketing costs (e.g., transportation costs, customs duties and tariffs, commissions, generic artificial barriers, exchange rates, etc.), financial and insurance obligations and management costs.

Finally, the quality of materials is adjusted by 13% of respondents, while the packaging is adapted in 10% of cases.

As for external or complementary attributes, there is not a great variance among “less different”, “averagely different” or “more different” countries. The major variance observed in these categories is equal to 5%.

The last stage of this analysis concerns auxiliary services for the clients, which directly influence the intangible elements of the product, such as the warranty period, the methods of after-sales service, the components covered by warranty and the supply of spare parts.

The two adapted ancillary services usually are after-sales services (52%), especially in “very different” countries, and the supply of spare parts (32%), with small differences in the examined categories of psychic distance.

Local Environment

The purpose of the second part of the questionnaire is to outline the interconnections between the BG firms and the local environment in which they, partly or totally, conduct their business activities.

We are expecting to identify two types of Italian BG firms. Firstly, we can observe BG firms which relationship with the local environment essentially does not exist, mainly operating in high-tech market segments (e.g., e-commerce, ICT and design). Secondly, BG firms related to the “Made in Italy” (most of which are non high-tech sectors) strongly anchored to the Italian territory.

The close link between the local system and this last typology of BG firms is not due to history or business traditions, but to the fact that they produce and sell Italian products that are strongly attractive to foreign markets. Obviously, the potential loss of this direct interconnection would cause an unexpected reduction of their intrinsic value.

The first step to examine this relationship is to separate the enterprises operating in typical Italian industries, from those operating in the remaining market sectors. In order to make this division we abided by the research criteria used by Mediobanca and Unioncamere in their annual report about the *Italian industrial midsize enterprises*, where among the “Made in Italy” enterprises are included the entrepreneurial initiatives with the following ATECO codes.

Table 5.8 — “Made in Italy”: Classification of Economic Activity
(Percentage value)

Economic activities	ATECO code (2007)	BGs (%)
Manufacture of food products and beverages	10.11 ... 10.52; 10.71 ... 10.73; 10.82 ... 10.89; 11.01 ... 11.07	8
Manufacture of Wood and Wood Products, Including Furniture	16.10 ... 16.29; 23.20 ... 23.42; 31.01 ... 31.09	15
Manufacture of fabricated metal products, except machinery and equipment	25.11 ... 25.99	8
Manufacture of electrical machinery and apparatus n.e.c.	27.51; 27.52; 28.11 ... 28.99	42
Manufacture of motor vehicles, trailers, semi-trailers and of other transport equipment	30.11; 30.12; 30.91; 30.92; 32.30	4
Manufacture of textiles, wearing apparel and leather	13.10 ... 15.20; 26.70; 32.11; 32.12	23
TOTAL		100

Source: Personal elaboration

34% of respondents claim to work in typical Italian industries. In terms of numbers, the first three segments are: Manufacture of electrical machinery and apparatus n.e.c. (42% of the total), Fashion industry (Sistema Moda Italia) (23%), Manufacture of Wood and Wood Products, Including Furniture (15%). On the whole, such industries collect 80% of the sampled BG firms operating in the “Made in Italy”.

At the same time, it was also calculated the district intensity rate for both samples. In fact, the questionnaire explicitly inquires whether they are part of an industrial district or not. On the whole, one out of four enterprises declares to be a district firm.

In the case concerning “Made in Italy” BGs the percentage of district intensity stands at 38%, compared to the percentage of the second sample which stands at 19%.

This demonstrates how the BGs operating in traditional Italian sectors have a greater chance of 50% to be a district firm, compared to those BGs operating in all the other market segments.

Subsequently, in order to determine how much different the District BG and No District BG are, a comparison has been made based on the following features: (1) the membership to an industrial group or not; (2) the technological level compared to

the average level of competitors; (3) the price category where the product is placed; (4) the constant participation in exhibits and fairs.

It is clearly observed how more than half of No District BGs are independent enterprises, so not associated with any other entrepreneurial initiative. In half of cases they make use of the same technological level as the competitors', while the remaining 50% makes use of a higher level. The created product is placed in a middle (22%) or lower-middle (58%) price range, while the participation in exhibits and trade shows takes place indistinctly abroad and in Italy (46%).

Similarly, over 60% of District BGs are independent enterprises. It is interesting to observe that almost all of them (90%) declare to make use of the same technological level as the competitors'. The created product is placed in a middle (40%) or lower-middle (31%) price category, even if it is slightly greater than the product of No District BGs. Finally, also in this case they indistinctly participate in Italian or international exhibits and trade shows (42%).

In conclusion, the District BGs are subdivided according to the nationality of the ownership structure (local or foreign).

In the questionnaire, 73% of District NBGs creates a stable and permanent network of relationships with other local enterprises. Formal and informal local institutions that, according to the native entrepreneur play a key role in the creation of positive externalities in the district are the Chamber of Commerce (25%), universities (25%) and training centers (20%). At the same time, the principal benefits of being a district firm are: (1) the possibility to be integrated in a complex production process (establishing itself in a specific working phase), obtaining advantages concerning the economy of scale without giving up a flexible business structure and skilled labour (35%); (2) the high exchange of information and knowledge within the district, as well as a high degree of coordination between the enterprises operating in it (27%); (3) the participation in foreign markets as a group of companies in order to have higher successful chances within the international competitive arena (22%).

By contrast, 59% of the District IBGs create a stable and enduring relational network with other local enterprises. According to the foreign entrepreneur, the

institutions playing a key role in the development and competitiveness of the district are: universities (61%) and training centers (35%). Concurrently, the principal benefits of being a district firm are: (1) the peculiar industrial atmosphere inside the district (49%); (2) the possibility to be integrated in a complex production process (establishing itself in a specific working phase), obtaining advantages concerning the economy of scale without giving up a flexible business structure and skilled labour (33%).

Global Strategy and Vision

The purpose of the last part of the questionnaire is to investigate the reasons of the *strong global vision*, that leads the entrepreneur of a BG firm to consider the international context as the only reference market. This is the driving force of the behavior based on the combination of innovativeness, proactiveness and risk-seeking behaviors.

In the table below it is possible to analyze some reasons that might lead any entrepreneur to start an intense and rapid international activity from the beginning, or shortly after the establishment of the enterprise.

Table 5.9 – Reasons of the Born Global Approach
(Percentage value)

Reasons	Response rate					
	Essential	Important	Not really important	Unimportant	Not specified	TOTAL (%)
For a precise strategic development choice of the company	55	29	9	5	2	100
To optimize the exploitation of the plants	8	24	15	30	23	100
To overcome sales' difficulties on the domestic markets	36	41	9	5	9	100
Because the purchase money or the offering price are more profitable	14	45	15	11	15	100

Source: Personal elaboration

It is clear how the main reason stands behind the fact that the internationalization process is considered as a strategic purpose of the company.

Therefore, the foreign growth of a BG firm is the result of the entrepreneur's deliberate planning. The importance of this motivation might be increasingly appreciated by summing up the two shares corresponding to the judgments "Essential" and "Important", where the cumulative percentage is over 80%.

The second motivation is connected to the hurdles encountered in the domestic market, which encourage the entrepreneur to search for opportunities out of national borders (in this case, Italian borders).

Nowadays, the outlined competitive context resulted from the pressure of the globalization and all the related effects (such as the regionalization), is leading the competition to a supranational level in most value chains. Even the small-sized enterprises are not exempt, at this point, from seeking the reinforcement and development of their business in an international growth context. Even the *Not specified* section have a specific meaning. In fact, as the highest rate is observed in the most significant cause of the Born Global Approach, that is *To optimize the exploitation of the plants*. This means that non respondents (23% of the interviewed) intend to emphasize the irrelevance of this element in the logics of internationalization.

The same definition adopted by the entrepreneur of a BG firm to describe the internationalization process of the enterprise, it is a useful parameter to understand the logics that lead the business activity to be immediately involved in a quick international competition.

Also for this research, the sampled BGs have been divided in three groups based on the year of establishment, each corresponding to a specific period in the entire survey (between 1992 and 2014, included): *Well-Established BG* [years: 1992-1999]; *Advanced BG* [years: 2000-2006]; *Young BG* [years: 2007-2014].

Table 5.10 – Definition of the Born global Internationalization process
(Percentage value)

Born Global group	Reference periods	Inborn ¹	Planned ²	Stimulated ³	TOTAL (%)
<i>Well-Established BG</i>	1992-1999	59	24	17	100
<i>Advanced BG</i>	2000-2006	35	30	35	100
<i>Young BG</i>	2007-2014	58	23	19	100

Source: Personal elaboration

Note:

¹ Since before the establishment (so, it is something innate, an intrinsic factor), the enterprise is equipped with assets, responsibilities, workforce and technologies that allows it to operate since the beginning in the international context.

² After the establishment of the enterprise, there is a middle-long term planning deliberated by the entrepreneur/s that trigger the logical and gradual/incremental process of internationalization.

³ The enterprise decides to internationalize itself as consequence of some strengths, incentives, outer necessities that are generated in the sector in which it works. These ones change radically and rapidly the competitive scenario of the market, toward the internationalization.

The results emphasize that in a BG firm the international orientation is defined as an instinctive and intrinsic aspect (Inborn).

BGs found in the first stage of business advancement (Advanced BGs) have the most contrasting values. However, in correspondence to Well-Established BGs the values are aligned once again with the values of the youngest BGs (Young BGs). This shows how the enduring will to operate in foreign markets depends on the entrepreneur's strong global vision, defined as the real driving force of the internationalization process of a BG firm.

Finally, the entrepreneur's perception of the international evolution of the enterprise, at a given point in time, allows us to determine the speed of internationalization as well as the possibility and advantage of further expanding in the future.

Table 5.11 — Evolution of the Born global Internationalization process
(Percentage value)

Born Global group	Reference periods	Starting step ¹	1 st Intermediate step ²	2 nd Intermediate step ³	Final step ⁴	TOTAL (%)
<i>Well-Established BG</i>	1992-1999	0	18	65	17	100
<i>Advanced BG</i>	2000-2006	13	17	61	9	100
<i>Young BG</i>	2007-2014	31	52	13	4	100

Source: Personal elaboration

Note:

¹ Entry in foreign markets.

² Assessment of the status in foreign markets.

³ Development of the competitive position in foreign markets.

⁴ Rationalization of the international status.

As expected, according to the business longevity, the idea of the actual phase to expand internationally changes as well. More than half of Young BGs (52% of the total) believes that the transition from the first step of internationalization

(Starting step) to the establishment in served foreign markets (1st Intermediate step) is very quick.

The more the enterprise ages, the more the focal point is placed in the 2nd Intermediate step, both in Advanced and Well-Established BGs, respectively by over 60%.

On the other hand, 17% of the BGs established in the 90s believes there are no conditions, reasons or needs to further expand internationally in the future.

5.4) 2nd ANALYSIS; RECENT EVOLUTION OF THE BORN GLOBAL PHENOMENON IN TUSCANY

5.4.1) *Data Source*

The quantitative research of this study is enhanced by a second investigation that has been conducted during the visiting researcher period at the Regional Institute Planning for Economic of Tuscany. The purpose of the following paragraphs is to take into consideration the most important evidences highlighted until now, in order to precisely outline the different internationalization paths of the Immigrant Born global firms.

This analysis meets its information base in a specially made database. In fact, the organization of this database is the result of the overlap between two ISTAT database: Data Warehouse on Foreign Trade Statistics (COE) and Statistical Register of Active Enterprises (ASIA). They both are the core of a more complex system of Reports, which are developed and expanded by the ISTAT over years. These comply with the Community Regulations providing the maintenance of updated informational, well-timed and detailed resources concerning the entire production system of the European Union.

The Data Warehouse on Foreign Trade Statistics contains all the data related to the exchange of goods between Italy and other countries. Such informations are referred to the so-called “special trade system” comprising:

- *Exports*: national or freely circulating goods: (1) exported to final destination; (2) loaded as supplies on board of ships and foreign aircrafts; (3) temporary exported due to the production of goods that need to be imported again or need

a workforce completion or to be repaired; (4) re-exports of already imported foreign goods;

- *Imports*: foreign goods: (1) permanently imported goods or goods taken from customs warehouses and introduced in the customs territory in order to be consumed; (2) temporary imported goods required to create those products that need to be re-exported or a workforce completion or need to be repaired; (3) re-import of already exported national goods.

On the other hand, the goods in transit across the national territory, as well as foreign goods introduced in customs warehouses, are not included in the survey. Temporarily imported or exported goods are also not inserted.

It is clear how the information system of foreign trade statistics does not consider the whole range of possible entry modes in foreign markets, being it limited to the incoming (imports) and outgoing (exports) international trading flows of the country. However, since the foreign trade is the most common internationalization form among the entrepreneurial initiatives ascribable to the Born Global Approach (particularly in the early stages of the phenomenon), this limitation turns out to be irrelevant for the purposes of the research.

In addition to the Value and the Amount of goods in transit, the main information contained in the Data Warehouse COE concern: (a) Reference year; (b) Commodity code (Combined Nomenclature); (c) Country of origin; (d) Country of destination; (e) Province of origin or destination; (f) Tax code and VAT number of the economic operator; (g) Modality of transport; (h) Nature of transaction; (i) Invoicing currency; (j) Delivery conditions.

With regard to the statistical survey system of the EU countries, in January 1993 a distinction was introduced between the Intrastat survey, intended to monitor the exchange of goods among EU countries, and the Extrastat survey, which purpose was to monitor the exchange of goods between each EU country and third countries (that is to say those geographical areas that are not part of the EU).

The data collection of the exchange of goods between Italy and partner countries occurs differently in these two surveys. Particularly, the statistical-

administrative information related to the Intrastat survey are collected by locally qualified offices. Besides the cyclic nature of the statements made by the committed individuals varies according to a limitation system splitting monthly statements from annual and quarterly contributions. However, the monthly statements cover about 98% of the total exchanges.

On the contrary, the Extrastat collection survey system is easier, being it based on traditional monthly customs statements.

In compliance with the international agreements, the statistical value of goods is set as CIF value (Cost, Insurance and Freight) for imports and FOB value (Free On Board) for exports.

The importing country is: a) the country of origin of goods coming from extra EU countries and freely circulating in other EU countries; b) the country of origin of goods originated from extra EU countries and freely circulating in one of the EU countries. On the contrary, the exporting country is the country where goods are designated to be consumed or, in case the exporter does not know, the exporting country is the last destination the exporter is aware of.

On the contrary, the ASIA Archive finds the information in multiple administrative (i.e.: Chamber of Commerce, National Social Insurance Agency, Revenue Agency, etc.) and statistical (ISTAT business surveys) database. In addition to being the landmark of an accurate analysis of the active enterprises⁴³ located in the Italian territory, it represents the main database used by the ISTAT to conduct business surveys. In fact, the ASIA database comprises all units operating in industrial and trade sectors, as well as business and family services. Providing personal (e.g.: denomination and address), demographic and stratification

⁴³ The enterprises considered active are those entrepreneurial initiatives that performed an efficient production activity at least for six months in a year. The definitions of the adopted statistical units are compliant with the Council Regulation (ECC) No 696/93 of 15 March 1993, on the statistical units for the observation and analysis of the production system in the Community. Such Regulation identify the enterprise as the main unit to create economic statistics, defining it as *“the smallest combination of legal units that is an organizational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit”*. According to this definition, self-employed individuals and professionals are also considered enterprises.

information (e.g.: economic activities, employment and self-employment, legal form, start date and end date of activities, turnover) of such units.

Currently, the economic activities excepted from this field of investigation are the following: Agriculture, livestock farming and forestry; Hunting and fishing (section B); Public administration and defense; Mandatory and social insurance; Activities of n.c.a. leisure organizations; Household services in families, organizations and extraterritorial bodies. Moreover, units classified as public institutions and no-profit private institutions are also excepted from this field of investigation.

Also in this case, the lack of the above industrial sectors in the field of investigation, in particular the agriculture sector, is not a significant limitation to the research. Since the Born global Phenomenon is best expressed in commerce and manufacturing sectors.

5.4.2) Population Selection and Data Collection

After introducing the database used to conduct this study, the procedure intended to choose the groups of the final survey, as well as the approach of the data collection, are presented in sequential phases as follows.

In contrast with the first quantitative research, the field of investigation is not the whole Italian territory, but rather a more limited area, such as the Tuscany region. This choice is the consequence of the following reasons. The first is due to a mere availability of data. The IRPET, institution where the research has taken place, confines its field of study to this specific geographical area. The second is connected to the will of highlighting in detail, the distinctive and recurring international approaches adopted by the Immigrant Born global firms in reference to a determined local context.

As previously stated, the database adopted for the purposes of the survey springs from the overlap between two ISTAT database: the ASIA Archive and the Data Warehouse COE. More precisely, the respective versions owned by the IRPET. Therefore, the survey is conducted on the population of active business initiatives, headquartered in Tuscany, characterized by an international approach to the market.

The research period covers a 12 year time span, from 2001 to 2012 (included). Also in this case, such a delimitation of the analysis period is due to the availability of data. Indeed, both archives are available from 2001 to 2012, following which only ASIA is available (until 2013).

Similarly, only the enterprises established between 2001 and 2009 (included) and engaged in final exports are considered. This way, we are able to examine a 4-year period of internationalization and confine the investigation only to the enterprises considering the internationalization as a strategic business purpose.

Therefore, we started to analyze a record layout where each line is the representation of both the annual evolution of the internationalization process corresponding to a specific trading operator and the date of establishment of the enterprise. While each column represents the volume and the final exported amount per year, parted in Intra EU and Extra EU exports.

Two parameters of investigation are adopted to identify, among all the selected enterprises, those ascribable to the Born Global Approach. The enterprises defined as BG firms are the ones (1) exporting by the first three years after their establishment, and (2) operating in foreign countries at least in three of the first five years after their establishment. Though not continuously and both in Intra EU or Extra EU countries.

It is clear how the above mentioned guidelines for research are highly selective, but the purpose is twofold. On the one hand, the aim is to be in line with the personal definition of Born global proposed in the literature review of Chapter 3. On the other hand, the second goal is to focus on those enterprises that are the most Born global among the Born global firms.

Of all the 190.000 Tuscan enterprises established between 2001 and 2009 (included), about 4.000 units are ascribable to the Born Global Approach. It can be observed that the significance of the phenomenon in the region is highly limited (2,5% of the total), at least in the period considered for the purposes of the investigation.

By carefully analysing the evolutionary trends in the export activity of the examined Tuscan BGs, it is possible to identify four different foreign expansion paths.

The originality of this paper lies in delimiting each path identified within a recognizable type of BG firm. These types are summarized as follows:

- *Increasing Born global*; the level of internationalization increasingly and continuously grows over time. At first the intensity progression is rather limited, while it sudden increases in more advanced phases.
- *Steady Born global*; the international involvement rapidly achieves a high level. However, it is not able to go beyond a certain limit, ending up settled in a steady position.
- *Volatile Born global*; the foreign expansion is rather volatile. Although the international involvement is intense in the early stages, over time a progressive leveling down can be observed. However, the internationalization process is never completely interrupted over time.
- *Decreasing Born global*; the initial rapid internationalization is unexpectedly interrupted by insurmountable difficulties in establishing beyond national borders, which leads to drastically reduce, or completely interrupt, the international operations over time.

The first and fourth formulated types of BG firm might be considered as the two extremes of a continuum, populated by a plurality of intermediate paths which, due to a different level of intensity, are based on the peculiarities of each. Clearly, the Increasing BGs represent the most successful cases of promotion and support to the international expansion of young enterprises; the opposite is valid for Decreasing BGs.

Table 5.12 — Descriptive information of the total population
(Number of enterprises and percentage value)

International Entrepreneurship	Freq	Percent	Cum
<i>Increasing BG</i>	526	12,5	12,5
<i>Steady BG</i>	199	4,7	17,2
<i>Volatile BG</i>	2.211	52,4	69,6
<i>Decreasing BG</i>	1.285	30,4	100
TOTAL	4.221	100	

Source: Personal elaboration

Over half of the selected Tuscan BG firms, established between 2001 and 2009 (included), must be comprised in the Volatile group (52% of the total). Therefore, 1 BG firm out of 2 is characterized by a rather volatile foreign expansion, which tends to lower its standards over time. These are followed by the Decreasing group (30%). By contrast, lower values are observed in those profiles that foster a rapid and intense international expansion of BG firms; that is, Increasing and Steady BGs which values respectively stand at 12,5% and 4,7%.

5.4.3) *Theoretical Framework*

An interesting methodology to conceptualize the different paths of foreign expansion of an enterprise, is the one focused on analyzing the *Degree Of Internationalization* (DOI) during the different moments of life cycle of the enterprise (Kutschker et al., 1997; Zahra and George, 2002; Jones and Coviello, 2005; Kuivalainen et al., 2012).

The purpose of this examination is to apply this investigative technique to the study of the Born global firms. Clearly, as this phenomenon is best expressed in the first steps of internationalization, the attention is not focused on the entire life cycle of the enterprise, but exclusively on the start-up phase of the company.

By adopting this approach, the internationalization paths of the four typologies of BG firm are identified, using three DOI dimensions: *Orientation*, *Scope* and *Scale*.

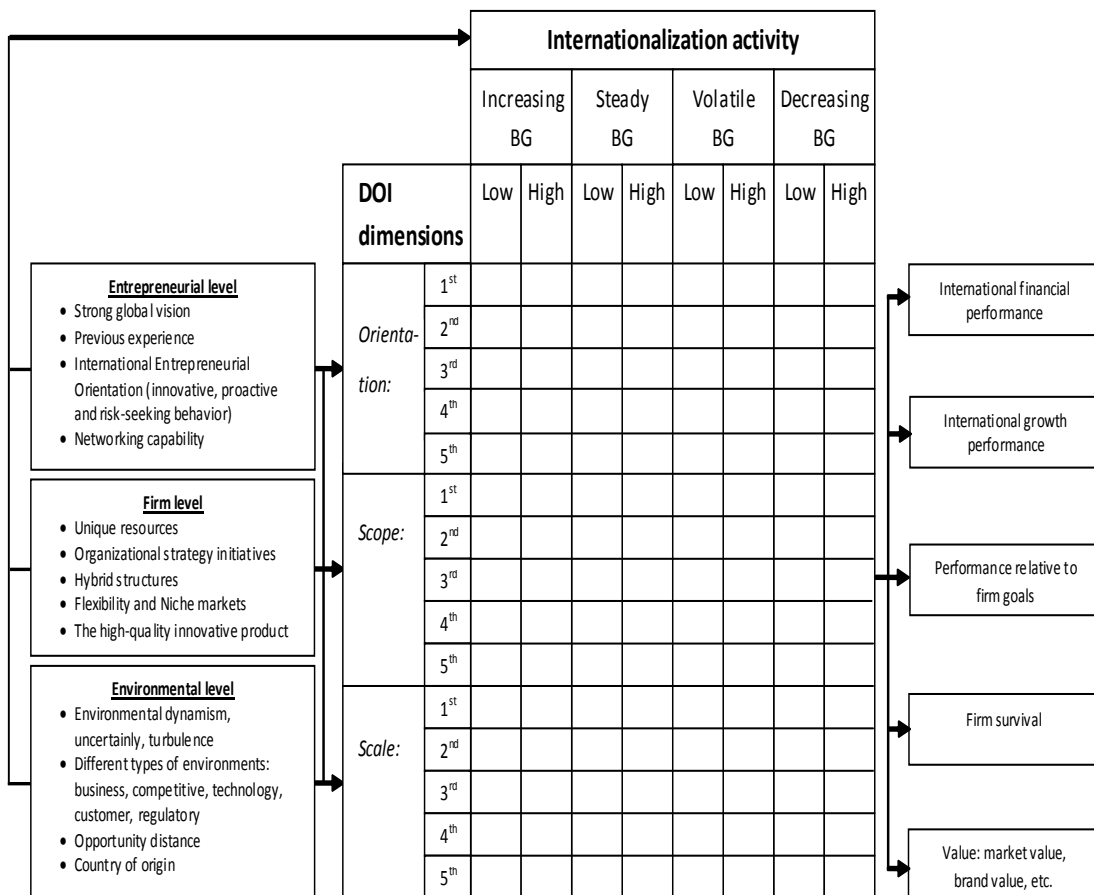
Orientation is used to determine the level of consequentiality in operations with foreign countries. Scope instead is used to define the degree of geographical

extension of the internationalization process, while the parameter of Scale traces the trend of intensity and rapidity of foreign expansion.

The choice of these three dimensions is not made randomly, in fact, we have adjusted to the scant literature that has already measured the DOI dimensions of the BG firms (Zahra and George, 2002; Kuivalainen et al., 2012). However, new personal elements are added to the research, especially as regards the indicators adopted to measure them.

Figure 5.11 presents an illustrative version of the model aimed at examining the Degree of Internationalization of a BG firm, by reporting the “Key factors”, “Outcomes” and “DOI dimensions” of the international activity, referred to the first moments of life cycle of the enterprise.

Figure 5.11 — Model of internationalization patterns, antecedents and outcomes



Source: Personal elaboration from Kuivalainen et al. (2012)

Note:

Figure 5.11 is simplified and thus does not include possible reciprocal relationships between antecedents, or the direct effects of antecedents on outcome variables.

Key factors

The key factors include all those features that allow us to understand the recurring peculiarities and characteristics of the Born global Approach.

The model subdivides them in three levels: Entrepreneurial level, Firm level and Environmental level.

On the Entrepreneurial level, some factors such as strong global vision, entrepreneurial background, international entrepreneurial orientation and networking capability, play a primary role in the establishment of entrepreneurial initiatives that are inclined to start an intense international activity from the start-up phase (Oviatt and McDougall, 1994; Knight and Cavusgil, 1996; Madsen and Servais, 1997). Such elements combined with the ability to handle vital skills such as knowledge, know-how, background and previous experience, allow the BG entrepreneur to catch high-performance opportunities even beyond the national border (Oviatt and McDougall, 1994; Knight and Cavusgil, 2004).

By contrast, on the Firm Level unique resources, organizational strategy initiatives, hybrid structures, flexibility, niche markets and the high-quality innovative product, influence the decision on when and how to operate in foreign markets (McDougall et al., 1994; Oviatt and McDougall, 1994; Madsen and Servais, 1997). In addition to this, they play an important role in supporting the rapid and intense foreign expansion of a BG firm, especially in the early stages of the internationalization process (Cavusgil, 1994; Madsen and Servais, 1997; Knight and Cavusgil, 2004).

Lastly, the environmental factors are able to accelerate or decelerate the internationalization process of any entrepreneurial initiative at the same time (McDougall et al., 1994; Knight and Cavusgil, 1996). Nationally, enterprises to which domestic market offers good developmental opportunities while being supported by an advanced economy, perceive less pressure from the internationalization to obtain and strengthen their competitive advantage. Vice versa, in countries where the national market has lower economic growth prospects, the related industry prefers to grow beyond domestic borders.

Internationalization patterns

The theorized model makes use of the *Timing* variable to outline the internationalization paths of the four formulated types of BG firm. Indeed, in the middle of the above figure there is the dimension connected to the time which allows us to determine when the foreign growth process begins and to what extent (Scope), involvement (Orientation), intensity and rapidity (Scale), (High or Low), it continues over time.

The time span considered for the purposes of the research is not the entire life cycle of the enterprise but the very first moments of its establishment. That is, when the distinctive elements of the Born global Phenomenon are released with higher intensity and so it is more correct to conceptualize this form of International Entrepreneurship. In the formulated model, the study period refers to the first five years after the establishment (1th, 2nd, 3rd, 4th and 5th year).

With regard to the DOI dimensions, the following measurement parameters are adopted.

In order to determine whether there is a continuing international activity or not (Orientation), the annual trend of amount of exchanged goods is monitored. Particularly, focusing the attention on potential final interruptions (or significant reductions) of the exported amount.

In the same way to determine the degree of the geographical extension of the internationalization process (Scope), a comparison is made between the annual amount exported to EU countries and the amount exported to Extra EU countries. In case of higher intensity of marketing activities in the European context (Low), it is more correct to use the name of Born Regional firm. On the contrary, in case of higher propensity to serve Extra EU countries (High), it is possible to define them as real Born Global firms.

In conclusion, as for the intensity and speed of international expansion of the enterprise (Scale), the adopted unit of measurement is the annual export value.

Outcomes

The international activity might lead to the achievement of different outcomes. As our survey is focused on young entrepreneurial initiatives, the

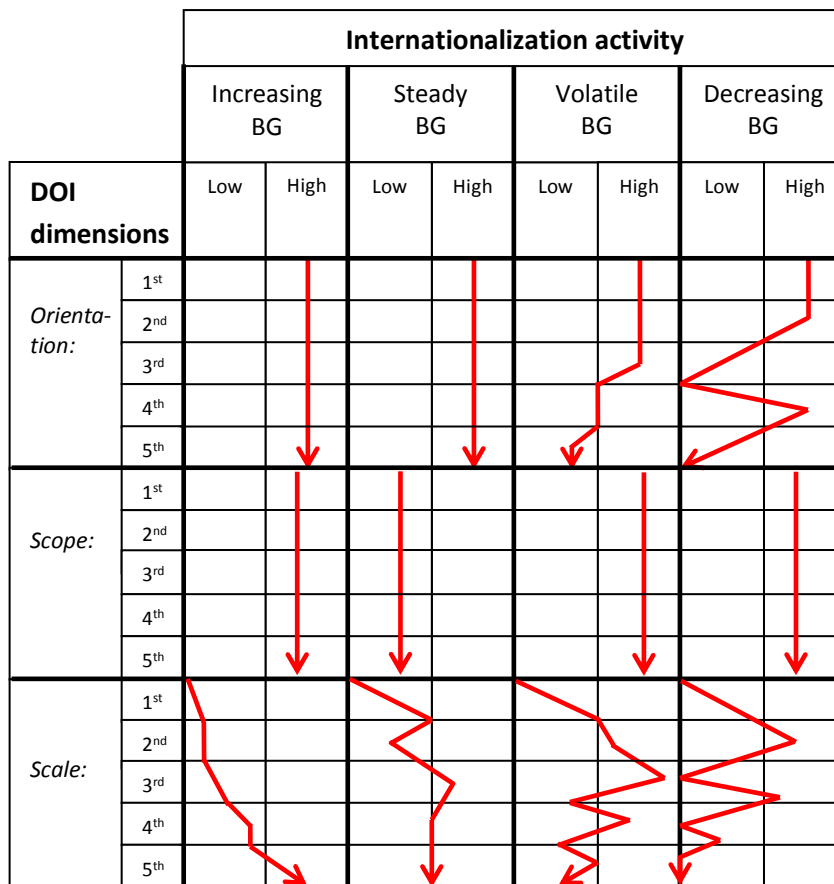
theorized model only presents outcomes that, more than others, marked the early stages of the international expansion process of the enterprise.

Thanks to the measurement of the DOI corresponding to the three research dimensions, it is possible to represent the evolutionary path of the formulated types of BG firm, therefore it is also possible to determine their ability to generate business value through the outcomes achieved in the international competitive panorama.

5.4.4) Summary of Findings

The following figure is aimed at representing, graphically, the internationalization paths emerging from the empirical analysis of each of the four identified typologies of BGs. Each of them summarize the main characteristics, determiners and peculiarities influencing the DOI dimensions in the early stages of the life cycle of the enterprise.

Figure 5.12 – Born global Model of internationalization patterns



Source: Personal elaboration

The research section concerning the *Orientation* has the purpose to verify the continuity in the implementation of the international activity.

The vertical line corresponding to the two groups on the left (Increasing and Steady BGs) indicates an intense and consequential international activity during the whole period considered. This confirms that, in the most successful BGs, the desire to operate in foreign markets becomes over time the real discriminating factor to obtain and strengthen a long-term sustainable competitive advantage.

Vice versa, in Volatile and Decreasing BGs the trend of the international operations has a lower intensity and linearity corresponding to the corporate longevity. This underlines the gradual inability of the enterprise to carve out a space in the international competitive context.

This especially occurs in the Decreasing BGs, where the operations with foreign countries are interrupted for some of them and started again during the life cycle of the enterprise. For all the others, the activity is arrested permanently.

Carrying on with the analysis, in the section concerning the *Scope* the attention is focused on the geographical extension of the internationalization process.

While the international inclination of the Steady BGs is confined to the “regional” context (Low; within the European continent), that is to say in a single international geographical context where cultural, social, political/administrative and economic differences are essentially similar with those of the original context. In other typologies of BG firm (though with a different intensity) it is essentially inclined to adopt “global” features (High; also outside the European continent). This means that such enterprises are constantly seeking for new opportunities around the world, in order to both acquire useful resources for the business activity or to establish productive partnerships, and to perform simple commercialization activities.

Therefore, while in the Steady BGs the role played by the psychic distance has the features of an actual constraint to the international expansion. In Increasing, Volatile and Decreasing BGs, instead, it must be considered as a source of competitive advantage. From this point of view, the opportunity distance is considered as an alternative paradigm to the psychic distance. In fact, a wider meaning is ascribed to the construct, in order to understand the opportunities related

to the distance between countries/markets and the consequences of strategic decisions in the prediction of a competitive advantage of the enterprise.

The opportunity distance, seen as the driving force behind the decisions about the internationalization process, allows to assume a new interpretation that focuses on the subjective element in the decision-making process, turning the distance into a potential advantage, rather than a limitation.

It is also necessary to underline how the degree of geographical extension of the internationalization process does not change over the first years of international activity, whether it is “global” or “regional”. In fact, this is one of the few aspects that does not undergo changes during the frenetic start of the Born global Phenomenon.

The purpose of the third and last section concerning the *Scale*, is to outline the intensity and rapidity of evolution of the internationalization process.

Initially, the Volatile BGs are characterized by a constant and highly sudden development. However, at a later time this even trend is abruptly interrupted, leaving space for an internationalization process characterized by constant, distinct and often consequential increasing and decreasing surges. Over time, this persistent volatility leads to a chronic reduction in the ability to operate in foreign markets. In spite of this, they rarely return within the domestic market to wait for more appropriate future moments.

After the first moments of rapid and intense international development, the Decreasing BG firms are unexpectedly forced to drastically reduce, or completely interrupt, their respective international operations. The incapability to control the foreign markets occurs approximately 2/3 years after the establishment, at the peak of their international involvement. From now on, the process is repeatedly interrupted and started again. Anyway, this highlights the obstinate entrepreneur’s will to constantly foster the international growth, though achieving poor results.

As for the Increasing BGs, the internationalization process initially follows a constant growth, but characterized by a progression in terms of contained intensity. In fact, examining the different trends, it is difficult to recognize an increase in the level of international involvement in the early stages. This emphasizes the

entrepreneur's firm desire to operate in foreign markets from the start-up phase, as well as gradually increase the degree of internationalization.

The development marks a sudden surge only in the most advanced phase, around the fifth year after the establishment.

Finally, the international path typical of the Steady BGs is initially the same as the trajectories of Volatile and Decreasing BGs in terms of intensity and rapidity. However, these firms are incapable of increasing the degree of internationalization over a given limit, ending up on a steady level which is usually lower than the highest point previously achieved.

This inability does not occur at a precise moment of the life cycle of the enterprise. It could happen as in the early stages of development as after some years, when the enterprise is able to constantly operate in foreign markets.

The main aspect of the study of the *Scale* is the one according to which, the greater the initial strength and speed of international expansion of a BG firm, the more intense and rapid the decrease will be in the following years.

This is clearly proved by the evolution of the trend corresponding to the Decreasing, Volatile and Steady BGs. Over the first year, the degree of internationalization is the same in each case. Indeed, their progressive inability to further expand in foreign markets in the following years, is ascribable to initial high intensity and rapidity.

As further proof of what said above, the Increasing BGs achieve the highest level of foreign growth at the end of the research period. This is due to the constant but sequential-gradual international development during the first moments of their life.

At this point, the identified typologies of BG firm are subdivided according to the year of establishment, in order to put together an overview of their past diffusion across the territory.

Table 5.13 – Evolution of the Born global Phenomenon in Tuscany – Years of establishment 2001-2009

(Number of enterprises and percentage value)

International Entrepreneurship	Reporting year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
<i>Increasing BG</i>	47	50	32	70	20	50	67	70	120
<i>Steady BG</i>	26	32	27	14	13	21	22	23	21
<i>Volatile BG</i>	325	256	235	214	234	224	246	200	277
<i>Decreasing BG</i>	276	182	136	116	131	97	96	103	148
TOTAL BG	674	520	430	414	398	392	431	396	566
TOTAL Tuscany enterprise	21.168	19.884	19.501	21.375	21.907	20.267	25.190	20.241	20.956
TOTAL (%)	3,18	2,62	2,21	1,94	1,82	1,93	1,71	1,96	2,70

Source: Personal elaboration

Over the period of investigation, the highest level of BG firms in Tuscany is observed in 2001. During this year, 3% of 21.000 enterprises established over the territory is ascribable to this International Entrepreneurship guideline. 90% of these units is made of two types of BG firm only: the firms with a rather volatile international expansion (Volatile BGs), and the firms unexpectedly forced to drastically reduce, or completely interrupt, their respective international operations (Decreasing BGs).

In the central time interval, the annual increase in BG firms in the total number of new Tuscan enterprises, constantly stands at 2%, except for the year 2009, where the ratio marks a sudden surge increasing by almost 1%.

Before this final increase, the most significant changes in terms of numbers are observed in correspondence to two types. The increase in the incidence of Increasing firms, passing from 7% in 2001 to 21% in 2009, is proportionally followed by a decrease in the Decreasing firms, from 41% to 26%.

It is possible to state that, in the Tuscany region, we are observing a progressive conversion from a negative polarity to a positive polarity of the del Born global Phenomenon. As the number of successful BG firms (Increasing) is growing in contrast with, exclusively, the enterprises not able to promote and support the international expansion of start-ups (Decreasing).

To confirm such statements, it is necessary to determine whether in the following years (after 2009) this increase continues to be fostered by the most successful typologies of BG firm, or it is a sporadic and isolated event.

Finally, by making use of the AIDA – Bureau van Dijk database, the Tuscan enterprises selected are subdivided according to the nationality of the ownership structure, in order to separate the Immigrant Born globals from Native Born globals.

The overlap between the two database is higher than 50%, comprising 2.279 Tuscan BG firms totally, of which 223 Immigrant Born globals and 2.056 Native Born globals.

Table 5.14 – Descriptive information of the total population
(Number of enterprises and percentage value)

International Entrepreneurship	Freq	Percent	Cum	IBG		NBG		TOTAL (%)
				n°	%	n°	%	
<i>Increasing BG</i>	381	16,7	16,7	55	14,4	326	85,6	100
<i>Steady BG</i>	134	5,9	22,6	17	12,7	117	87,3	100
<i>Volatile BG</i>	1.351	59,3	81,9	125	9,3	1.226	90,7	100
<i>Decreasing BG</i>	413	18,1	100	26	6,3	387	93,7	100
TOTAL	2.279	100		223		2.056		

Source: Personal elaboration

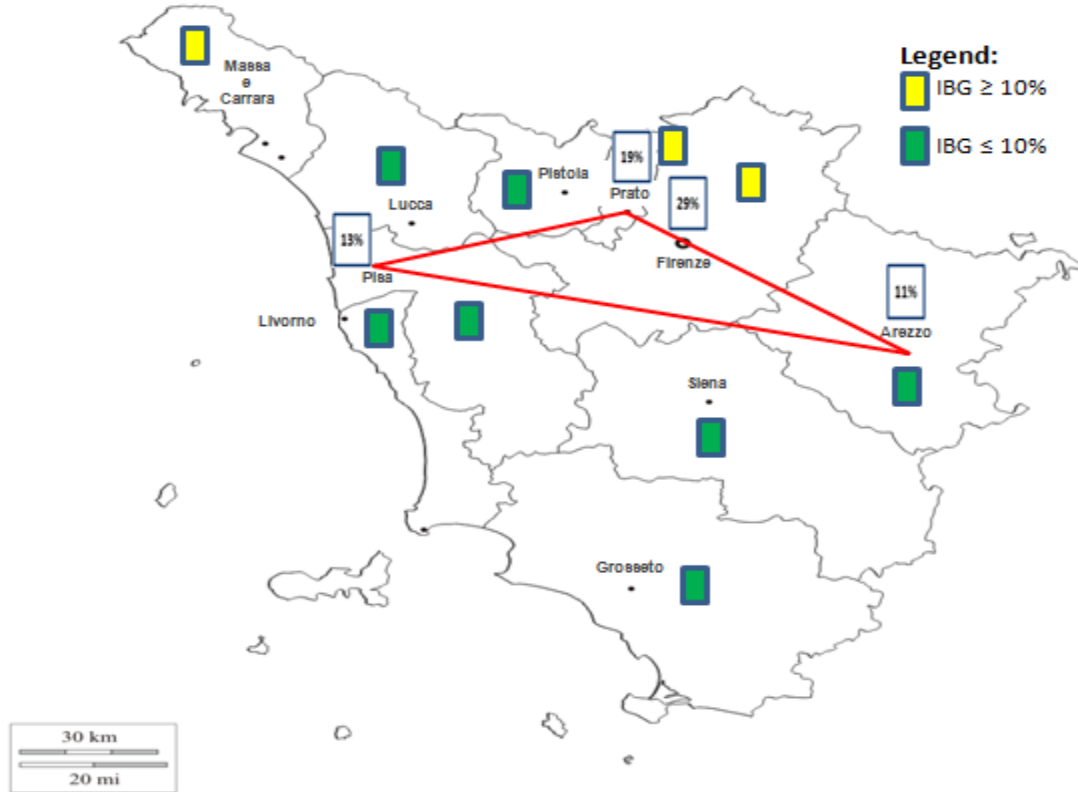
The above table clearly shows how the incidence of the Immigrant & Ethnic Entrepreneurship compared to the Native Entrepreneurship, is higher in the type of BG firm whose level of internationalization progressively increases along with the corporate longevity (Increasing BG). That is in the most appropriate configuration to promote and support the international expansion of young enterprises.

The frequency tracing cases of foreign entrepreneurship in Increasing forms stands at 24,6%, in view of a similar probability for the native entrepreneurship that stands at 15,8%.

Conversely, the Native Entrepreneurship tends to increase its interconnection with international start-ups where, after an intense and sudden initial growth in foreign markets, there is an unexpected and drastic decrease in their operations, leading sometimes to a real de-internationalization (Decreasing BG).

Similarly, the Born global Phenomenon is not homogeneously diffused across the Tuscan territory. The provinces of Florence and Prato are the main poles of attraction, hosting almost half of the BG firms located in the Tuscany region; respectively standing at 29% and 19%. With significant values, they are followed by Pisa (13%) and Arezzo (11%).

Figure 5.13 – Epicentre of the Born global Phenomenon by Tuscany Provinces



Source: Personal elaboration

The purpose of the above figure is to represent the extension of the geographical area in Tuscany, designated as the core of the Born Global Approach. The lines marked in red roughly delineate its boundaries, obtained by joining the different points corresponding to each provincial administrative center where the diffusion of the BG firms has the highest level of intensity.

At the same time, each province has been marked by a symbol that might adopt one of the following colours. In case of yellow marks, the rate of IBGs over the total BG firms located in each province is higher than 10%. Conversely, in case of green marks.

The relationship between Immigrant & Ethnic Entrepreneurship and Born global Phenomenon achieves the highest frequency in the province of Prato, with a ratio of 1 to 5. It is followed by Massa-Carrara (1 to 7) and Florence (1 to 8).

On the other hand, the most intense connection with the Native Entrepreneurship is found in the provinces of Arezzo, Livorno, Pisa and Pistoia, where 9 BG firms out of 10 are managed by native entrepreneurs.

Examining in detail, the research has been extended to every single municipality in order to precisely define the area of Tuscany in which the highest number of BG firms owned by foreign entrepreneurs is concentrated. As the involved area mostly affects the provinces of Prato and Florence, the investigation is only focused on these two provinces.

Figure 5.14 – Epicentre of the Immigrant Born global Phenomenon by Florence and Prato Municipality



Source: Personal elaboration

45% of IBGs are headquartered in the municipality of Prato. With highly significant values, they are followed by the municipality of Florence (22%), Sesto Fiorentino - Campi Bisenzio - Calenzano (18%) and the Scandicci area (6%).

Specifically, as for the IBG firms of Prato the ownership structure is almost totally composed of individuals with an extra EU nationality. Indeed, in 78% of cases

they come from the People's Republic of China. In particular, most of them come from the East-coast province of Zhejiang.

The business activity of the Chinese BGs located in Prato are concentrated in the following commodity sectors: Manufacture of wearing apparel (54%), Wholesale trade of clothing, accessories and textile (27%), and Manufacture of pullovers, cardigans and similar knitwear (7%).

The remaining IBG firms of the territory are distributed as follows: 16% of them are established by entrepreneurs coming from EU countries, while 6% by entrepreneurs coming from extra EU countries.

In the municipality of Prato, the Volatile IBGs are the type that has the highest spread rate, ascribable to 41% of cases, followed by the Increasing IBGs in 29% of cases. The other two types, instead, stand at 15%.

Therefore, the Immigrant Born global Phenomenon originated in this territorial context is characterized by a constant and rapid initial development. However, over time the trend of the internationalization process suddenly becomes irregular, leaving space for an evolution with clear, constant and consequential increasing and decreasing surges (Volatile IBG). Similarly, there is a significant number of IBG firms of Prato that follow this international orientation, as it is the most suitable for promoting and supporting the intense and rapid development of young entrepreneurial initiatives in foreign markets (Increasing IBG).

With regard to the city of Florence and its bordering areas, instead, the nationality of IBG entrepreneurs is highly heterogeneous. Such Ethnic firms are equally distributed among EU and extra EU entrepreneurs. The former refer to foreign entrepreneurs coming from those European areas with the highest specific weight in community development programs, such as France (11%), Great Britain (9%), Germany (7%) and Switzerland (5%). The latter refer to those mainly managed by Chinese entrepreneurs, in 31% of cases.

Even in this municipality, the Volatile IBGs have the highest spread rate, in 64% of cases. They are followed by the Increasing BGs standing at 21%, and Decreasing and Steady BGs; respectively standing at 11% and 4%.

Particularly, in the province of Prato, the Immigrant Born global Phenomenon is characterized by an extreme volatility that fosters the international growth of young local enterprises (Volatile IBGs). However, also in this area, it is possible to recognize a large number of IBG firms that follow the most suitable international orientation for promoting and supporting the intense and rapid development of young entrepreneurial initiatives in foreign markets (Increasing IBGs).

In conclusion, the collected data clearly highlight how the core of the Immigrant Born global Approach in Tuscany is located in the municipality of Prato and, with lower intensity, in neighbouring areas. Additionally, the geographical extension “global” in the internationalization process of several Tuscan IBG firms, might be explained by the widespread participation of individuals coming from extra EU countries in the ownership structure. Which are hypothesized to perceive the psychic distance as a real source of competitive advantage, rather than a limitation to the international expansion.

CHAPTER 6 - THE IMMIGRANT BORN GLOBAL PHENOMENON: A MULTIPLE CASE STUDY APPROACH

SUMMARY: 6.1) CASE STUDY METHODOLOGY - § 6.2) CASE PROFILES - § 6.2.1) *Overview of Firm Profiles* - § 6.2.2) *Case A: Sound of Cremona Ltd* - § 6.2.3) *Case B: Perfume Label Ltd* - § 6.2.4) *Case C: Fabric House Ltd*.

“Through research based on case studies, the real world is analyzed in terms of just a few objects of research, which may sometimes be a single case or object”
(Guercini, 2004, p. 466)

6.1) CASE STUDY METHODOLOGY

Once the quantitative research is completed, it is time to consider the main results emerged from the qualitative research. This final section of investigation has a double purpose. On the one hand, the purpose is to further examine the four formulated typologies of Born global firms (Increasing, Steady, Volatile, Decreasing). On the other hand, it confines the research to the entrepreneurial configuration mix between Born global and Ethnic firms, which currently has the highest number of unexplored research areas, that is the Immigrant Born global.

In order to identify the main features ascribable to the Immigrant Born global Phenomenon originating in the Italian context (specifically relating to the international approach), it was decided to make use of a *Multiple case study method*. This research is combined with the investigation levels developed in the previous chapter and some of its elements are consistent with the cognitive objectives of the current study.

The case analysis is a method of empirical research commonly used in economic and business management studies. In particular, it is able to identify the features (concerning the evolution of business processes) inherently not inclined to be analyzed separately from the contextual conditions, or captured along their entire prosperity and complexity through different methodological tools (Guercini, 2003).

Similarly, it is easy to learn and use, compared to other research approaches, but it is also able to describe, test or generate new theories (Anderson, 1983; Gersick, 1988). Indeed, it is capable of formulating new theoretical structures, as it is extremely efficient when developing creative insights.

In spite of this, a theoretical system created through the case analysis can sometimes provide highly substantial empirical evidence, with respect to the complexity and the highly organized nature of the provided data. The task of the researcher is to achieve the degree of simplicity and generalization characterizing a good theory (Van de Ven, 1989).

Considered what stated above, it is clear how the concept of case study methodology can be used and interpreted in different ways. This leads it to take on the configuration of a term with multiple meanings. Assuming that it is possible to actually talk about a “concept” of case analysis, its definition is likely to be rather vague and not well-defined, being it interdependent to a wide range of factors. These include (Guercini, 2004): (1) the intended utilization of the examination of a case (teaching, research, in the professions); (2) the definition of the element on which the analysis focuses (individual companies, systems of organizations, etc.); (3) the aims of the research (investigative, descriptive, interpretive); (4) the type of evidence gathered and used in the case analysis (qualitative, quantitative, or a suitable mix of the two), and; (5) the manner in which the findings resulting from the investigation are used (cross-analysis of more than one case, in-depth analysis of emblematic individual cases or of cases running counter to general tendencies).

Useful elements are proposed by Normann (1975) to outline the edge between the case study and other empirical research methodologies. According to the Swedish scholar, there are two ways to compare the theory with the data. The first method consists in considering a small part of the theoretical structure in order to compare it with several examples, proving it in many survey units. The second method, instead, consists in considering the entire theoretical structure and, consequently, comparing it with a well-structured set of data connected to one single element. Which takes on the features of a complex system or event. Normann defines this latter approach as the *case study method*, underlining its importance in the study of composite systems or social events that are one of a kind, and therefore must be considered as a whole.

The concept of case analysis is different from the concept of case study. The former complies with the research process, while the latter conforms to the created

product. The case analysis not necessarily leads to a case study. However, in this paper the analysis results are also presented in terms of case study from the owner summit's point of view.

Thanks to the case study, the research strategy is designed to achieve a detailed understanding, rather than a generalized knowledge (Guercini, 2004).

The case analysis is not a set of data representing exclusively one single observation. In fact, the case study, as an analytical unit, should be considered in the same way as completed experiments. The perspective that the research is run on a single subject, somehow considered one of its kind, might influence the type of knowledge of the originated phenomena (Guercini, 2003). Such a methodology has considerable opportunities linked to the nature of the data and information obtainable through the investigation approach. These elements are often elusive for an analysis based on different research methods, and they are able to avoid the risk signaled while turning the organization into a financial and countable form, thus depriving it of what makes it worthy of interest (Weick, 1989).

Therefore, the case study method offer complementary elements in addition to those offered by other different methodological approaches.

In order to guarantee the effectiveness and reliability of the research, some analytical and planning requirements have been set. Firstly, an interview protocol was defined based on the theoretical framework to test, so as to provide every sampled Immigrant Born global (IBG) with the same structure of questions, specifically created in this circumstance. Then, multiple secondary sources were examined in order to expand the content of the interview (e.g.: archives, databases, corporate documents, verbal reports also built up by third parties, websites and press releases). Thanks to the use of different information resources, it is possible to make a triangulation among the used data. This is done to guarantee the robustness of this study and to obtain a more accurate overview of the investigated case (Eisenhardt, 1989; Barratt et al., 2011). Finally, every interview was recorded to have additional documents for potential future studies, as well as study cases called by their real name (except for one case).

The data have been collected during the year 2016, through two rounds of interviews. The first data collection has been conducted in February, with the aim of coming into possession of the main business information. The second data collection has been conducted in June and it is aimed at examining the main aspects of the research or the most important aspects of the first survey. Collecting data during different times increases the validity and reliability of the study (Dubois and Gibbert, 2010).

The interview is structured so as to collect a great quantity and a wide range of information about the following discussion topics: (1) company history, (2) business model, (3) ownership and partnership structure, (4) economic-financial elements, (5) entry modes in foreign markets, (6) relational networking with local and international contexts, and (7) future goals.

The adopted type of survey is the semi-structured survey, which allows the interviewees to freely respond⁴⁴ and the interviewer to guide and define the survey. The purpose is to recreate the framework of values of the respondents in order to understand the entrepreneur's perception of the elements driving the business internationalization, as well as the peculiar aspects of its way of operating in the market.

The survey is directly conducted before those who are intended to play the role of the entrepreneur.

The case studies are selected in IBGs that took part in the Web-based Survey. We sent each one of them a second e-mail, asking for their availability in participating in a further research phase. Among these, 7 IBGs were available. However, in the first round of interviews, none of them turned out to be ascribable to the Decreasing Born global. This is why, in the following paragraphs, the research is only run on three identified types of Born global firms, each one having a study case. Indeed, we chose to confine the analysis to the IBGs available to discuss every macro research area of the interview protocol.

⁴⁴ The purpose is to analyze perceptions, opinions and behaviors that, in part, could have been predictable, but are underestimated or even ignored. In other words, the freedom of expression increases the acquisition of information about known and unknown features.

6.2) CASE PROFILES

6.2.1) Overview of Firm Profiles

The following table summarizes the business profile and the approach of each of the investigated Immigrant Born global firms to foreign markets.

Table 6.1 – Profile of IBG Cases: information updated in 2015

Details	Case A <i>Sound of Cremona</i>	Caso B <i>Perfume Label</i>	Case C <i>Fabric House</i>
<i>Nationality of ownership</i>	Austrian	French	German
<i>Geographical location</i>	Cremona	Arezzo	Prato
<i>Year of establishment</i>	2004	2008	2003
<i>Company size</i>	Micro-sized 7 employees > 600 thousand euro on the foreign markets	Small-sized 12 employees > 200 thousand euro on the foreign markets	Small-sized 18 employees > 2 million euro on the foreign markets
<i>First year of exporting activity</i>	2004 (at birth)	2008 (at birth)	2003 (at birth)
<i>Typology of Born global firm</i>	Increasing BG	Volatile BG	Steady BG
<i>1st Int. market</i>	Asian market	American market	European market
<i>Market share</i>	70% Asia, 20% in Europe, 10% Italy and others	40% America, 30% Asia, 20% Europe, 10% Italy and others	80% Europe, 10% Russia, 10% Italy and others
<i>Foreign Market Entry Modes</i>	<ul style="list-style-type: none"> • <u>Direct exports</u>: international trade fairs; qualified intermediaries; e-commerce. • <u>Strategic alliances</u>: business alliances with top seller. 	<ul style="list-style-type: none"> • <u>Direct exports</u>: international trade fairs. • <u>Indirect exports</u>: retail stores managed by third parties; qualified intermediaries. 	<ul style="list-style-type: none"> • <u>Direct exports</u>: international trade fairs; events organized by the same firm; e-commerce. • <u>Indirect exports</u>: retail stores managed by third parties; qualified intermediaries. • <u>Strategic alliances</u>: vendor-managed inventory.

Source: Personal elaboration

6.2.2) Case A: Sound of Cremona Ltd

*“... The best Sound of Cremona ...”
(Mission statement of Sound of Cremona)*

Take inspiration, fantasy, originality and brilliance, put them together, mix them all, and you will get the internationally renowned master luthier⁴⁵ Edgar Russ, specialized in handicraft creation of stringed instruments: violin, viola, cellos and double bass.

Born in Rottenmann (Austria) in 1966, he is the youngest of five children. Since the early age, he shows a strong attraction to anything that generates a powerful sound, “... and what else produces sound but a musical instrument? ...”⁴⁶.

At the age of 14, such a passion turns into a real hobby leading him to create (or repair) guitars, drums and wind instruments for friends and acquaintances. However, in the end he chooses to deal with stringed instruments because of their fascinating complexity of construction.

So in 1984, at the age of 18, he decides to attend the Lutherie School “Antonio Stradivari” in Cremona. This choice is strongly supported by his family, being always particularly focused on craftworks. “... Thanks to the education received from my parents, I am perfectly aware of the satisfaction coming from the creation of something made with your own hands ...”.

Led by Riccardo Bergonzi he graduates four years later, becoming a master luthier in his early twenties. In spite of this, in addition to the traditional method of Cremona, Edgar Russ wants to learn further techniques. In order to do so, he continues his studies and his researches moving to the USA, in Ann Arbor, Michigan, to work for Gregg T. Alf and Joseph Curtin’s lab, where he gains knowledge of the acoustics in particular.

In 1990, he goes back to Cremona, where his personal career begins. During the first years, he cooperates with several local labs, strongly devoting himself to the direct contact with musicians, in order to acquire the essential knowledge to meet the deepest and most hidden needs. One of the most significant stage of his career is the

⁴⁵ The term luthier indicates the art of design, creation and restoration of stringed and wind instruments (i.e. violin, viola, cello and double bass) as well as plunk instruments (i.e. guitar, bass and mandolin).

⁴⁶ The quoted sentences report the personal considerations expressed by the interviewed individuals.

ten-year cooperation (from 1995 to 2004) with Giorgio Grisales in the central lab on Sicardo Street 2a, which becomes over years, a renowned hangout for musicians, lutists and lovers.

However, in 2004 he decides to work independently. In the middle of the old town, on Mauro Macchi street 2a, he opens an informal but efficient workshop, ‘Sound of Cremona sole proprietorship’, turned into ‘Sound of Cremona Ltd’ in 2009, which mainly reflects his personality and creativity. “... It is like a treasure chest of lutist knowledge, where I grow my profession and my passion every day, seeking for a constant evolution in order to achieve an acoustic and stylistic perfection ...”.

The workshop covers an area of 250 sq.m. and it is parted in a reception room, where some of the first instruments and some recently made are exhibited, a rehearsal room, where customers can test the instruments, and finally, the master’s personal office.

Although the workshop is located in the heart of Cremona, it is a peaceful and secluded place that allows you to focus the attention on your work, and to calmly dedicate yourself to old and new clients.

I personally appreciate the unique air you can breathe as soon as you cross the threshold into a craft shop. This experience is enhanced by the beauty of interviewing the master creating a viola by his own hands for a foreign client.

In little more than ten years, Sound of Cremona became one of the most renowned Italian craft shops run by a master luthier. This success is partly ascribable to the desire to meet the expectations of demanding customers. This does not mean the customers are exclusively professional musicians or wealthy collectors. They also are people dealing with the music world, pushed by personal pleasure or a hobby⁴⁷, seeking for high-quality products and services. Today, the instruments created by Edgar Russ are played and appreciated by successful musicians, as well as unexperienced music lovers.

Similarly, other business policies allowed the enterprise to fastly expand internationally. They can be summarized as follows: (1) price transparency; (2) high-

⁴⁷ Most of them studied in a Lutherie School when they were young, but now they work in completely different sectors. In spite of this, they continue to take delight in playing instruments during their spare time.

quality products and services; (3) more than the traditional relationship buyer-seller; (4) clear view of the business concept on which their own competitiveness is based, and (5) initiative.

Specifically, Edgar Russ ascribes most of his achievements to the initiative. This feature has a double meaning. On the one hand, there is the constant search for opportunities: "... having an idea, moving, meeting the target customers and not the other way around ...". On the other hand, there is the strong desire to create something new: "... the word impossible does not exist in business, as every cooperator is constantly pushed to increase their expertise, in order to maintain the traditions of the past while looking at the future ...".

This attitude ensured the achievement of two prestigious commissions. The first commission concerns the creation of a violin adorned with precious stones, worth 340.000 euros. The second commission, instead, concerns the creation of a violin made of an ancient type of wood coming from New Zealand, the kauri. It originates from trees fallen due to natural disasters remaining in mud for over 50.000 years, without rotting or turning to stone.

Both projects required an intense work that lasted over one year, but the buyers were extremely satisfied with the result.

Before establishing himself nationwide and internationally, Edgar Russ worked very hard. The secret to success was to cooperate with well-known musicians from the beginning. The first contact was established with some musicians who played in the Wiener Philharmoniker. They were not only looking for aesthetically nice instruments, but powerful instruments capable of projecting into space. Such a quality derives from the creation of the violin itself as well as the proper positioning of the core, keyboard and bridge, and the attention to details not clear to see, but easy to perceive.

During the interview, Edgar Russ remembered many times his frequent moves from Cremona to Vienna: "... my car became a lab where I used to carry all the tools needed to fix the instruments, depending on the sound the customer requested ...".

Today, his hard and determined work has paid off: five out of all the instruments created with passion and sacrifice are played by musicians in the Wiener Philharmoniker.

His violins, violas, cellos and double basses are well-known worldwide, appreciated over years and, in addition, they benefit from a good reputation.

To summarize, the direct contact with musicians and the experience in renowned international workshops, along with the acquired manual skills and a great passion for this work, allow Sound of Cremona to create instruments in order to meet the most diverse needs requested by collectors, musicians, professionalists and lovers. “... Now I can state, the satisfaction of the customer is the real driving force of my work. The musician’s appreciation for violins, violas, cellos and double basses created by me and my young workers, makes me proud and represents an incentive to do better ...”.

Nothing is left to chance or underestimated. Even the simple Italian, French or German serial production instruments have common features and purposes. This is why it is important to be different from the competitors. This could be achieved by creating high-quality instruments resulted from constant researches, work debates and daily practice. The construction technique adopted by Sound of Cremona is the traditional method of Cremona, although the techniques and styles evolved at the same pace as the influence of great instruments that have been restored by the master over these years.

Edgar Russ usually reminds his customers, coworkers and employees that “... Sound of Cremona does not sell musical instruments, but rather the sound of Cremona ...”.

In order to get to a great audience, three lines of instruments are proposed in terms of price and quality:

- *Scala Perfetta* [*Sound of Cremona for demanding beginners*]; this cheap line of instruments has been very successful for years. It was designed for customers seeking for an European, well-made and reasonably priced product.

To obtain a high-quality product, unpolished instruments are imported and decorated by many selected workshops in Germany. Consequently, they are

checked, adjusted, painted and assembled in Cremona. Each one of them receives all the needed care so that it is powerful, easy to play and harmonized on four strings.

About 80 models are produced every year, and the cost is approximately around 2.400 euros.

“... I take delight in creating something reasonably priced, as they are labeled but well-made products. My coworkers are against me in this line of products, because they are inclined to maintain the traditional lutherie of Cremona, which is exclusively associated with magnificent musical instruments. Unfortunately I think differently...”.

- *Mauro Macchi* [*Excellent sound of Cremona*]; this line of instruments, which could be defined as an intermediate line, is named after the street on which the workshop is located in Cremona, where the instruments are exclusively made by hand following the specific directions of the customer.

In order to obtain an instrument with high-level acoustic features, for each one of them Edgar Russ sets criteria and procedures for the correct implementation of the thickness, board, bottom and, above all, those elements that mostly influence and affect the sound of the instrument, such as the positioning and the adaptation of the chain, as well as the proper arrangement of the joint of the handle.

Finally, according to the old local tradition, the paint might be antique or typically Cremona style.

About forty units are produced every year, and the price is around 6.500 euros.

- *Strumenti del Maestro* [*Magnificently created by the master to obtain the perfect sound*]; in turn decomposable in two lines:

- *Personal creations of the master*; a well-balanced thickness, a well-adapted chain, a lined up handle, a well-regulated angle and, above all, a perfectly integrated core as well as patience and passion, represent the cutting edge of the instrument, creating a big and powerful sound with an excellent acoustic quality.

For the creation of these unique units, it is not possible to separate the abilities and technical skills of the master luthier from the high artistic qualities of the instrument.

Approximately ten of these instruments are produced every year, while the price rarely falls below 20.000 euros.

- *Copies of the original*; of course, being able to create the perfect copy of instruments used by great masters of the past, is one of the biggest professional and personal ambitions of a master luthier.

This is the result of the accurate study of models, forms and characteristics, which was possible thanks to the private library that Edgar Russ has set up in his workshop in Cremona over these years.

Therefore, famous instruments are faithfully reproduced not only aesthetically, but also trying to imitate the real power of sound.

For this line of instruments, it is not possible to determine the exact number of models produced in a year nor the respective price.

The demand of this line of instruments is so high the customer must approximately wait two years before having the product delivered.

The experience gained during years, especially in the field of structural and acoustic recovery of copies of the original, allows Sound of Cremona to be also a centre specialized in reparation-restoration of musical instruments, as well as recovery of alterations-depressions that this type of items often encounter over time.

The strong business initiative of Edgar Russ constantly encouraged him to search for new challenges. In 2009, along with his girlfriend, he encounters a very fascinating challenge: to capture the scent you can breathe while crossing the threshold into a luthier workshop and create a perfume out of it. "...The purpose is to create a unique and particular fragrance, as I m convinced that music is colour as well as perfume, as an emotion ...".

So he decides to leave for Grasse, the French capital of perfume, looking for a "créateur de parfum". Here he meets Guy Bouchara, who seems to immediately seize the opportunity given by the master luthier. Since then, several ideas are exchanged and many tests are made, but in the end, the two masters manage to create a special and unique essence. The result is kept in refined cylindrical 50 ml. bottles bearing the writing "Violin".

The perfume is officially launched in 2013 in Grasse, exactly where it was born. Many people take part to the event, including the municipal delegate of the Tourist Board of the French town.

The creation of the scent is totally concentrated in the workshop of the perfumer Guy Bouchara.

Conversely, packaging activities are entrusted to a group of third local enterprises, with which there is a constant exchange ideas, opinions and information. Indeed, Edgar Russ' desire is to establish a stable and enduring relationship networking with the partners involved, rather than blindly buying the product.

With regard to the operations with foreign countries, the small size of the company has never been an obstacle to the expansion. The enterprise has always operated in the international context. The main geographical target context of sales is the Far East, where 70% of the annual production is found. First of all: China, Korea, Japan, Hong Kong, Taiwan and Singapore.

The first stages of foreign expansion are characterized by a constant increase in the level of international involvement, as well as a contained progression in terms of intensity. In 2004 (first year of activity) the total annual turnover generated in foreign markets stood at 90.000 euros, and only five years later it reached the 150.000 euros limit.

As for EU countries, the share has always been around 20%, and particularly Austria and Germany have always played the role of great importing countries. The Italian clientele, although mainly composed of regular clients, currently does not exceed 5% of the total.

On the contrary, nowadays the American market plays a secondary role in terms of revenues, not only for Sound of Cremona, but for the whole Italian lutherie movement. The USA market is a tough one, where local producers are advanced and well-prepared. However, for the Italian luthier workshops, this is the main source to increase the degree of internationalization in the future, being the American market the first international market to import stringed instruments.

From what stated above, it is clear how in Sound of Cremona, the geographical extension of the internationalization process is definitely "global". These kind of enterprises are constantly seeking for new opportunities around the

world in order to both acquire useful resources for the business activity or to establish productive partnerships, and to perform simple commercialization activities. During the interview, Edgar Russ underlined how his strong spirit of initiative has always led him to look for new opportunities, not only in the local geographical area (meant as the limited European context) but also in geographically distant countries. The relationship network established over time, allows him to regularly meet professional musicians or international collectors. Going in person to their office, wherever they are, he presents his own collections or proposes original ideas to create personalized musical instruments. "... One of the biggest differences between those of my generation and I, is that I still travel around the world looking for new clients ...".

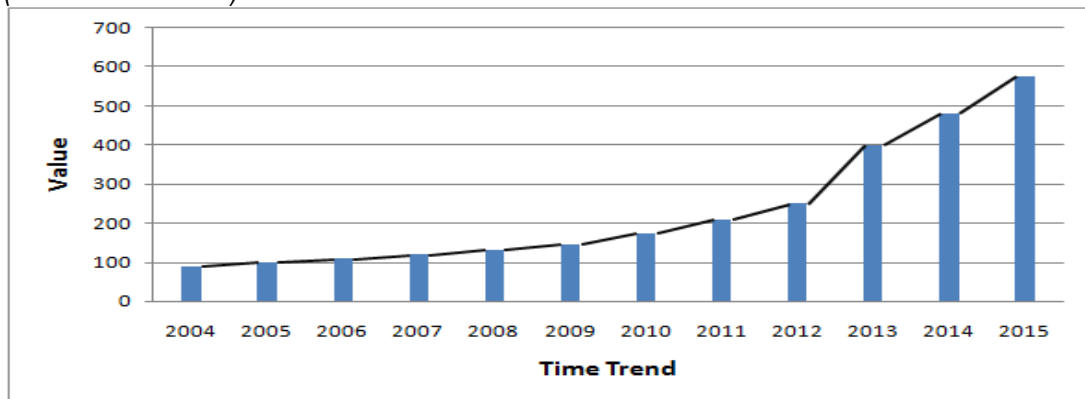
Therefore, in Sound of Cremona the psychic distance inside the internationalization strategies is absolutely not a limit to the foreign growth, but a potential source of competitive advantage. As we shall see later, in this study it plays a significant role in the decisions concerning the localization and entry modes in foreign markets.

Similarly, the case analysis confirms what previously stated in the quantitative research. That is, the geographical extension of the internationalization process is one of the few elements that does not undergo variations in the fast start of the Born global Phenomenon. On the contrary, over time it tends to self-strengthen. One of the future goals of the long term planning of Sound of Cremona is to strengthen its establishment in served foreign countries. The second goal is to find the most suitable approach for resolutely penetrating new markets, in particular Russian and American markets.

However, in the last few years the degree of internationalization in Sound of Cremona has undergone significant changes. On the one hand, the expansion in foreign countries continues to follow a constant development path, while on the other hand, there is a sudden and intense increase in terms of intensity and speed. Analyzing the trend of the export turnover, a clear variation in 2013 is revealed, exactly when the revenues increased by 60% in one year, reaching the 400.000 euros limit. Even in the following two-year period the international development is highly dynamic, achieving a total 170.000 euros revenue rate.

Figure 6.1 — Trend of annual foreign sales: Case study of Increasing Immigrant Born global

(Thousands of euro)



Source: Personal elaboration

In Sound of Cremona, the internationalization process follows a trend similar to the one conceptualized for the type of Increasing BG. That is characterized by an intense and rapid growth in advanced phases rather than early moments after the establishment.

In the deliberate planning of Edgar Russ, there has always been the unyielding desire to operate in foreign markets from the beginning, as well as not to suddenly increase the degree of internationalization. This allows the enterprise to lay the foundations for a balanced organizational, administrative, strategic and economic-financial growth. For the entrepreneur, this is the secret that allowed Sound of Cremona to: (1) immediately obtain a successful business identity; (2) obtain a central position in international relationship networks, in order to constantly have a higher and better level of knowledge, know-how, background and experience compared to the competitors; (3) create a business structure capable of supporting, in more advanced phases, a sudden and intense acceleration in the international involvement.

To summarize, in Sound of Cremona the strong desire of the entrepreneur to operate in the international context from the beginning, immediately become the discriminating factor to obtain and strengthen a competitive advantage in the long term. In spite of this, at least in the first period of life cycle of the enterprise, the international involvement is the result of a sequential-gradual growth process.

At the same time, since 2004, year in which the business was established, the mainly used entry mode in foreign markets has been the one connected to direct sales in international trade shows. In fact, during these events it can be observed the commercialization and taking charge of most of the orders processed during the year.

However, in concurrence with the high vivacity of international expansion, there is an increase in the combined use of different forms of internationalization. In 2015, a trade agreement was signed with Thomann, the biggest European retailer of musical equipment, to sell part of the annual production of the “Scala Perfetta” and “Mauro Macchi” lines on their webshop. Meanwhile, by the end of 2016, a defined number of sales representatives will be selected, in order to strengthen the sales in the European context.

The main purpose for the future, instead, is to enhance the level of computerization of their own website. In order to make it a valid tool to constantly update the client on the latest news, offers, promotions or business initiatives, as well as to increase the number of e-commerce sales.

With his own stand, Edgar Russ participates in the Frankfurt Fair, the ‘Frankfurt Musikmesse’, one of the most important trade shows of this sector, including the exhibits of ‘Mondomusica’ in Cremona, ‘Music China’ in Shanghai, ‘Tokyo Music Fair’ in Tokyo, and the ‘Cremona Exhibition’ in the USA.

He believes that participating to these events is essential. In addition to be an occasion to sell most of the created musical instruments, he considers them a powerful way to be recognized and to meet people and understand what the market does offer in terms of tradition and innovation. For this reason, he participates every year with new and comfortable stands reflecting his personality and reproduce the atmosphere of the workshop of Cremona.

Additionally, he takes part in festivals and smaller exhibitions, as well as many different competitions.

The main problems connected to the product sale in foreign countries, in Sound of Cremona as well as the whole Italian luthier movement, may be summarized as follows. The first problem must be ascribed to the Italian legislation, not providing a legal provision capable of regulating the different incoming and

outgoing phases of transport of valuable musical instruments, in and out of the country. This is one of the causes that drastically reduces the international competitiveness of Italian luthier workshops, often forced to find alternative ways to sell and import instruments that require reparation or a simple restoration work.

The second problem is purely connected to the activity pushing potential clients to make their first purchase. In order to facilitate this process, Edgar Russ take advantage of a logo, brochures, business cards, headed papers as well as gadgets, cards, website with the caption “The best Sound of Cremona”. This is meant to be a challenging slogan, capable of inciting employees, coworkers, regular and potential clients to test the musical instruments he creates. Similarly, this might be considered as a form of product imprinting, so that the consumer’s mind makes a difference between the company and competitors.

In this regard, it is necessary to underline that Edgar Russ in 1994, published a book in cooperation with Thomas Oberhauser entitled “*Die Violine-Instrument, Geschichte, Bau*”. That time, in addition to summing up the lutherie history of Cremona and the personal life of the master, the purpose was to make use of a tool capable of promoting his style for years on end. In fact, a book is rarely put away, which means free advertising in current and future clients’ houses for a long time.

As for corporate aspects, Edgar Russ holds an absolute majority share of the corporate venture capital. There are two other shareholders in the ownership structure, each one holding a 10% share. The first is an active foreign partner (coming from South Korea), who has been playing a key role in the workshop of Cremona. The second, instead, is a member of the master’s family.

At the moment, in addition to the master luthier, in Sound of Cremona seven artisans work full time. Almost all of them come from foreign countries and are no more than thirty-year old, producing about 150 musical instruments per year.

The Italian workforce in this sector has constantly decreased for decades. According to the insiders, this phenomenon is ascribable to the fact that it is necessary to start a long learning process made of sacrifices in order to succeed, especially in craftwork activities with a long tradition. This is the reason why many

young people are oriented towards a less satisfying profession in terms of creativity and personal ambition, but which requires less commitment and enterprising spirit.

The main competitors of Sound of Cremona vary depending on the line of instruments. As for the cheap and intermediate line, the direct competitors are foreign manufacturing workshops, and particularly German workshops. However, the higher the quality of the musical instrument, the more the scope is limited to the lutherie of Cremona. Anyway, the local workshops creating both “Personal creations of the master” and more commercial lines, are the most fearsome enemies in the international context.

By contrast, the networking activity of Sound of Cremona with local luthier workshops, about 150 in total, is constant and intense. This is possible thanks to the Consortium of Violinmakers “Antonio Stradivari”, of which Edgar Russ is an active member.

Established in 1996 and located in Cremona, this consortium is aimed at promoting and appreciating the contemporary lutherie of Cremona operating according to the traditional craftsmanship.

In order to safeguard the instrument makers’ work, the Consortium of Violinmakers has created, in collaboration with the Chamber of Commerce and the Craft Associations, the “Cremona Liuteria” trademark. The trademark guarantees the certified instrument is handmade by a Cremonese professional master instrument maker⁴⁸. Moreover, such an identification represents an essential move to safeguard the traditional craft construction method and to protect the instruments of Cremona from the risk of being forged.

The Consortium keeps a database of the instruments sold with the Cremona Liuteria trademark. This permits a constant check on the authenticity of the instruments.

Similarly, in cooperation with local institutions, workshops are organized, in order to let young professionals meet the most successful master luthier. The consortium also supports a close cooperation with the International Violin Making School to plan frequent meetings between master luthier and musicians.

⁴⁸ Each instrument created by Sound of Cremona exhibits the “Cremona Liuteria” trademark.

In conclusion, Sound of Cremona has all the features ascribable to the Increasing Immigrant Born global firm: (1) it is classified as “global” in the geographical extension of the internationalization process; (2) consequentiality of international operations; (3) even and constant trend in the first stages of foreign expansion, becoming sudden and intense in more advanced phases.

Today, it can be defined as a real successful Immigrant Born global firm, where the founder takes important decisions and responsibilities, and in addition to representing the only decision-maker of the company, is also directly involved in every functional business area. The competitiveness of the enterprise specifically depends on the creativity, technical skills and relational abilities of the leader.

In order to promote his product, Edgar Russ developed a double marketing. On the one hand, there is a constant attention to every different technical detail, so the high quality of the product is guaranteed. On the other hand, it is necessary to gratify the emotional side of the customer, creating an instrument with a striking beauty.

The target clients and the initiative characterizing every artisan committed to Sound of Cremona, are just some of the key features that make this workshop one of the most important Italian luthier craft shop. The actual secret is found in the previous experience gained by the entrepreneurs in popular workshops all around the world, as well as the innovative, proactive and risk-seeking behavior characterizing them. This is clearly demonstrated by the recent desire to expand the corporate activity into a new market segment, that is the perfumery business.

This is supported by the ability to meet expectations, needs and tastes of current and potential clients. This is possible thanks to a strong relationship with such clients, which is even stronger during trade show meetings. In fact, every year the company participates to many fairs and exhibitions organized, both in Italy and in foreign countries, introducing new and comfortable stands reflecting the leader’s personality and to impart the air of the workshop located in Cremona.

6.2.3) Case B: Perfume Label Ltd

*“Designer fragrance tailored for multisensory experience”
(Mission statement of Perfume Label)*

‘Perfume Label Ltd’⁴⁹ was founded in 2008, thanks to the idea of an enterprising woman who appealed to her perfumes passion to create an enterprise capable of gaining space in the busy perfumery and cosmetics sector.

She was born in Bordeaux in 1971, in a family who run a great local pharmaceutical company. After her degree in Pharmacy, she decided to completely change her career and follow her ambition, which is to “... perfume lives and places with olfactory creations ...”, as she usually reminds.

In order to acquire the needed knowledge and skills, she attended the ISIPCA (Institut Supérieur International du Parfum, de la Cosmétique et de l’Aromatique Alimentaire)⁵⁰ in Paris, which allowed her to get a degree in EFCM (European Fragrance and Cosmetic Master) after two years of study and practice. Then, she became a “fragrance designer”⁵¹ with the aim of turning the need of emotions in perfumes. This occurs by planning, producing and distributing personalized fragrances and making use of olfactory equipments.

In conjunction with the end of this experience, she decided to start her own activity. In 2002 she chose to move to Arezzo to improve her skills in a historic perfume shop, which is one of the most important clients of her family business. So she started her five-year learning path, that led her to start her own business very close to where she learned the art of “créateur de parfum”.

The constant commitment and desire to succeed rewarded the woman, today in her forties, with many awards. The last prize she was lately awarded by the ITWIIN (Italian Women Innovators and Inventors Network), defines her as an “exceptionally creative woman”. The contest is designed for all women starting an entrepreneurial activity in the field of research and innovation in Italy.

In little more than ten years, thousands of the most precious and refined essential oils have already been found in her workshop. To increase their potentiality, some of them are treated with delicate aging procedures. In addition to natural

⁴⁹ This is a pseudonym as the company prefers to remain anonymous.

⁵⁰ The international reference school for the perfumery industry, established by Jean-Jacques Guerlain.

⁵¹ The name that replaces master perfumer.

essences, synthetic materials are also used to adorn, decorate and smooth the creation. The fragrances of Perfume Label represent now the best perfumery selection, characterized by a careful choice of raw materials and a high creative freedom. Distant from the common taste and commercial logics, the company is able to create its own artistic path, inspired by the experience and desire to reproduce the essence of memories with a tailoring perfume. That is tailored for the customer or the circumstance under which they are ordered.

In fact, the purpose of Perfume Label is to meet the expectations of demanding clients who are not satisfied with prestigious and efficient mass products and solutions, and look for a fragrance tailored to their personality and tastes. One of the aims of this enterprise is to give each client the chance to feel ‘their own world’. The company strongly believes in multisensory experiences⁵², and tries to bring out its peculiarities through the sense of smell. Creating a perfume, identifying it with a product or a place, and giving it a name are marketing choices, and this is exactly what Perfume Label does.

However, even other corporate policies differentiate the way of doing business. The first policy concerns the constant communication activity. Potential and current clients are frequently updated on the latest news, offers, promotions or business initiatives through their own website, by receiving a newsletter, or advertisements on specialized printed papers and by constantly updating the online catalogue. The second policy pertains to the flexibility in meeting the different needs of the client, by creating a friendship and informal relationship with each one of them, beyond the simple buyer-seller connection. The third policy is the pricing strategy, which places the product in a medium-high market category, in the market niche where the enterprise delineates its own business identity.

⁵² Deeper than eyesight, before touch, beyond the hearing, the smell deeply and immediately recreates impressions and makes positive or negative associations with situations, emotions and memories. The feelings of well-being, beauty, sweetness, goodness, elegance, simplicity and preciousness remain indelibly associated with the scent of a place, an event or an item.

Examining the details of the offer, Perfume Label operates in the following two industries:

- *Fragrances for him and for her*; perfumes are created following the specific directions of the client. At the same time, a different line of 'eau de parfum' is also realized by the entrepreneur herself. Currently, 19 fragrances are included in this line, suitable to meet every taste and desire.

For tailored perfumes, the price is approximately around 600 euros for each 50ml bottle. Whereas, for the line of 'eau de parfum', the price is fixed at 200 euros for each 100ml bottle.

- *Room fragrances*; development and use of olfactory equipments. Comfortable and stimulating atmospheres are created making use of fragrances, meeting the individual needs.

This business is based on the ultrasound diffuser, which is totally different from the one commercialized by competitors. The diffusion is generated by a device specifically licensed by the company, so the properties of the essential oils contained in the fragrance are not altered. It is not a bulky device, being easy to apply to different surfaces (it can be easily applied to furniture, shelves, niches and faux walls), provided with a calibrated regulation allowing the perfume to spread with alternate speed and intensity. Moreover, it does not contain alcohol or solvents.

The price is between 150 euros in the cheapest edition, which is suitable for houses or small environments, and 1.200 euros in professional models, designed for business activities or big events. Professional devices are provided with a comfortable and clear display that informs the user about the freshener status (off, auto or manual) and modifies the on/off features, with 20 customizable programs per day.

The perfumed refills are made of wood soaked in the chosen essence, in order to obtain a 100% natural diffusion lasting about 10/15 days depending on the use.

As assumed above, Perfume Label is aimed at very diverse clients. The offer is not only oriented towards people but also companies (even architects and interior designers), stores and showrooms, spa, gyms, hotels, restaurants, clubs,

boardrooms and waiting rooms (including medical centers and hospitals), yacht, events, press reviews, exhibitions and trade shows.

Among all these companies, most clients are great multinational companies (GUCCI, CITIZEN, MOSCHINO, DIESEL, just to name a few), while the number of small-sized entrepreneurial initiatives, is more restricted. Having dealt with both realities, the woman noticed some substantial differences. First of all, making a deal with small enterprises requires less effort while taking charge of the order, compared to a well-established multinational company. In this case, the decision-making process must be examined through different levels: starting from the owner group and getting to the visual merchandising, the marketing office, architects, interior designers and purchasing managers. Passing the baton from a business unit to the other, is considered a significant waste of time: "... the need to be all agreed while dealing with urgent matters causes many problems, especially when commissions pile up on each other ...".

Another feature that differentiates them, is definitely the one concerning the expected payment timing. Despite regular payment, great companies request terms and conditions even more deferred than small entrepreneurial realities, where instead it is necessary to wonder whether the payment is made or not.

With regard to the operations with foreign countries, the internationalization process of Perfume Label is initially characterized by a constant increase in the level of international involvement, as well as a rather significant progression in terms of intensity. During the three-year period following the establishment, the turnover generated in foreign markets increased every year by 50%, suddenly passing from 140.000 euros in 2008 to 470.000 euros in 2011.

The first years of international expansion have been characterized by the continuous effort of the enterprise to keep up with the initial rapid and intense growth. However, this is distant from an organizational, administrative, strategic and economic-financial balanced growth and any clear and systematic strategic planning, or appropriate complement measures in the long term.

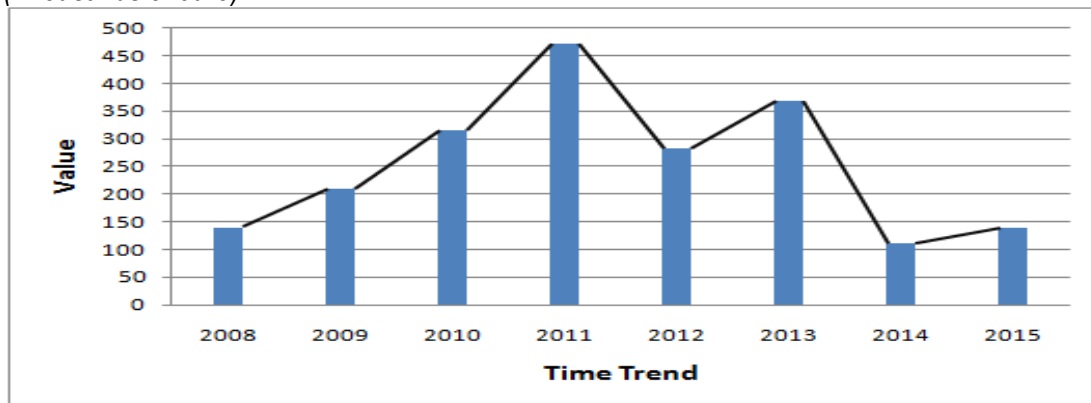
This way, the enterprise has not "progressively" and "exhaustively" formulated a business model capable of: (1) stimulating the refurbishment in the original entrepreneurial idea over time; (2) leading the internationalization process to

the achievement of a sustainable competitive advantage in the long term; (3) carefully evaluating opportunities, restrictions, risks and critical interventions to start and develop the business; (4) checking and verifying the progressive achievement of prearranged goals, pending the acquisition of a managerial independence and cheapness.

Over time, the lack of an adequately cautious business operations has caused, among other things, a strong impact on the evolution of the internationalization process. The initial even development has gradually cleared the way for a trend in which there are constant, distinct and often consequential increasing and decreasing surges.

This is due to the fact that the arrangement of the current technical resources, the definition of production methods, the direction of market studies and the finding of necessary financial means, are essentially based on a decision-making process appealing to the extemporaneousness of the moment and strong intuition of the leader.

Figure 6.2 — Trend of annual foreign sales: Case study of Volatile Immigrant Born global
(Thousands of euro)



Source: Personal elaboration

Over the last period, the varying trend of the degree of internationalization has led to a permanent inability in Perfume Label to keep a placement in reference foreign markets. By analyzing the foreign turnover trend, we can observe the significant variation in 2014, when revenues decreased by 70% in only one year.

In only 4 years, since the highest profitability in 2011, the revenues generated in foreign markets have had a total compression amounting to over 300.000 euros.

From what emerged above, it might be stated the internationalization process of Perfume Label follows a trend similar to the one conceptualized for the type of Volatile BG firm. While in the early stages the internationalization degree is intense, during the following years a leveling down can be observed.

In this case study, the strong desire of the entrepreneur to operate in the international context from the beginning, immediately become the discriminating factor to achieve and strengthen a competitive advantage in the long term. However, the rapid international involvement has gradually led the enterprise to be unable to operate in the market, being it not based on a sequential and detailed business planning.

Almost all sales of the line 'eau de parfum' are allowed through the use of a wide network of multi-brand stores managed by third parties (e.g., perfume shops, concept stores, showrooms). Such fragrances can be purchased in twelve provinces of Central-Northern Italy, while abroad they can be found in every fashion capital (Paris, London and New York), as well as in Tokyo, Moscow, Dubai, Los Angeles and Chicago, or in large cities such as Shanghai, Beijing, Hong Kong. This marketing channel plays a double role: it represents a showroom not only for resident consumers, but also for who comes to visit the place from abroad.

At the moment, the line of 'eau de parfum' is assimilated in foreign markets with a share approximately standing at 80% of the annual production. Most of this percentage is aimed at extra EU countries. While the number of Italian clients is constantly decreasing, year after year.

Conversely, the sale of customizable perfumes and diffusers is allowed through the use of other forms of internationalization. The commercialization of tailored fragrances is essentially based on word of mouth, that is through informal and not institutionalized channels. Most of which are established by Perfume Label in international trade shows. By contrast, the diffusers sale is promoted by a great number of sales representatives, specialized by geographical area.

In either cases, foreign markets assimilate 70% of the annual production, most of which pertain to extra EU countries. In particular, in the last two years the number of Italian clients has slightly increased, but only in the business of customizable perfumes.

By analysing the final destination of the Perfume Label sales, it is clear how the geographical extension of the internationalization process is strongly “global”. The entrepreneur herself claims: “... Ever since I started this enterprise, the purpose was to internationalize the business activity as soon as possible, and also to participate in every international reference market of the perfumery industry...”.

As previously seen in Sound of Cremona, the psychic distance in Perfume Label is a source of competitive advantage, rather than a limitation to the international expansion. In fact, the existence of a high psychic distance has not stopped the entrepreneur from competing immediately in the international context.

Every year Perfume Label takes part in the most important fairs of this sector, organized all around the world. The participation in ‘Paris Beyond Beauty’ is now a well-established routine. At the moment, the international Parisian exhibition is the most important trade show of perfumes and cosmetics in the world. It is also an habit to participate in the ‘Cosmopack’ event in New York, and ‘Beauty International’ in Düsseldorf. Instead, the national reference event is the ‘Cosmoprof’ exhibition, held every year in spring in the trade show neighbourhood of Bologna. In addition, it is necessary not to forget ‘Pitti Fragrance’ in Florence, and ‘Exsence’ in Milan.

Most of the business relations and networks created by Perfume Label in the first years of activity, are based on personal relationships established and strengthened by the entrepreneur herself in similar contexts.

With few local perfumery workshops, the networking activity of Perfume Label is almost completely absent. This is essentially ascribable to the fact that, according to the entrepreneur, “... everyone goes its own way, with no mutual desire, even for me, to sit around a table exchanging ideas and planning a coordinate developing line ...”.

However, there are few direct competitors of Perfume Label. Most of perfumery craft shops are either small valued studios formulating fragrances tailored for few wealthy people, or multinational companies dealing with mass perfumes, designed for the environment or people, launched by brands, actors, singers, etc.. This case study is placed in an intermediate position, where marketing experience and olfactory marketing, in particular, are the reason behind the business view.

In relation to purely corporate aspects, Perfume Label is established as a limited company where, the majority shareholder, is the mastermind of this entrepreneurial initiative (in which the interview took place). The other partner is entrepreneur's father who holds a 20% share of the share capital.

Unfortunately, despite being a businesswoman, she couldn't benefit from the law 215/92 "*Positive actions for female entrepreneurship*", through which the Ministry of Economic Development makes a series of resources available for women, such as free grants and soft loans. The figure of her father as shareholder, involves by law an irregularity in the regulations laid down to obtain a tax break. The entrepreneur admitted that, one of her biggest mistakes was to not include a woman in the ownership structure. However, recognizing that such a change would have had a high cost.

With regard to the corporate organization, Perfume Label is divided by functional areas, in which individual managers are appointed to directly report to the business summit. However, the entrepreneur woman believes it is essential to create an open and informal relationship with the employees. Every functional area is constantly encouraged to interact, in order to favour integration and cooperation within the company. To make things easier, the different offices have been positioned along the same aisle, and separated only by great transparent glass walls.

For the lucky ones who visit the company headquarter, it is easy to notice the prevalence of female cooperators as well as the young age of employees, which is around 35 years. This proves the entrepreneur considers her own growth and workforce's as the only great and long term training project.

Currently, 12 people work for Perfume Label, both in offices and warehouses. "... It is a well-prepared and motivated team, who loves this job and

believes in what we do. Innovation, professionalism, mutual cooperation and passion are the values on which our way of doing business is based ...”.

For the future, instead, the entrepreneur intends to make a series of investments when the atmosphere of the company will be more balanced and serene. The first investment concerns the use of the e-commerce as a further internationalization channel. The purpose is to make online sales the most profitable approach to foreign markets. The second investment intends to aim for offices as a new client target. This decision is exemplified by the Japanese world (in particular by SHIMIZU company, the third construction company in Japan), where the use of specific scents to perfume the working environment, positively influences workers and clients.

Lastly, Perfume Label has all the features ascribable to the Volatile Immigrant Born global firm: (1) it is classified as “global” in the geographical extension of the internationalization process; (2) a progressive decrease in the consequentiality of international operations; (3) sudden and intense international expansion in the first years of life, which decreases in more advanced steps.

The gradual inability to obtain a placement in the international competitive context is due to the complete lack of a clear and systematic planning, as well as appropriate accompanying measures in the long term. While in the first steps of international expansion the business operations are constantly adjusted to allow the enterprise to stay in step with the intense and rapid initial growth. In the following stages it continues to be modeled according to a short-term perspective, but the aim is to limit the unexpected inability to operate in the market.

In order to divert this trend, it is necessary to promptly implement a series of focused interventions, so that the enterprise could obtain a sustainable competitive advantage in the long term. These interventions need to appeal to some key factors already existing in Perfume Label, such as: (1) attention to product quality and provided service; (2) search for new products deriving from the constant comparison with the needs of the clients; (3) constant information about the latest business news, offers, initiatives or promotions; (4) flexibility in meeting the different needs of the client; (5) mutual interaction and cooperation with those operating in the company.

All this, obviously, goes within a clear and systematic business view supported by a detailed and long-term planning.

6.2.4) Case C: *Fabric House Ltd*

*“... Be better, be different, be La prima scelta! ...”
(Mission statement of Fabric House)*

Among the several textile companies located in the district of Prato⁵³ in the last few years a resourceful and ambitious start-up has been established. The enterprise was founded in 2003 and named ‘Fabric Stock House Ltd’ thanks to two business partners: Franco Miliotti, owner of one of the historic textile companies of Prato, the textile factory ‘Milior’, and Michael Berner, who has been leading the textile agency ‘Berner und Sohn’ for over 30 years in Munich, now the landmark of the most important European and non-European woolen mills.

The entrepreneurs met each other many years before, cultivating their commercial and personal relationship during the most important trade shows of this sector. During these events and thanks to the respective cooperation with the most famous fashion houses, in the early 2000s both of them started to feel the urgent need to provide a service to sell high-quality and immediately available fabrics. As well as remedy the constant complaints concerning the handling of the unsold stock by client enterprises. This occurred at the same time as a real boom in the diffusion of start-ups, young stylists and emerging brands looking for high-quality and fashion fabrics, although in small amounts (since they can’t afford the minimum production of woolen mills), for which it is necessary to receive the fabrics in a short time and possibly with no additional charges on small ordered quantities.

In order to react these needs and market challenges at the same time, they decided to start this entrepreneurial initiative in the district of Prato. The choice to locate the company in Prato is essentially due to two reasons. The first reason concerns the desire of both to operate in one of the most important international centers of yarn products and woolen fabrics. The second reason is connected to a

⁵³ The textile industrial district of Prato represents a particular case in the Italian district context. Indeed, this is a concentric district where two parallel districts live together (the native one and the Chinese one), defined as two non-osmotic communities with few common interests, but capable of exploring significant emerging potentials.

pure coincidence. Indeed, that time the textile factory Milior had a local warehouse completely unused.

Even if this textile company is pretty young, there are already several changes in its way of operating in the market.

The first years of activity were not the easiest, especially in terms of economy-finance. In fact, in 2006 (only three years after the establishment) Miliotti manifested his unexpected will to leave the owner team. Despite the surprising request, Michael Berner still believed in the potentiality of the business idea and decided to continue to be in control of the company, thus becoming the sole shareholder. However, being aware of the fact that things needed to change immediately, he started a deep business revolution, both in terms of organizational structure and members in charge of the enterprise. To leave the past behind, he also changed the company name in 'Fabric House Ltd'.

This is exactly when the current Chief Executive Officer (CEO), Mr. Johann Trischberger (with whom the interview took place) took control of the decision-making summit. He believed the initial difficulties were a consequence of the fact that the previous CEO "... did not exactly know the actual significance of offering the right service to the client ...". That time, the customer base was limited to a few great brands, and there was a wide use of business policies aimed at spoiling them more than enough.

Besides, he arranged a business structure that enabled every corporate function to be focused on himself, working as: sample collector, warehouse worker, accountant and decision-maker. This caused constant confusion for who was committed to a specific task and, as a consequence, responsibilities were not univocally assigned. The chain of command was also marked by an excessive bureaucratization, that clearly reduced the business operations.

In the light of malfunctionings on all levels of the business structure, the first interventions that the CEO brought about, were the following: (1) rearrangement of the different functional areas; (2) search for new clients "... ready to buy what's in stock and not to look for items expressly indicated by the historic clients ..."; (3) increase in the price of goods in line with the actual market value.

This change has been successful, indeed, today the enterprise has become an international landmark for selling high-quality clothing fabrics purchased in bulk by important European fashion houses. At the moment, the total computable selection is around 14.000 items (updated by about 40 new items every week), reaching the total number of more than 2 million meters of fabric. The sample case is designed for emerging stylists and brands, dressmakers, costume designers, garment makers, and it can boast any kind of bolt of fabric, composition and weight. From the most precious natural fibers, such as wool, silk, cotton, cashmere and linen, to the combinations between natural fibers and technological ones, such as synthetic fibers, rayon, polyester and stretch.

Every item proposed by Fabric House can be purchased even in small amounts. The minimum quantity that can be ordered is 10 meters per item.

Large brands are offered the possibility to diversify their own offer in stores, as well as meet unexpected needs in case of missed deliveries or particular requests. Working with large volumes, the enterprise is also able to guarantee more favourable prices compared to the costs of production, but at the same time with the same or even better quality. However, among the fabrics in stock, only 10% of them are great parcels (from 200-500 meters on).

The need to propose a wide and diversified sample is considered by Fabric House as the right business measure to face the increasing tendency of several clients to be different among themselves, as well as the progressive increase in the number of competitors in the reference market. The several trademarks with the same logo, etymology and similarities tend to overlap in the consumer's mind, disempowering the value of the brand itself. At the same time, the enterprise is aware of the need to keep the sample rationalized, being this one of the few elements to obtain acceptable levels of reliability. This latter must be interpreted as the continuity and uniformity of the product quality, in full compliance with the delivery times.

This leads Fabric House to underestimate the "short-wave" tendency, based on sporadic phenomena resulted from temporary and uneven costume changes, in order to focus the attention on the analysis of "long-wave" tendencies, more predictable, as they follow a logic switchover process, anticipating the demand and predicting the needs of the final consumers through the examination of their lifestyle.

During the interview, the CEO underlined more than once that, the enterprise does not only sell stock fabrics and materials. The business policy is pretty clear: the company needs to constantly try to be different from the competitor. In this industry, the products in stock commercialized by the competitors, sometimes come from the production of textile factories in the Far East, as they are low-quality materials sold per kilo at high prices.

This is not the way Fabric House works. The product and service quality comes first: the enterprise purchases only first-choice fabrics from big European fashion houses. In 90% of cases, it has already passed the test in specialized control centers, which would not request any further check. However, every purchased fabric undergoes an additional strict verification process, according to the standards in force. Only first-choice fabrics are sold. During the quality control, the attention is particularly focused on the breadth of material, weight and potential flaws in the wave or print. The flaws encountered are indicated and fixed as follows: Green Mark – slight flaw ≥ 0.1 mt discount (e.g.: knots, strings); Yellow Mark – average flaw ≥ 0.3 mt discount (e.g.: stain, broken thread or missing shot); Red Mark – severe flaw or flawed portion; the discount is calculated considering the length between the first and the second red mark at the end of the portion (e.g.: scraping, warped flawed portion).

In these cases the client receives a gross quantity of material, which is higher than the net quantity already ordered and paid. The tolerance is in line with the international standards of fabric control: one bolt is considered as a first-choice fabric when it does not exceed 10 calls or a 5% discount.

The enterprise is strongly committed to present the fabric as an “imperfect” product to its clientele, due to the fact that there is a slight possibility for such an item to be flawed. Such a chance is directly proportional to the innovativeness of the proposed item.

By the end of 2016, Fabric House will access, at full speed, to a new business: the creation of its own line of clothing fabrics. The enterprise intends to fully decentralize the different stages of production (spinning, dye works, twisting, warping, weaving, finishing) to some local textile factories, in order to only keeping the planning/development process. It is estimated that the production for third parties

will involve about twenty partners. Nevertheless, the intention is not to blindly buy, but rather make use of the intense know-how and knowledge of the territory to establish a stable and enduring networking with the chosen local third parties.

When the second interview was run (May 2016), the first pilot programs were launched on three items. The quantity presumed to be produced at operating speed depends on the million meters of production per year. The purpose is to make production the core business of the enterprise by 5 years, at the expense of the business stock.

Together with the clear intention of the enterprise to offer a high quality product, even the level of optional services is hardly less so. In Fabric House the service is guaranteed. Deliveries are almost immediate, due to the adoption of modern logistic solutions. In addition, there is also a free sample shipping service, as well as the possibility to return the item within 60 days from shipment.

The organization of the company provides also a division by functional areas, where single managers are put in charge, directly reporting to the top management. This efficient and dynamic structure has enabled an enhancement in the business performance.

Even the number of employees is generally increasing over these years. At the moment 18 people work for the company, both in offices and warehouses. In reference to the need of human resources, the lack of professional roles has been reported for a long time. In particular, it is observed a lack of technicians with no limited specialization, capable of supervising the different business steps and with no-theme skills, especially after the enterprise intends to start its own production activity.

With regard to the operations with foreign countries, the small size of the company has never been a limit to the expansion. The enterprise has been operating in the international context from the beginning. The main geographical target area of sales has always been the European area, where 80% of the annual production can be found. First of all, in Germany, Austria, Poland, Denmark, Great Britain and France.

As for extra EU countries, the share is around 10%, and Russia plays the role of the main importing country. Even Italian clients, although most of them are regular clients, do not exceed 10% of the total.

Therefore, it is observed that the geographical extension of the internationalization process in Fabric House is absolutely “regional”. The enterprise defines its own international activity to one single geographical international context. In this case the European context, where cultural, social, political/administrative and economic differences are generally similar to those of the country of origin. During the interview, the CEO stated there is no reason to increase the geographical range of the target sales. “... There are already many potential clients in Europe. The search for further clients in far places would only make the business offer more diversified ...”.

In this case study the psychic distance takes on the features of a real limit to the international expansion, rather than a potential source of competitive advantage.

Moreover, the case analysis confirms once again what previously stated in the quantitative research. The geographical extension of the internationalization process is one of the few elements that does not undergo variations in the fast Born global Phenomenon, becoming more intense over time. In the future, one of the main purposes of the long term planning of Fabric House, is to strengthen its own position in served foreign markets, as well as participate in international markets, starting from the countries of Eastern Europe.

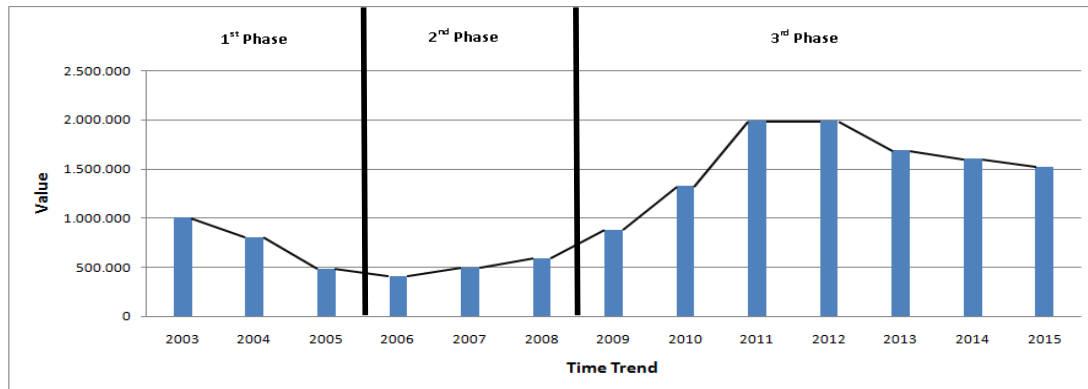
Similarly, in the recent history of Fabric House it is already possible to identify three different evolutionary stages in the internationalization process. The first phase concerns the increasing level of difficulty in getting a position in the international competitive context. This is mostly connected to the business orientation promoted by the previous top management. The second phase is characterized by a rather stable trend, due to the intense rearrangement of the ownership and corporate structure of the moment. By contrast, in the third and last phase, the foreign expansion was initially intense and unexpected but, once a certain level of internationalization was reached, the development was interrupted all of a sudden, keeping a stable position over the last few years.

The reason behind the current static nature of the degree of internationalization is due to the fact that, in Fabric House, the original business idea is no longer considered capable of developing a sustainable competitive advantage in the long term in the company. The sale of materials purchased in stock from major dressmakers, makes it hard to distinguish a brand in a busy market. This happens because the company cannot propose one of a kind offer, since stocks are sold by fashion houses to the highest bidder, and generally distributed to a wide range of competitors. The foreign expansion has been characterized by such a dynamics for a while, since the company was one of the first-movers in the industry. One of the mistakes made by Fabric House was to not immediately sign contracts including the exclusivity clause with major fashion brands. This could have made the business offer even more successful in the market.

In order to reacquire a brand with high identification and differentiation capabilities and increase the international growth. The current CEO is thoroughly planning the approach to a new business: the creation of its own line of clothing fabrics to make it the core business of the enterprise. As for the business stock, instead, the intention is to slowly but constantly decrease its centrality in business operations.

In Fabric House, even the recent evolution of the internationalization process turns out to be the outcome of a clear business view. The constant trend is due to the increasing difficulty in getting a position in the old market segment, and the long term planning strategy. The current entrepreneurial structure no longer trusts the good nature of the original business model, which is the reason why it has been reformulated.

Figure 6.3 — Trend of annual foreign sales: Case study of Steady Immigrant Born global
(Thousands of euro)



Source: Personal elaboration

In the three years following the establishment, the foreign turnover was essentially halved, reaching the bottom in 2006, when revenues just exceeded 400.000 euros. That time, many important changes were made in business operations, in order to curb this constant revenue compression. As previously mentioned, as soon as the current CEO was elected, he promoted a series of interventions which allowed the enterprise to immediately stop the decrease in profitability and lay the foundations for a rapid and intense international growth in the following years. By analysing the foreign turnover trend, it is clear to observe an intense and rapid growth from 2009 to 2011, when revenues increased so quickly they exceeded the two million-euro limit.

At this point, the trend has progressively stabilized in a steady position, which is lower than the highest point registered in 2011-12. The reason is ascribable to the increasing difficulty in getting a position in the old market segment, and the desire to alter the business idea on which competitiveness is based. In spite of this, the internationalization level of the enterprise is still able to generate over a million and a half euros per year.

From what stated above, it is clear how the internationalization process in Fabric House, follows the trend theorized for the Steady BG firm. The strong desire of the business summit to operate in the international context from the beginning, immediately becomes the discriminating factor to obtain and strengthen a competitive advantage in the long term. The current stability in the level of

internationalization is due to the clear mission statement to reformulate the original business model.

With regard to the entry modes in foreign markets, direct exports assume a strategic centrality in Fabric House. In fact, 70% of the annual turnover generated in foreign markets, occurs: on important trade shows; during exhibitions organized by the enterprise itself in big European capitals; thanks to the help of two showrooms at the Berner agency in Düsseldorf and Munich.

At the same time, in order to sell products in the main reference markets, it makes use of a limited number of sales representatives, specialized by geographical area.

The rest of the sales are made online, where the website represents a virtual showroom reproducing the features and the atmosphere of a typical store. Everything is supported by the implementation of graphics, figures, interactivity and computerization capable of involving the visitor click by click. The client is followed step by step during the whole procedure where, at every intermediate stage, the following step is clearly explained.

On the website, one can easily order samples or clothes from home or the office, benefit from several advantages (discounts and promotions) exclusively reserved to virtual clients, and see high resolution products through a photo gallery, twenty-four hours a day, seven days a week. The entire collection is constantly updated and the latest news are highlighted.

The items are subject to availability in the virtual showroom. They can be listed as sold out and after a few days they are removed from the website. Once the item is sold out, it is no longer purchased. This is why salespeople immediately inform new clients about this business policy, so they are encouraged to rapidly make a decision. In order to make this procedure easier, there is a chance to save a certain amount of material for a specific period of time. However, a 30% down payment must be paid.

In 2016 it has been decided to adopt a further internationalization channel, which is connected to the Vendor-Managed Inventory (VMI) service. This management methodology is applied to a supply chain context, which provides the supplier's control, coordination and inventory. The client provides the supplier

informations about the state of the stock and sales expectations. In turn, the supplier, thanks to this information and a previously agreed plan, is responsible for managing the stock of the client. Such a technique allows the vendor and the customer to guarantee a series of advantages derived from the close cooperation between the two players in the industry.

At the moment, the VMI service has been signed by a big German storehouse. If results are in line with the expectations, this form of internationalization will be implemented in other European countries.

Fabric House has always participated to the most important exhibitions and trade shows, in Italy and across Europe. However, in the last few years the participation to such events has decreased, as they are always more considered a waste of time and money. "... There are so many visitors with different needs, that participants often ask for information even if they are not interested in purchasing any product ...". For this reason and thanks to the international networking established over time, Fabric House prefers to organize its own events. That is, initiatives promoted independently (without cooperating with other partners) during which, the company presents its own sample case held in storage. Therefore, in addition to being tailored according to specific needs of the enterprise and who is interested, these events are more flexible in the exhibition.

Such meetings are promoted in different European capitals (i.e. Berlin, Moscow, Paris, London, Vienna, etc.), as well as in the most important Italian cities. These Open days are repeated more frequently (every first Wednesday of the month) even in the private showroom located in Prato.

Similarly, it can be said that the networking activity with local textile enterprises does not exist at all. In the past, some textile factories of Prato, including Fabric House, have tried to promote events, so local producers would meet each other and present their products during such meetings. Unfortunately, this project has never been approved. According to the interviewee, the logic of the local entrepreneur is to: "... leave it to the others first and, if it is all right, we will do it too".

The Pratese Industrial Union often supports different initiatives to encourage local enterprises to start a combined internationalization activity, so they achieve higher visibility in foreign markets, or an international networking with other international operators. However, these meetings are always attended by the same group of entrepreneurs.

This attitude leads the top management of Fabric House to not consider the textile factories of Prato as direct competitors, since “... they work in a completely different way, as they are still used to doing business like 20 years ago ...”. In addition, the CEO says “...in the textile sector of Prato, and generally in the Italian industry, the idea of providing a customer service is totally missing...”.

To conclude, Fabric House has all the features ascribable to a Steady Immigrant Born global firm: (1) it is classified as “regional” in the geographical extension of the internationalization process; (2) consequentiality in international operations; (3) the foreign expansion trend gets a stable position over time.

The constant increase in the level of service, choice and quality of the supplied product, as well as the use of cutting-edge technology in the field of logistics, are the key features that make Fabric House an excellent industry, where refinement and elegance are the essential elements of its mission statement.

Most clients are not only looking for a luxury brand, but a kind of luxury expressed in high quality and fashion fabrics. “... All these aspects allow us to be the first choice of over 2.000 B2B clients! ...”. Not only young stylists, emerging enterprises willing to create their own brand or small retail stores, but also medium-sized enterprises as well as different well-known names in fashion are assisted by Fabric House. This is done in order to rapidly respond to new trends, provide for delayed deliveries and expand the supply of their own stores.

In addition to offering high-quality products and services, in the future Fabric House will reacquire a well-known business identity. In this regard, the owner team has decided to take part in the business again, that is the creation of its own line of clothing fabrics. In fact, on the one hand the client is increasingly inclined to purchase a stimulating product and, on the other hand, the enterprise wants the client to consider it as a producer with something to say and exhibit, which fabrics are unmissable proposals worth being inspected.

CHAPTER 7 – DISCUSSION AND CONCLUSION

SUMMARY: 7.1) INTRODUCTION - § 7.2) SIGNIFICANT RESULTS AND IMPLICATIONS - § 7.2.1) *Which forms of entrepreneurship is able to assume the relationship between Born global and Ethnic firm (RQ: 1)?* - § 7.2.2) *With reference to the Born global Phenomenon, how much “characteristic” and “relevant” is the Immigrant & Ethnic Entrepreneurship (RQ: 2)?* - § 7.2.3) *What are the recurring paths to internationalization adopted by the Immigrant Born global, and the skills and specific resources associated with them (RQ: 3)?* - § 7.3) EVALUATION, FUTURE RESEARCH IMPLICATION AND PRACTICAL ADVICE

“For many smaller enterprises, the most important barrier to internationalization is the paucity of skills and abilities. We are urged to give SMEs effective help with their business and not merely give them technical solutions”
(Zucchella et al. 2010, p. 320)

7.1) INTRODUCTION

In the current economic context, small and medium-sized enterprises (SMEs) are considered the key players in the supranational integration of markets and competitive scenarios. So much that they play a primary role in the balance, restoration and growth of strengthened economies and developing areas. This is proved not only by the impressive expansion of the phenomenon (particularly in our country, and in the European context in general), but also by important factors concerning the productive capacity, value-added and employment.

However, despite the international nature of the economy characterizing small-sized enterprises (in the age of *generic internationalization*), there is no theoretical framework capable of explaining motivations and specificities of the ways in which small enterprises are internationalized. Delving into the theme of business internationalization and examining the different contributions, the prevailing feeling is to cope with a well-defined theoretical body aimed for multinational companies only. Therefore, to date the theories formulated for big and strengthened companies are also applied to the international economy of SMEs.

In order to contain the effects of the above limitation, this research set the goal to mark the current boundaries of the investigation on business internationalization, making use of a kaleidoscopic approach from a temporal progression perspective in terms of complexity of patterns and models proposed. We identified a valuable *keystone* in the International Entrepreneurship (IE) to combine

the theme of Entrepreneurship (ENT), and the theme of international operations of SMEs in particular, with the studies concerning International Business (IB).

This happens because of the current global economic scenario, in which some new entrepreneurial standards are being established, whereas old standards are significantly changing due to globalization and all the related effects. Most of these paradigms originate in small enterprises. Therefore they can be used to outline part of the recent trajectories of foreign expansion of contemporary enterprises, as well as indicators identifying the most appropriate research path to conceptualize “one best way” for a Theory of SME’s Internationalization.

Far from stating that we found the right way to formulate an internationalization theory of SMEs, our study is encouraged by this part of investigation to shed light on some contemporary guidelines of entrepreneurship. In other words, the real path is not outlined, while some of the entrepreneurial players who undertake every day this blurred path are described.

This research highlights how the study of IE, as well as the study of IB, is characterized by multiple approaches and investigated aspects, although comparable and homogeneous methodologies are not always used. On the one hand, observational data and reflections are considerable, while on the other hand, it is even more difficult to reach a systematic summary of the different contributions. For this reason, although it is a field of investigation consisting in ideas and methodological approaches, a robust, precise and shared research orientation is still missing. Nevertheless, in recent times we are witnessing a growing integration of assumptions and adopted models. As argued by Jones et al. (2011): “*While there may be no unifying framework per se, our ontology shows that the domain is diverse but growing in coherence. As a result, we argue that due to the multi-disciplinary and multi-theoretical nature of IE, the continuance of debate and theorizing is appropriate and healthy. Furthermore, the process of thematically mapping, organizing and assessing the intellectual territory of the domain identifies rich theoretical potential rather than theoretical paucity*” (p. 648).

Being aware of the impossibility to outline a complete and comprehensive picture of the whole ongoing evolution, we focused our attention on two IE guidelines: *Born global firms* and *Ethnic firms*. The decision to delimit the study to

these entrepreneurial formulas is not made randomly, but it is a consequence of the desire to underline their growing ability to make a significant change in the traditional morphology and international developmental dynamics of the territories in which they are located.

The diffusion of the Born global Phenomenon concurs with the beginning of the globalization era, which has gradually reduced the spatial and temporal dimension within which enterprises usually operate. The subsequent scenario has led more and more enterprises to start an intense international activity since their establishment, or a few years later (Rennie, 1993; Oviatt and McDougall, 1994, 1997, 1999; Knight and Cavusgil, 1996, 2004; Madsen and Servais, 1997). The international approach of the Born global firm (BG) is proposed as a “challenge” to the theories of the traditional models, especially weakening the role played by the experiential knowledge in choosing foreign markets and entry modes. Pragmatically, the BG firm springs from one stage to the other in the traditional sequential-gradual model of internationalization.

On the other hand, the Ethnic Firm is represented differently (more structured and differentiated) from the stereotyped version of the past. This contribution is aligned with the literature aimed at underlining the renovated complexity of the phenomenon (Guercini, 1999, 2010; Kloosterman, 2000; Colombi et al., 2002; Portes et al., 2002; Zhou, 2004). The variety of the adopted business models as well as the widespread use of break-out strategies, make the Ethnic firm a target of entrepreneurial resources of different nature in comparison to the past. Indeed, a considerable part of the ethnic entrepreneurship tends to become more and more similar to the native entrepreneurship administratively, organizationally and strategically.

Even the field of investigation is the result of a mindful decision. In the Italian economic context we have recently witnessed an increase in these two IE forms. This is due to the fact that our dwarfism industry is considered as a breeding ground for them to establish and develop. Both Born global and Ethnic firms are mainly present in small and medium-sized enterprises.

Similarly, Italian SMEs have a natural relationship with the internationalization, because their respective niche skills can be put in value by

simply extending the sales globally. The competitive advantages of our enterprises are strongly anchored to the territory and intrinsically global at the same time. This is due to the fact that they are suitable for being used internationally without excessively adjusting the offer to different markets. Essentially, these are the main characteristics of the “Made in Italy”. Namely, an offer intended to serve delimited market segments which are globally extended. Furthermore, these are products often aimed for high-end market segments with cost levels and profit margins capable of bearing high differentials in production costs compared to low cost producers.

7.2) SIGNIFICANT RESULTS AND IMPLICATIONS

By determining the main contributions given by the research, the most relevant results corresponding to each of the three research questions (RQs) are explained. The following table summarizes them all in an overall framework.

Table 7.1 — Contributions to Knowledge

Research Questions		Response	Contribution to knowledge
RQ: 1	<i>Which forms of entrepreneurship is able to assume the relationship between Born global and Ethnic firm?</i>	The relationship between Born global and Ethnic firms is summarized in one of the following mixed forms of entrepreneurship: <ul style="list-style-type: none"> - Native non-early global firms - Immigrant non-early global firms - Native Born globals - Immigrant Born globals 	Development of the knowledge concerning the international approach of two of the International Entrepreneurship forms that to date are capable of making a significant change in the traditional morphology and international developmental dynamics of the territories in which they are located. In Born global firms their key parameters have been investigated , whereas in Ethnic firms we have analysed the different aspects of pluriformity and diversity
RQ: 2	<i>With reference to the Born global Phenomenon, how much “characteristic” and “relevant” is the Immigrant & Ethnic Entrepreneurship?</i>	The Immigrant Born global Phenomenon, which originates in the Italian context, is characterized by several distinctive features, both in terms of operations, strategies, administrative and corporate governance, ownership structure and approaches to foreign markets	They have contributed to map in detail the specificity and recurring characteristics of the Phenomenon in Italy. The key aspects can be summarized as follows: <ul style="list-style-type: none"> - high entrepreneurial specialization corresponding to a limited number of ethnic communities, both European or non-European - irregular diffusion of the phenomenon across the Italian peninsula - progressive consolidation of shareholdings along with the business longevity - highly-multiform identities and ethnic features - foreign trade completely focused on internationalization strategies - constant and multifaceted activity of international networking - degree of regional extension of the internationalization process

Research Questions		Response	Contribution to knowledge
RQ: 3	<i>What are the recurring paths to internationalization adopted by the Immigrant Born global, and the skills and specific resources associated with them?</i>	The respective (generalized) trajectories of internationalization can be confined to a recognizable typology of Immigrant Born global firms: - Increasing Immigrant Born global - Steady Immigrant Born global - Volatile Immigrant Born global - Decreasing Immigrant Born global	They have contributed to formulate a summary model capable of sketching the foreign expansion process of the four formulated typologies of Immigrant Born global firms. The methodology adopted is the one related to the Degree Of Internationalization (DOI) during the first moments of life cycle of the enterprise. This occurs thanks to the help of three DOI dimensions: Orientation, Scope and Scale

Source: Personal elaboration

7.2.1) Which forms of entrepreneurship is able to assume the relationship between Born global and Ethnic firm (RQ: 1)?

Such a research question allows us to identify the four different forms of entrepreneurship mix between Born global and Ethnic firms.

Table 7.2 – Entrepreneurial mix between Born Global and Ethnic firms

Born global firms	Ethnic firms	
	No	Yes
Yes	Native Born globals	Immigrant Born globals
No	Native non-early global firms	Immigrant non-early global firms

Source: Personal elaboration

However, to elaborate the above table it is necessary to start a path of investigation which is more difficult than expected. After a contemporary interpretation of both IE guidelines the table is finally recomposed, in order to preliminarily outline a precise and systematic reference scenario for each.

In reference to the Ethnic firms, the purpose of this study is to underline how over the last two decades we have witnessed a review of the traditional stereotype describing them as marginal, unvarying organizations and strongly anchored to the micro-dimension and minimization of the sunk investment (Guercini, 1999, 2010; Kloosterman, 2000; Colombi et al., 2002; Portes et al., 2002; Zhou, 2004). Indeed, there is broad consensus of how this form of entrepreneurship is: (1) a critical element in the restoration process of developed economies; (2) a powerful

integration agent of emerging economies in global production and trade networks; (3) a factor capable of increasing the competitiveness of a territorial system from inside.

The new representation of the phenomenon is due to the current diversity of the adopted organizational formulas, market choices and experiences, leading a considerable part of the ethnic entrepreneurship to adopt behaviors and strategies that make it significantly similar to the native entrepreneurship. By contrast, they make it administratively, organizationally and strategically different from traditional ethnic initiatives.

The different business models in which the business operations of an Ethnic firm are developed, split its way of doing business in multiple trajectories of entrepreneurship. It is possible to identify foreign companies delivering goods and services almost exclusively to the community of origin, as well as those competing in the busy mainstream (open) market.

The significant change in the traditional representation of the phenomenon is a consequence of the following recent events: (1) transformations of the labour market at a national level; (2) a considerable increase in the global entrepreneurial diaspora, connected to the increase in the number of unemployed foreigners; (3) reduction of some traditional advantages associated with entrepreneurship and ethnic economy; (4) new opportunities generated by the globalization and the change in society and generation composition of ethnic communities; (5) stratification of ethnic entrepreneurship in those industries in which it has operated for a long time.

This series of events strengthens the *pluriformity* features of the ethnic entrepreneurship (Deakins, 1999). Entering new market segments different from the enclave economy, implies a less marked and exclusive use of co-ethnic resources. In mainstream markets, the co-ethnic community no longer plays a vital role in providing information, reporting opportunities and ensuring a minimum level of demand. Families and communities continue to transfer labour resources and capitals, while losing the role of main supporter of the ethnic initiative (Barrett et al., 1996). This is due to the need to impose new social and economic bonds with non-co-ethnic realities and several local ethnic groups over the family and community networks of the entrepreneur.

In addition to the reduction of co-ethnic entrepreneurial initiatives, even the motivations encouraging foreign individuals to start a new business tend to change. The survival purposes and the reactions to disadvantage conditions in the labour market in which the foreigners often lives, are replaced by status, profit and growing purposes (Barrett et al., 1996).

Nevertheless, the access to mainstream markets and the reduction in the use of community resources generate a need of higher information and managerial skills compared to the competences of the individual foreign entrepreneur. The search for additional inputs is made in different ways and it is a predictor of openness to non-co-ethnic partners and cooperators (Leung, 2001). As a consequence, the boundaries between ethnic and non-ethnic economies become even more pervious, as the businesses managed by foreign entrepreneurs often cross such borderlines and, as a matter of fact, ethnic resources are often integrated with non-ethnic resources.

The presence of entrepreneurial experiences open to multiethnic solutions also introduces the issue of *diversity* within the organization (Kilduff et al., 2000). The greater organizational complexity of the Ethnic firm, the variation of end markets as well as the implementation of break-out strategies, mobilizes different entrepreneurial resources compared to the past. The use of hybrid resources of multicultural nature is a new component and a different resource capable of making a relevant impact on the evolution of at least a part of Ethnic firms.

Although social bonds with co-ethnic communities have represented a distinctive advantage of the foreign entrepreneurship until now, it is possible that in the future the consolidation of inter-ethnic managerial styles and skills (founded on the advantages of diversity and not on those of homogeneity) could become an additional incentive for this entrepreneurial form to grow and act efficiently.

With regard to the Born global firms, instead, the main results observed in the investigation are presented by making use of those key parameters that allow us to recognize peculiarities and recurring characteristics: (1) Founder, (2) Organization, (3) Environment, (4) Global Strategy/Vision and (5) International Market Approach.

Table 7.3 — Born global Approach: Key-parameters and Specific aspects

Specific aspects	Key-parameters				
	Founder	Organization	Environment	Global Strategy/Vision	International Market Approach
(1)	previous experience	hybrid governance structure	high-tech sector, knowledge-intensive business	strong global vision	opportunity distance
(2)	international orientation	flexibility of response	global technological competence	first mover	original foreign market entry behavior
(3)	networking capability	global niche market		unique resources	
(4)		high-quality product		global organizational strategy	

Source: Personal elaboration

The Founder

The *previous entrepreneurial experience* plays an essential role in the establishment of those enterprises approaching the global market during the start-up phase of the company. Indeed, the implementation of the strong global vision of a BG firm is ascribed to the entrepreneurial background (intended as human resources) (Madsen and Servais, 1997; Presutti et al., 2008). Similarly innovativeness, proactiveness and risk-seeking behavior are all the elements that define the *international entrepreneurial orientation* based on its peculiar business model.

These aspects along with the ability to manage essential skills such as knowledge, know-how, background and previous experience, allow the owner of a young internationalized enterprise to catch high-efficiency opportunities outside of the national borders. On the one hand, the international entrepreneurial orientation is a form of organizational culture which could be typical of any kind of enterprise, while on the other hand, the same orientation associated with innovativeness, proactiveness and risk-seeking behavior turns out to be a basic aspect of the Born global Phenomenon (Cavusgil and Knight, 2009). Especially, in the most Born global enterprises among all the Born globals.

The entrepreneur of a BG firm is also recognized as the responsible for the network formation and social interaction within the enterprise (Oviatt and McDougall, 1994). In fact, a real *networking capability* is attributed to the entrepreneur. The choices made by the BG firm in relation to the initial foreign market and entry modes, mainly originate from those opportunities presented through the entrepreneur's relational network, rather than an individual selection process. Furthermore, this is the same network that leads the entrepreneur to define the business idea underlying the business activity (Coviello and Munro, 1997). In a sense, the presence of a BG firm in a network allows it to lead the internationalization process and, above all, has an impact on the configuration of market investments. Namely where, how and when to invest.

The Organization

For a BG firm it is almost mandatory to resort to *hybrid governance structures* (McDougall et al., 1994; Madsen and Servais, 1997). That is strategies neither ascribable to hierarchical mechanisms nor to market mechanisms. In fact, these strategies do not only relieve the enterprise of unsustainable costs and reduce the risk level of international operations, but they also allow the enterprise itself to streamline the organizational structure and accelerate the expansion process abroad. The most widespread hybrid governance structure among the BG firms is the one leading to the internationalization of a limited number of unique resources, and the creation of multiple formal (e.g. strategic alliances) and informal relationships (e.g. personal, business and interorganizational relations between entrepreneurs and international partners).

A further distinctive characteristic of the rapid and intense internationalization process of a BG firm, is given by the approach to foreign markets based on strategies of *flexibility of response* and *global niche markets* (Rennie, 1993; Oviatt and McDougall, 1994; Cavusgil, 1994, 1999; Knight and Cavusgil, 1996, 2004, 2005, 2009; Zucchella, 2001). Flexibility is the ability to rapidly respond to the needs of a dynamic and diversified market and to investigate the context and summarize the information in patterns suitable for supporting the decision-making process. The placement in global niche markets permits the

monitoring of limited but geographically cross-sectional market segments, in which the offer specialization takes place.

The main purpose of a BG firm is to play a visionary or exploratory role in emerging and frontier markets and to offer its product to a limited number of clients characterized by similar peculiarities in different foreign markets.

With the *high-quality product*, instead, the quality of goods and services comes first (Ganitsky, 1989; Rennie, 1993; Cavusgil, 1994). This is a valid business measure in response to a complex and growing demand, as well as an increasing competitive influence and a sudden outdated technology. In addition to the constant increase in the quality of goods and services, particular importance is also given to the development of new products originating directly from the needs of the clients, who are the key players to make the enterprise proactive and thus capable of predicting specific market trends.

The Environment

Despite the emphasis on the participation in low-tech industries, the *distinctive habitat* of a BG firm is broadly characterized by high-tech and knowledge-intensive segments (Autio et al., 2000; Luostarinen and Gabrielsson, 2006). That is contexts in which there is a constant technological progress and high added value of products (e.g., e-commerce, design and ICT).

It is no coincidence that BG firms are defined as global innovators due to the fact that they sell new products, or recognize new global approaches to the ways of doing business since birth. More specifically, they hold the *global technological competence* (Knight and Cavusgil, 2004): the ability to create better products and to significantly improve the ones already existing, as well as making the production process more efficient.

The Global Strategy and Vision

The *strong global vision* is the driving force of the international entrepreneurial orientation in a BG firm and, simultaneously, its cause must be found in the previous entrepreneurial experience.

A BG firm is characterized by the ability to find the winning balance between a rapid internationalization in foreign markets and the global attitude of the

entrepreneur who conceives, from the beginning, the entire world as a target market (Rialp et al., 2005). This way, the approach to foreign markets is typical of the *first mover*, consisting in constantly monitoring the international context, in order to proactively change the competitive dynamics of the reference industries. Therefore, internationalization is an inborn aspect of its DNA.

A global strategy cannot be activated and implemented without controlling the *unique resources* (Oviatt and McDougall, 1994) and resorting to a successful *global organizational strategy* (Knight and Cavusgil, 2004), which in a BG firm derives from the combination of the following elements: global technological competence, distinctive product development, quality focus and leveraging foreign distributor competences.

The International Market Approach

The BG firm does not consider the psychic distance as an obstacle or a limit to the internationalization activity, but rather as a potential competitive stimulus to start a rapid and intense internationalization within the enterprise. From this point of view, the opportunity distance is defined as an alternative paradigm to the psychic distance. In fact, in the internationalization process of a BG firm a broader sense is ascribed to the construct, in order to recognize the aspects of opportunity related to the distance between countries/markets and the consequences of the strategic decisions so as to strengthen the competitive advantage of the enterprise itself.

On the one hand, the opportunity distance is the driving force of the internationalization strategy in a BG firm. On the other hand, it is essentially conditioned by the previous experience of the entrepreneur and the ability to establish permanent and stable relational networks with international partners.

With regard to the *forms of internationalization* adopted by the BG firm, they essentially appeal to the export technique. The mutual bond is so strong the exported percentage in total annual turnover is one of the key parameters used to ascribe the entrepreneurial reality to the Born Global Approach (Rennie, 1993; Cavusgil, 1994; Knight and Cavusgil, 1996, 2004; Madsen and Servais, 1997; Chetty and Campbell-Hunt, 2004; Luostarinen and Gabrielsson, 2006). In spite of this, the networking utilized by the entrepreneur to direct business operations totally or partly abroad becomes a valid instrument to adopt additional foreign market entry modes.

Especially, the ones related to the stipulation of strategic alliances (McDougall et al., 1994; Oviatt and McDougall, 1994; Cavusgil, 1994). Trade or technical-productive agreements (e.g., licensing, franchising, subcontracting) or more structured cooperation projects (e.g., joint-ventures), allow young international enterprises to counterbalance their lack of tangible resources (financial and human resources), mainly in the early stages of the internationalization process. Furthermore, such agreements allow them to penetrate foreign markets with an unattainable (or inconvenient) intensity thanks to an individual initiative, while keeping a hybrid governance structure.

7.2.2) With reference to the Born global Phenomenon, how much “characteristic” and “relevant” is the Immigrant & Ethnic Entrepreneurship (RQ: 2)?

After recreating the conceptual framework of the entire research, we are able to respond to the second research question. In practice, the relationship between the Born global Phenomenon and the Immigrant & Ethnic Entrepreneurship is investigated through the respective configuration of the Immigrant Born global (IBG).

Such a study is limited to the Italian context in which this form of IE is characterized by several distinctive features, both in operations, strategies, administrative and in corporate governance, ownership structure and approach to foreign markets.

To improve efficiency and clarity and to facilitate the comprehension of the reader, only the most indicative results of the investigation are presented as follows.

Considering the examined sample of IBG firms, it is possible to recognize a strong entrepreneurial specialization in some ethnic communities. Germany, France, Switzerland, the USA and Spain come first. However, the highest rates are reported for IBGs with a Chinese ownership. Which are essentially active in only two industries: Manufacture of textiles, wearing apparel and leather (53% of the total), or in Wholesale trade (except for motor vehicles and motorcycles) (33%).

In reference to the geographical location important results are also observed. The Immigrant Born global Phenomenon is not evenly diffused across the Italian peninsula. It is possible to draw a clear line dividing Italy in two different

geographical areas. In the North-Central part, where it plays a primary role in the international expansion of local economies, 96% of the sampled IBGs are located in this territory. In the South and the Islands, on the contrary, it plays a secondary part in the international destiny of reference industries (the remaining 4%).

The evolutionary trend of the diffusion of the phenomenon within the Italian industry is extremely fluctuating. While in the last years of the 19th century the phenomenon has increasingly grown, especially in Northern-Central regions. In the early years of this decade, the trend is no longer uniform, leaving space for a development characterized by constant, distinct and often consequential increasing and decreasing surges. However, over the last years the trend has been characterized by a linear growth. This means in the future, IBG firms could become the key players in the international expansion of the Italian economy and local systems in particular.

Focusing the attention on the aspects of Corporate governance, it is observed that, along with the business longevity, the consolidation degree of the shareholdings also increases. The low split of the venture capital allows the enterprise to have a simple decision-making structure, capable of promptly responding to sudden and unexpected external changes. These changes, in an internationalized start-up company, relentlessly follow one another and are able to irreversibly change the future of their existence.

At the same time, different breaking points mark the evolution in the number of partners who take part in the Board of Directors. Putting them together in macro-periods, three chronological phases can be observed:

- [1st – 6th Year of establishment]; constant alternation of individuals in the ownership structure. This underlines there is a high difficulty finding a balance in the business ownership. However, a low split of shareholdings is observed. In this phase, the reference shareholder holds the absolute majority of the joint stock; in 65% of the sampled IBGs it is equal to or higher than 90%.
- [7th – 17th Year of establishment]; the composition of the controlling body is stable, both in numbers and individuals. Generally, during this period, the reference shareholder usually holds the absolute majority of joint stock, which is equal to or higher than 90% in 63% of cases.

- [18th – 23rd Year of establishment]; after the first period of business maturity, new stock changes are made, solved with a high concentration of shareholdings.

Even in this last phase, the reference shareholder holds the absolute majority of the joint stock, equal to or higher than 90% in 58% of cases.

The identities of the ownership structure are multiple and deeply different. It is not surprising that the *One or more named individuals or families* nature of the ownership is the most widespread. This happens because our industry has always been characterized by an entrepreneurial structure with strong personal and family features. The other two identities for which highly important results are observed, are those related to *Industrial or Financial Companies*.

Similarly, the ethnic features are highly diversified as well. Totally, it is possible to identify 47 different nationalities. However, in most cases the Board of Directors of the sampled IBGs is composed of individuals with the same nationality. As a consequence, when foreigners decide to work independently they prefer to cooperate with compatriots, rather than different ethnic communities or native entrepreneurs.

Finally, important results are also observed in the international approach of the Immigrant Born global Phenomenon originating in the Italian context.

The search for foreign market entry modes underlines the foreign trade technique has got a total centrality in the respective internationalization strategies, not only in the early stages, but also in a more advanced phase of business longevity. Concurrently, the aspect related to the international networking highlights how the sampled IBGs prefer to resort to individual initiatives, rather than being supported by external bodies promoting their interconnections out of the national borders. Similarly, they consider the international mobility of their employees as a valid international networking strategy.

Significant results are also observed in reference to the geographical extension of the internationalization process. We asked ourselves whether the European Ethnic firms ascribable to the Born global Phenomenon and exclusively internationalized within the continent, could be defined as real Immigrant Born

globals. Otherwise, it is more correct to define them as *Immigrant Born regionals*, since their scope is limited to one single international geographical context.

In the data collected in the first quantitative research it is observed that the Italian IBG firm has an international epicenter oriented towards the European context. In the second research instead, limited to the Tuscany region, results are highly different. Most of the Tuscan IBGs are able to flaunt the denomination of “global”. Focusing on this geographical area, this could be explained by the fact that in different ownership structures there is a widespread participation of individuals coming from extra EU countries. These person are hypothesized to conceive the psychic distance as a source of competitive advantage, rather than a limitation to the international expansion.

At the same time, both investigations occur that the geographical extension of the internationalization process does not change over time, whether is “regional” (only in the European context) or “global” (even outside of the European context). This means that, once the international reference context is defined, the entrepreneur of an IBG firm is unlikely to restrict or amplify it.

7.2.3) What are the recurring paths to internationalization adopted by the Immigrant Born global, and the skills and specific resources associated with them (RQ: 3)?

After carefully analyzing the international operations of the sampled IBGs, it is possible to identify generalized evolutionary trends. The third original aim of this research is to define each of the paths identified in a well-defined type of IBG firm. Such types can be summarized as follows:

- *Increasing Immigrant Born global*; the level of internationalization increasingly and continuously grows over time. At first the intensity progression is rather limited, while it sudden increases in more advanced phases.
- *Steady Immigrant Born global*; the international involvement rapidly achieves a high level. However, it is not able to go beyond a certain limit, ending up settled in a steady position.
- *Volatile Immigrant Born global*; the foreign expansion is rather volatile. Although the international involvement is intense in the early stages, over time

a progressive leveling down can be observed. However, the internationalization process is never completely interrupted over time.

- *Decreasing Immigrant Born global*; the initial rapid internationalization is unexpectedly interrupted by insurmountable difficulties in establishing beyond national borders, which leads to drastically reduce, or completely interrupt, the international operations over time.

The first and fourth formulated types of BG firm might be considered as the two extremes of a continuum, populated by a plurality of intermediate paths which, due to a different level of intensity, are based on the peculiarities of each. Clearly, the Increasing IBGs represent the most successful cases of promotion and support to the international expansion of young enterprises; the opposite is valid for Decreasing.

Nevertheless, the cognitive and interpretative maximal effort of this research is oriented towards the difficult and challenging attempt to formulate a summary pattern capable of outlining the processes of foreign expansion of the four identified typologies of IBG firm.

In order to do so, we make use of the methodology investigating the *Degree Of Internationalization* (DOI) during the different moments of life cycle of the enterprise. By adopting this approach, the internationalization paths of the four typologies of IBG firm are identified, using three DOI dimensions: *Orientation*, *Scope* and *Scale*.

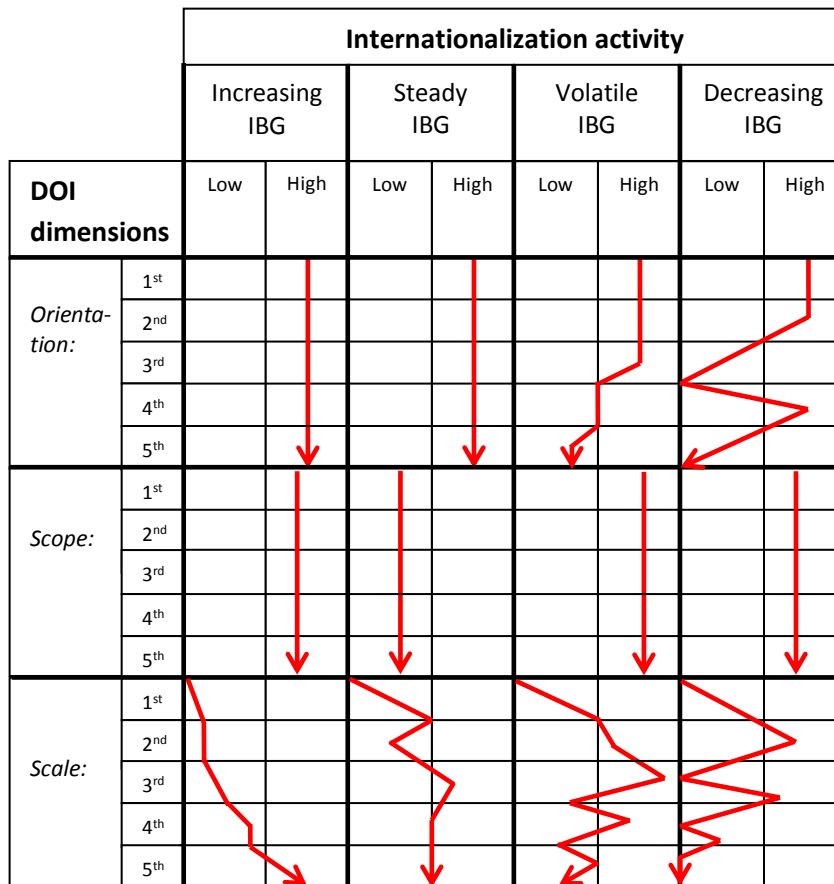
Orientation is used to determine the level of consequentiality in operations with foreign countries. Scope is used to define the degree of geographical extension of the internationalization process, while the parameter of Scale traces the trend of intensity and rapidity of the foreign expansion.

The choice of these three dimensions is not made randomly, we have adjusted to the scant literature that has already measured the DOI dimensions of the BG firms (Zahra and George, 2002; Kuivalainen et al., 2012). However, new personal elements are added to the research, especially as regards the indicators adopted to measure them.

Since we are investigating a phenomenon which is best expressed in the early stages of internationalization, the time span considered is not the entire life cycle of the enterprise but the very first moments of its establishment.

The following figure is aimed at representing, graphically, the internationalization paths emerging from the empirical analysis of each of the four identified typologies of IBGs. Each of them summarize the main characteristics, determiners and peculiarities influencing the DOI dimensions in the early stages of the life cycle of the enterprise.

Figure 7.1 – Immigrant Born global Model of internationalization patterns



Source: Personal elaboration

The research section concerning the *Orientation* has the purpose to verify the continuity in the implementation of the international activity.

The vertical line corresponding to the two groups on the left (Increasing and Steady IBGs) indicates an intense and consequential international activity during the whole period considered. This confirms that, in the most successful IBGs, the desire

to operate in foreign markets becomes the real discriminating factor to obtain and strengthen a long-term sustainable competitive advantage.

Vice versa, in Volatile and Decreasing IBGs the trend of the international operations has a lower intensity and linearity corresponding to the corporate longevity. This underlines the gradual inability of the enterprise to carve out a space in the international competitive context.

This especially occurs in the Decreasing, where the operations with foreign countries are, in some cases, interrupted and started again during the life cycle of the enterprise. For all the others, the activity is arrested permanently.

Carrying on with the analysis, in the section concerning the *Scope* the attention is focused on the geographical extension of the internationalization process.

While the international inclination of the Steady IBGs is confined to the “regional” context (Low; within the European continent), that is to say in a single international geographical context where cultural, social, political/administrative and economic differences are essentially similar with those of the original context. In other typologies of IBG firm (though with a different intensity) it is essentially inclined to adopt “global” features (High; also outside the European continent). This means that such enterprises are constantly seeking for new opportunities around the world, in order to both acquire useful resources for the business activity or to establish productive partnerships, and to perform simple commercialization activities.

Therefore, while in the Steady IBGs the role played by the psychic distance has the features of an actual constraint to the international expansion. In Increasing, Volatile and Decreasing IBGs, instead, it must be considered as a source of competitive advantage. From this point of view, the opportunity distance is considered as an alternative paradigm to the psychic distance. In fact, a broader meaning is ascribed to the construct in order to understand, both the aspects of the opportunity related to the distance between countries/markets, and the impacts on strategic decisions in the prediction of a consolidation of the competitive advantage in the enterprise itself. Therefore, the high presence of psychic distance does not necessarily prevent the entrepreneur from making decisions concerning the

internationalization but, rather, changes the timing and planning of developmental processes in foreign countries.

The opportunity distance, as the reason behind the decisions concerning the internationalization, in terms of localization and entry modes in foreign markets, allows to assume a new interpretation that considers the subjective matter as the focus of the decision-making process, thus turning distance into a potential advantage rather than a limitation.

Finally, the purpose of the third and last section concerning the *Scale*, is to outline the intensity and rapidity of evolution of the internationalization process.

Initially, the Volatile IBGs are characterized by a constant and highly sudden development. However, later in time this even trend is abruptly interrupted, leaving space for an internationalization process characterized by constant, distinct and often consequential increasing and decreasing surges. Over time, such a persistent volatility leads to a chronic reduction in the ability to operate in foreign markets. In spite of this, they rarely return within the domestic market to wait for more appropriate future moments.

After the first moments of rapid and intense international development, the Decreasing IBG firms are unexpectedly forced to drastically reduce, or completely interrupt, their respective international operations. The incapability to control the foreign markets occurs approximately 2/3 years after the establishment, at the peak of their international involvement. From now on, the process is repeatedly interrupted and started again. This underlines the entrepreneur's firm will to support the growth, whilst achieving poor results.

With regard to the Increasing IBGs, the internationalization process initially follows a constant growth, but characterized by a progression in terms of contained intensity. Examining the different trends, it is difficult to recognize an increase in the level of international involvement in the early stages. This emphasizes the entrepreneur's firm desire to operate in foreign markets since the start-up phase, as well as gradually increase the degree of internationalization.

The development marks a sudden surge only in the most advanced phase, around the fifth year after the establishment.

Finally, the international path typical of the Steady IBGs is initially the same as the trajectories of Volatile and Decreasing IBGs in terms of intensity and

rapidity. However, these firms are incapable of increasing the degree of internationalization over a given limit, ending up on a steady level which is usually lower than the highest point previously achieved.

This inability does not occur during a precise moment of the life cycle of the enterprise. It could happen in the early stages of development or after some years, when the enterprise is able to constantly operate in foreign markets.

The main aspect of the study of the *Scale* is the one according to which, the greater the initial strength and speed of international expansion of an IBG firm, the more intense and rapid the decrease will be in the following years.

This is clearly proved by the evolution of the trend corresponding to the Decreasing, Volatile and Steady IBGs. Over the first year, the degree of internationalization is the same in each case. Indeed, their progressive inability to further expand in foreign markets in the following years, is ascribable to initial high intensity and rapidity.

As further proof of what said above, the Increasing IBGs achieve the highest level of foreign growth at the end of the research period. This is due to the constant but sequential-gradual international development during the first moments of their life.

7.3) EVALUATION, FUTURE RESEARCH IMPLICATION AND PRACTICAL ADVICE

The purpose of this final paragraph is to advise some future lines of research to follow in order to enhance the investigation of the current contribution.

In particular, it is necessary to focus on the subject matter of the research to determine how the different modes of operation of IBGs are influenced by the geographical context in which they were born and, totally or partly, conduct their own business activity. In reference to the Italian case, the research could be focused on some *country-specific* aspects, such as those recognizable in typical economies of agglomeration of Italian industrial districts. In order to do so, it is necessary to make use of a varied interpretative approach based on different types of variables. In addition to the *firm-specific* variables, it is also important to evaluate *district-specific* variables (in particular the role and dynamics of local interactions compared to the

global impulse), as well as the variables of *industry-specific* nature. This is explained by the fact that the context variables of territorial clustering processes strongly influence the business operations.

Therefore, it is necessary to separately examine the internationalization trajectories of district firms. This is the only possible way to fully understand the contemporary evolutionary dynamics characterizing the Italian business context.

A further study is aimed at investigating additional DOI (Degree Of Internationalization) dimensions. In addition to the parameters of “Orientation”, “Scope” and “Scale” the ethnicity level of an IBG firm, undoubtedly, influences the process of international expansion. This happens because the business models adopted by the ethnic entrepreneurship are extremely diversified nowadays. In fact, it is possible to trace Ethnic firms providing goods and services almost exclusively for the community of origin, as well as firms competing with native enterprises in the busy mainstream market.

Therefore, it is useful to determine how the internationalization trajectories of an IBG firm change depending on the “Ethnicity” level of the adopted organizational formulas, market choices and experiences.

Similarly, it is interesting to prove that the transnational aspects of an IBG firm influence its own approach to foreign markets. Transnational entrepreneurs are used to create relational networks with the respective counterparts remained in their country of origin, in order to promote relational exchanges ranging from the economic to the political context as well as the social, cultural and symbolic context. Such players are integrated in a business model characterized by constant exchanges across different national borders, in the attempt to find economic advantages. The multinational practices of contemporary migrants seem to refer to a new method to manage situations and migrant identities, as well as reorganize (practically and symbolically) ethnic and life issues connected to their mobility.

Thus, it is logical to assume that a different level of “Transnationalism” has a significant impact on the international operations of an IBG firm, especially, in the geographical extension of the internationalization process.

Finally, it is advisable to further examine the aspects of International Entrepreneurship of the Immigrant Born regional firms. That is, Ethnic firms ascribable to the Born Global Approach confining the foreign expansion to one single international geographical context, where cultural, social, political/administrative and economic differences are essentially similar with those of the country of origin.

The European context is characterized by a peculiarity making it different from other territorial contexts, such as the American and Japanese ones. Although the global economy is subject to globalization and all the related effects, we are concurrently witnessing the diffusion of the *regionalization* phenomenon. Regionalization is meant as the process which subdivides the global geo-economic space in minor territorial units, combined within according to different criteria (economic, social, cultural, linguistic, geographic, etc.).

The EU is a clear example of such a phenomenon, which however has several similar cases of lower intensity in the world (for example the NAFTA in the USA, Canada and Mexico or the Mercosur in some countries of South America). The EU contributed to the progressive reduction of distances between community countries following the abolition of trading barriers, a higher homogeneity in the national regulations, the creation of an intra-European infrastructural network and, above all, the adoption of a common currency, the Euro, by most of the member states. This process of European integration allowed the enterprises of different member states to internationalize within the EU, benefiting from a decrease in number of problems related to the liability of foreignness, smallness and newness.

Thus, the EU is the perfect context to rapidly grow internationally and to leave space for phenomena as the *Born Regional Approach*. It is proved that the operations in similar markets within a common geo-economic space (that is to say the same "Region"): (1) increase opportunities to interact with different traders and community financial partners; (2) produce positive effects in terms of knowledge spillover as well as a remarkable reduction of coordination costs in different member states; (3) favour internationalization even in young entrepreneurial initiatives.

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APPENDICES

Table 2.2 — Chronologically-ordered the main research on new international ventures (Born Globals, International New Ventures, etc.) 1993-2002

Publication	Objective/Type of research	Theoretical approach/es	Empirical methodology	Key research findings
Rennie, 1993	<ul style="list-style-type: none"> - To understand the reasons for the explosive growth of Born globals and to develop insights to inform future policy and business planning. - Empirical, descriptive study. 	<ul style="list-style-type: none"> - Not explicitly grounded on any specific theory. - Indicates several arguments for the rise of SMEs and their ability to compete globally. 	<ul style="list-style-type: none"> - Australia's high-value added manufacturing sector. - Survey (over 300 exporting firms), focus groups and in-depth interviews (60 firms). - Descriptive statistics. 	<ul style="list-style-type: none"> - Rise of numerous SMEs that successfully compete globally (virtually from inception) without an established domestic base. - A distinctive fast-growing, "Born global" firm's profile can be found in all industries even in sectors considered to be declining. - Born globals are flexible and compete in niche markets based on quality and value created through innovative technology and product design
Oviatt and McDougall, 1994	<ul style="list-style-type: none"> - To define and describe the increasing phenomenon of firms that are international from inception (INVs), and to present an explanatory framework. - Theoretical study. 	<ul style="list-style-type: none"> - Definition of INVs as start-ups whose origins are international. - A theoretical framework on INVs is developed which integrates accepted MNE/IB theory with recent developments in Strategic Management and Entrepreneurship research. - Theoretical classification of INVs. 	N/A	<ul style="list-style-type: none"> - 4 necessary and sufficient elements for the existence of new ventures that are instantly international (INVs): (1) organizational formation through internalization of some transactions, (2) strong reliance on alternative governance structures to access resources, (3) establishment of foreign location advantages, and (4) control over unique resources (knowledge). - 4 types of INVs are outlined also according to the number of countries involved and the coordination of value chain activities: (1) Export/Import Start-up, (2) Multinational Trader, (3) Geographically Focused Start-up, and (4) Global Start-up.
Bell, 1995	<ul style="list-style-type: none"> - To analyze the relevance of the stages theory in the initial export decision and internationalization process of small firms belonging to high technology and service intensive sectors (the computer software sector). - Empirical study. 	<ul style="list-style-type: none"> - Export development/internationalization "stage" models. 	<ul style="list-style-type: none"> - Small computer software firms (less than 200 employees) in Finland, Ireland and Norway. - Mail survey (98 firms) followed by in-depth personal interviews (24 firms). - Qualitative, cross-sectional description supported by frequencies. 	<ul style="list-style-type: none"> - Market selection influenced by client followership, sectoral targeting, and the industry's trend to collaborate (the concepts of psychic and geographic distance were not supported). - Although firms exhibited increased commitment to export, this was done by entering new markets rather than increasing investments in existing overseas markets (findings did not support incremental internationalization). - The Network Approach is suggested for better explaining the frequently non-linear behavior of computer software firms.
Coviello and Munro, 1995	<ul style="list-style-type: none"> - To examine the entrepreneurial high-technology ventures' approach to international market development focusing on their use of network relationships to pursue foreign market opportunities and conduct international marketing activities. - Empirical, exploratory research. Case-study approach. 	<ul style="list-style-type: none"> - Application of a Network Theory perspective in the context of the entrepreneurial firm that seeks to expand internationally. - The impact of network relationships on international market development, and marketing-related activities within international markets is widely examined. 	<ul style="list-style-type: none"> - 4 in-depth case studies of the internationalization processes of small, entrepreneurial firms in the New Zealand software industry at a relatively mature stage of international development. - Multiple in-depth interviews with the key decision-makers combined with secondary data. - Structured mail survey of 25 younger firms in the same industry and at an earlier stage of internationalization. - Pattern-matching with theory, descriptive statistics, and content analysis. 	<ul style="list-style-type: none"> - Network theory offers a rich perspective on how and why the international development patterns of entrepreneurial firms occur. More concretely, in terms of the impact of network relationships on international market development and on marketing-related activities, both case and survey results revealed that: - The relatively rapid and disperse involvement in foreign markets by entrepreneurial hi-tech firms can be linked to opportunities and constraints emerging from a network of relationships (both formal and informal). - A heavy reliance on network relationships for marketing related activities is also detected, though a tendency existed for more established high-tech firms to develop internal marketing capabilities.

Publication	Objective/Type of research	Theoretical approach/es	Empirical methodology	Key research findings
Knight and Cavusgil, 1996	<ul style="list-style-type: none"> - (1) To review traditional internationalization theory and criticisms thereof; (2) to describe the recent emergence and characteristics of Born global firms; (3) to propose factors that may have given rise to their emergence; (4) to suggest implications that Born globals may hold for management at smaller companies; and (5) to offer possible approaches for conducting research on these firms. - Theoretical, descriptive study. 	<ul style="list-style-type: none"> -Traditional Internationalization Theory (including both the Uppsala and Innovation models) is deeply reviewed. - Then, the study is built upon the most relevant criticisms posed for this theory's validity and assumptions and on prior studies characterizing the Born global firm in different geographic contexts. - Recent factors and trends giving rise to the emergence of the Born global phenomenon are discussed. 	N/A	<ul style="list-style-type: none"> - Growing evidence of the widespread emergence of Born globals in numerous countries of the developed world. - The Born global phenomenon suggests an important new challenge to traditional internationalization theory. - Common characteristics of the Born global firm are identified according to previous export-related research among SMEs. - 6 major trends promoting Born globals' emergence and international endeavors are: (1) the increasing role of niche markets; (2) recent advances in process technologies; (3) recent advances in communications technology; (4) inherent advantages of SMEs (flexibility, adaptability, etc.); (5) the means of internationalization much more accessible to all firms; and (6) global networks.
Oviatt and McDougall, 1997	<ul style="list-style-type: none"> - To explore and highlight recent challenges to traditional internationalization theories due to the apparently increased significance of INVs and the accelerated speed of their internationalization process. - Theoretical study in the form of a descriptive research agenda. 	<ul style="list-style-type: none"> - General description of existing internationalization theories and their historical context. - Delineation of key research questions related to INVs in order to address emerging empirical dilemmas and to suggest new empirical directions and methods 	N/A	<ul style="list-style-type: none"> - The risk-averse and incremental nature of internationalization described by traditional process theory may inadequately explain the case of INVs. - 7 research issues configure a successful program of research on the internationalization process of small, new ventures: (1) the prevalence of INVs, (2) the role of INVs, (3) international business experience, (4) industry influences in internationalization, (5) managing international risks, (6) accelerated internationalization, and (7) inward and outward internationalization of value chain activities.
Madsen and Servais, 1997	<ul style="list-style-type: none"> - To summarize the empirical evidence reported about Born globals, to interpret this phenomenon at a deeper theoretical level by offering a new conceptualization of the research issue, and to generate propositions about the antecedents as well as the necessary and sufficient conditions for the rise of these firms. - Literature review and theoretical study. 	<ul style="list-style-type: none"> - Driving forces and theoretical approaches of the phenomenon of Born globals. - Theoretical links to the U-Model, the (international) network approach, and the evolutionary approach. - A research model of Born globals is outlined as a general framework for conducting future research into this phenomenon. 	N/A	<ul style="list-style-type: none"> - The Born global phenomenon is not limited to high-tech industries and/or specific countries. - 7 theoretically and empirically derived propositions about the antecedents of Born global firms, the extension of this phenomenon, the international location of their activities, their sources of supplementary competences, their growth requirements, and their propensity inside the national economies. - Born globals grow in a way which may be more in accordance with networking and evolutionary thinking. - The propensity and further development of the Born global firm is likely affected by the characteristics of the environment, and those of the organization and the founder/entrepreneur, simultaneously.

Publication	Objective/Type of research	Theoretical approach/es	Empirical methodology	Key research findings
Oviatt and McDougall, 1999	<ul style="list-style-type: none"> - To design a framework in order to stimulate discussion plus theoretical and empirical efforts that may eventually lead to a contemporary dynamic theory of firm internationalization and its acceleration. - Theoretical study (identification of key research questions and propositions). 	<ul style="list-style-type: none"> - A framework for developing a dynamic theory explaining accelerated International Entrepreneurship (involving breath and modes of internationalization, and the role of emerging businesses) is identified. - While rapidly changing technology is taken as the foundation of accelerated internationalization, four other building blocks (political economy, industry conditions, firm effects, and the management team) also complete this conceptual framework. 	N/A	<ul style="list-style-type: none"> - Increasing numbers of new and small firms which emerge to conduct business across national borders are bypassing the incremental, step-wise pattern of internationalizing. In addition, the speed with which they internationalize is accelerating. - 10 issues regarding technological innovation, international regulation, opportunities for foreign growth, the prevalence of emerging business, the size and degree of regulatory protection of a country's economy, industry conditions, firm effects, and the role played by the management team are hypothesized to be increasing in relative importance to tacit managerial knowledge of foreign markets (U-Model) as determinants of the speed, breath, and mode of internationalization, and the role of emerging firms. - However, the difficulty of devising a rich yet parsimonious theory that explains accelerated firm internationalization is still significant.
Autio and Sapienza, 2000	<ul style="list-style-type: none"> - To examine the domain and the explanatory validity of two currently seen as competing views of the internationalization processes of SMEs. - Empirical, hypothesis-testing research. 	<ul style="list-style-type: none"> - Process Theory of Internationalization (PTI) - New Venture Internationalization Theory (NVIT). - Similarities and differences between these two views help the authors define their respective domain boundaries and derive testable hypotheses accordingly. 	<ul style="list-style-type: none"> - 230 technology-intensive new British firms operating in 17 different industry sectors met sample selection criteria. - Mail survey. - Different sub-sections of the empirical sample according to the internationalization stage of each firm. - Hierarchical regression analyses. 	<ul style="list-style-type: none"> - The two models (NVIT and PTI) should be seen as complementary rather than competing, because both emphasize learning and path-dependencies on the international growth of SMEs. - The NVIT may be better suited to explain the early internationalization patterns of technology-intensive new firms, whereas the PTI might be better suited to explain internationalization patterns in more advanced stages. - Salience of the knowledge-based view in understanding international growth and development patterns of technology-intensive new firms.
Autio et al., 2000	<ul style="list-style-type: none"> - To shed light on the effect of when in its development a firm first goes international on the rate of its subsequent international growth by focusing on the strategic implications of age at entry, knowledge intensity, and imitability on international sales growth in entrepreneurial firms. - Quantitative, hypothesis-testing empirical research with panel data. 	<ul style="list-style-type: none"> - A knowledge- and learning-based framework is developed to examine the effects of the age of a firm at first international sales, its knowledge intensity, and the imitability of its core technology on its subsequent international growth. - Consequently, testable hypotheses are build to test the postulated learning effects of age at entry, the amplifying effects of knowledge intensity, and the limiting effects of imitability on the firm's growth in international sales. 	<ul style="list-style-type: none"> - Panel data on international sales over five years for 59 responding entrepreneurial, privately-held small firms in a rapidly growing, high-tech Finnish market (electronics industry). - Data were collected via mailed surveys (1993) and follow-up telephone interviews were carried out in 1997. - Summary statistics (means, standard deviations, ranges), and zero-order correlations among the independent variables were obtained. - 3 regression models were used for hypothesis-testing. 	<ul style="list-style-type: none"> - The median age at first international entry was 4 years, with 20% of the sample firms initiating international sales during their first year of operation. On the average, these firms grew at a compound annual rate of 31% in international sales (1992-1997). - Earlier initiation of internationalization and greater knowledge intensity are associated with faster international growth. Thus early pursuit of international opportunity induces greater entrepreneurial behavior and confers a growth advantage. - Contrary to expectations, firms with more imitable technologies also grew faster, thus questioning current views of the role of imitability in international growth. - Both conceptual and empirical bases regarding the process of internationalization of younger firms are provided in terms of how and why knowledge accumulation/learning are critical to international growth.

Publication	Objective/Type of research	Theoretical approach/es	Empirical methodology	Key research findings
Madsen et al., 2000	<ul style="list-style-type: none"> - To provide new empirical evidence, coming from the Danish case, about the structure and behavior of Born globals (products/markets/competition, geographical markets served, and their choice of entry modes as well as control of marketing activities) in comparison with other types of exporters. - Descriptive and comparative empirical research study. 	<ul style="list-style-type: none"> - Brief description of the main driving forces behind the recent rise of Born globals based upon other authors' contributions. - Born global firms are expected to be different in terms of their degree of specialization and niche orientation, of the geographical markets they choose to enter first in, and of their choice of entry modes into foreign markets as well as control over marketing practices. 	<ul style="list-style-type: none"> - A valid sample of 272 manufacturing Danish SMEs (between 10-499 employees) with foreign sales is used. - Mail survey addressed to the CEO. - 47 out of the 272 firms were categorized as Born globals according to several standard operational criteria and then compared against other three types of exporters (experimental exporters, traditional exporters, and international firms). - Frequencies analysis and descriptive statistics looking for statistically significant differences are used. 	<ul style="list-style-type: none"> - Typical Danish Born globals tend to be quite small and most operate in non-high tech industries. - The group of Born globals is much younger than the other exporters, they have started exporting right away and show very extensive foreign activity quicker, thus they do not follow a traditional slow and gradual pattern in their internationalization process. - Born globals show a unique profile compared with all other groups of exporters with regard to different factors. They seem to target a narrow customer group which may be located in many different geographical places and they build up sales and marketing networks with external partner. - Except for the characteristics mentioned above, the group of Born globals resemble international firms much more than they resemble experimental and traditional exporters in terms of their production methods, geographical scope, the use of intermediaries abroad, and their proactive and global behavior.
Zahra and George, 2002	<ul style="list-style-type: none"> - To analyze the concept of International Entrepreneurship (IE) and its theoretical domain, to review past empirical work on IE and analyze its theoretical foundations (synthesis of key factors believed to influence IE), to design a new integrative framework of IE, and to address future research in this field. - Literature review, theoretical study including a future research agenda. 	<ul style="list-style-type: none"> - In the third section of this work, a theoretical framework of International Entrepreneurship is presented that connects its antecedents (firm resources and top management team characteristics), types of IE activities (extend, speed, and scope of a firm's international operations), and IE outcomes (both financial and non-financial), together with other strategic and environmental factors that might affect the payoff from IE. 	N/A	<ul style="list-style-type: none"> - IE is a young but growing, interesting, and important research stream comprising both IE activities of new ventures and established companies. It offers great opportunities to employ and integrate theories from multiple disciplines thus enriching the development of theory and implications for practising managers. - The definition and domain of the field of IE is clearly expanded from this study. - Past research is exhaustively reviewed to identify and consolidate factors that may affect IE. - An integrative framework that links factors affecting IE and their outcomes is advanced and outlined. The proposed model makes an integrative use of theories from IB, global strategy, strategic management, and also entrepreneurship. - Specific directions and suggestions for the future scholarly pursuit of IE is provided, mainly in terms of the IE process, the context of IE, and post-internationalization processes and outcomes.

Source: Rialp et al. (2002)

Note:
 * Several studies combine conceptualizations, frameworks and empirical work. Thus these literature-organizing criteria (columns) purely indicate the origin, main focus, key characteristics, and findings of each study
 N/A: not available

Table 2.3 – Varying definition of Born Globals applied in selected research

Publication	Coverage	Starting period of the international activity	Minimum share of foreign sales as a % of total sales	Minimum number of markets exported	Other characteristics
Rennie, 1993	Australia	2 years	76%	multiple	global mindset of management from the outset.
Knight and Cavusgil, 1996	N/A	2 years	25%	N/A	global mindset of management from the outset.
Madsen and Servais, 1997	Denmark	2 years	Over 25%	N/A	N/A
Autio and Sapienza, 2000	UK	3 years	N/A	multiple	competitive advantage from the international use of resources or international sales.
Madsen et al., 2000	Denmark	3 years	Over 25%	N/A	N/A
McDougall et al., 2003	USA	6 years	N/A	N/A	- young enterprises (not older than 6 years at the time of research). - independent firms (no holding spin-offs, no purely investment funds).
Chetty and Campbell-Hunt, 2004	New Zealand	2 years	80%	worldwide	N/A
Luostarinen and Gabrielsson, 2006	N/A	4.5 years	Over 50%	N/A	global vision and/or global growth path.
Pla-Barber and Escriba-Esteve, 2006	Spain	10 years	Exports between 41%-61% or export to 11-25 countries.	Not defined as 'born globals', but as 'fast internationalization process'.	N/A
Loane et al., 2007	N/A	6 years	25%	N/A	- employ less than 250 - independent firms - internet presence (e.g. website)
Zhou et al., 2007	China	3 years	20%	multiple	N/A
Bals et al., 2008	N/A	3 years	N/A	5 continents	N/A
Sundqvist et al., 2010	N/A	3 years	25%	3 continents	N/A
Halldin, 2012	Sweden	4 years	25%	N/A	export level needs to be maintained at least 3 consecutive years (stringent definition).

Source: Gabrielsson and Kirpalani (2012), Eurofound (2012) and Personal elaboration

Note:

N/A: not available

Table 2.4 – Complete BG literature overview

Publication	Founder	Organization	Environment	Global Strategy/Vision	International Market Approach
Oviatt and McDougall, 1994	Role of entrepreneur is network formation and social interaction.	4 necessary elements in the development of international new ventures: (1) Organizational formation through internationalization of some transactions, (2) Strong reliance on alternative governance structures to access resources (alliances through networks), (3) Establishment of foreign location advantages, (4) Control over unique resources (knowledge).	N/A	Controlling rather than owning assets.	Identifying and matching resources with most attractive markets.
Cavusgil, 1994	N/A	Management and control of operations across borders through use of communication technology, Flexibility.	Inward internationalization' via outsourcing, subcontracting and partnerships.	Long-term alliances.	Niche markets, faster adaption and shorter response time, customized products.
Bell, 1995	N/A	N/A	N/A	Expand through new markets rather than increasing investments in existing markets.	Client followership, sectoral targeting, industry specific factors rather than psychological or geographic distance.
Knight and Cavusgil, 1996	Mindset (the world is one market place); Active entrepreneurs sparked by technology breakthrough.	Management and control of operations across borders through use of communication technology, Flexibility.	Inward internationalization' via outsourcing, subcontracting and partnerships.	Long-term alliances.	Niche markets, faster adaption and shorter response time, customized products.
Madsen and Servais, 1997	Experience and competencies. Ambition and background.	Hybrid structures.	Cross national networks (source resources from companies with complementary competencies); Export accounts for 75% of sales, time to export is max 2 years.	Tied to value-adding process (genes) and not geographical position e.g. pursue access to lead customers or technology.	Client and technology followership.
Oviatt and McDougall, 2000	International Entrepreneurship is a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations.	N/A	N/A	N/A	N/A

Publication	Founder	Organization	Environment	Global Strategy/Vision	International Market Approach
Autio et al., 2000	Argue that early entrepreneurial behavior might stimulate a self-reinforcing pattern that generates what amounts to an “entrepreneurial culture”.	Organization’s knowledge is its capacity to apprehend and use relationships among critical factors in such way as to achieve intended ends; Organizational learning is the process of assimilating new knowledge into the organization’s knowledge base; knowledge intensity is the extent to which a firm depends on the knowledge inherent in its activities and outputs as a source of competitive advantage (contributes to international sales growth); imitability is the ease with which a firm’s technology can be learned or replicated by outsiders.	High-technology industries; BGs have the ability to adapt to and innovate more rapidly in new and dynamic environments than would ordinarily be the case for older firms.	Knowledge and learning; new concept “learning advantages of newness”; knowledge intensity results in rapid growth in total and in international sales.	Client and technology followership.
Sharma and Blomstermo, 2003	Founders use their network (strong and weak ties) to internationalize. Ties could be from educational backgrounds, business backgrounds, personal relations and friendships.	Knowledge intensive firms with a high degree of knowledge content and employ individuals who possess high scientific knowledge; competitive advantage - embedded in their knowledge intensity.	N/A	Internationalization process is driven by the knowledge supplied by their network ties; The international operations of BGs and their network ties thus co-evolve.	When selecting clients abroad, BGs improvise, adapt, and show a willingness to learn on needs of the individual buyers and the local distribution channels; They adapt foreign entry mode to the needs of the individual markets and clients.
Chetty and Campbell-Hunt, 2004	Founder perceives the world as one market; has extensive prior experience.	Extensive use of information and communications technology; scope of networks and pace of development.	Time to export - 2 years and 80% of sales.	Learning strategy: “sow and reap”; firm trying several products and markets simultaneously, waiting to determine which one is promising, and then focusing on that; strategy is consistent with experience-based learning; strategy of innovation.	Niche markets; selecting countries with a close psychic distance; gain credibility through local sales (home-market).
Knight and Cavusgil, 2004	N/A	Global technological competence: refers to the firm’s technological ability - the creation of superior products and the improvement of existing products, as well as greater effectiveness and efficiency in production processes.	Leveraging foreign distributor competences: BGs rely on foreign independent distributors and those distributors’ specific competences to maximize performance outcomes associated with down-stream business activities abroad.	Most important business strategies for BGs: global technological competence, unique products development, quality focus, and leveraging of foreign distributor competences.	Entry mode: tend to favor exporting.

Publication	Founder	Organization	Environment	Global Strategy/Vision	International Market Approach
Luostarinen and Gabrielsson, 2006	Young founders: often forward going and fearless - they rely on their own abilities and skills and therefore select for their management teams similar, often young and educated people with little business experience and technological skills. Role of the advisory boards in advising and guiding these entrepreneurs is extremely important for their success; founders have also been seen as former employees of downsized businesses - has experience as an entrepreneur in the same field; Some BGs hired highly experienced managers to act as CEOs, managing directors, or board chairmen.	One case emphasized “learning by doing” principle rather than formal training; Need cooperation between the functions to be seamless; Tri-functional team building, where R&D, production, and marketing persons work closely together; Business focus must be clear.	Born globals exist in 5 business areas: (1) high-tech, (2) high-design, (3) high-services, (4) high-know-how, and (5) high-system businesses; mature Born globals made over 50% of their sales outside Europe; globalization period - 4.5 years.	Product strategy: focused on niche markets, technology was new in the world, and practically no viable competition existed; Operation strategy: followed the traditional stages as to investment dimension; Market strategy: followed the conventional stages, but the process was implemented faster; Marketing strategy: pricing based on cost was found to be inapplicable for the BG studied. Below-cost pricing was used to obtain customer deal, and normal pricing was often based on the difficult ideology of customer value added. B-to-B segments seem to be more important; Slogan - “Globalize or Die.”; BGs jump over less demanding stages; Many will reverse the pattern of the holistic model (inward-outward-cooperation stages) by starting from the cooperation stage.	Focused on global niche segment and B-to-B segment; create networks, enter partnerships, build up alliances.
Servais et al., 2007	3 dimension of entrepreneurial orientation (EO): (1) risk taking, (2) proactiveness, and (3) competitive aggressiveness; entrepreneur mindset is very important, but is not sufficient alone.	3 dimensions: scale, scope, and time of internationalization.	Globalization period: within 3 years from the foundation with a high share of foreign sales out of the total turnover (more than 25 %).	2 Born global strategies: (1) true Born global: operate in more distant markets, (2) Born global (born-international): go into culturally closer markets and follow strategies which resemble more to traditional incremental internationalization pathway.	N/A
Gabrielsson et al., 2008	Exhibit broad entrepreneurial scope in the key country markets of their industry segment, high intensity of focus and rapid growth; the founder (team) needs to be an inspirational leader(ship).	N/A	BGs emanate from industries that may be what are conventionally termed high-tech, e.g. Wireless, or low-tech, e.g. Clothing; period of globalization: whole process may take longer than 3 years. One should be somewhat flexible about the time period.	BGs progress through three phases (1) the introduction and initial launch, (2) Comprises growth and resource accumulation, and (3) Break-out phase; BGs must have global vision at inception.	N/A

Publication	Founder	Organization	Environment	Global Strategy/Vision	International Market Approach
Knight and Cavusgil, 2009	Entrepreneur tend to see the world as their marketplace, often emphasizing strong international marketing skills.	N/A	Internationalization Triggers: export pull; export push; worldwide monopoly position; product-market conditions necessitating international involvement; superior product offerings; global network relationships; global niche markets.	An entrepreneurial orientation reflects substantial proactiveness and aggressiveness in the pursuit of international markets.	Entry mode: tend to favor exporting.
Knight and Cavusgil, 2015	Such factors associated with the founders of start-up firms are effective drivers of early internationalization, and serve to further enrich international business scholarship.	The prevalence of Born global firms needs to be credited to the availability of non-traditional organizational assets, such as proactive orientation, dynamic capabilities, and skillful strategy.	The rise of Born globals undoubtedly has been facilitated by the contemporary global business environment, including increasingly homogenous worldwide demand, technological advances, efficient and affordable logistics, the rise of a global middle class, and widening multi country networks of suppliers and customers.	Most important business strategies for BGs: global technological competence, unique products development, quality focus, and leveraging of foreign distributor competences.	Entry mode: tend to favor exporting.

Source: Dolmark (2010) and Personal elaboration

Note:

N/A: not available

Table 4.2 — Capability to export (Years 2004-2013) and Propensity to export (Years 2008-2012) by Regions
(Percentage value of goods export by GDP at markets costs, Percentage value of exports by total volume of turnover)

Region	Reporting Year																				
	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		
	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	
North-West:																					
Piemonte	27,0	-	27,0	-	28,4	-	29,4	-	29,8	15,9	24,9	13,7	27,8	14,5	30,5	15,7	31,9	16,9	33,8	-	
Valle d'Aosta/Vallée d'Aoste	12,2	-	12,2	-	14,0	-	20,2	-	16,2	11,6	10,7	8,5	14,0	11,3	14,0	11,6	13,4	9,3	12,8	-	
Liguria	9,1	-	10,4	-	10,0	-	10,6	-	11,5	6,9	13,2	9,2	13,4	7,5	15,1	8,0	15,5	8,0	14,6	-	
Lombardia	27,6	-	29,0	-	30,7	-	32,1	-	31,8	12,1	26,1	11,6	28,7	11,8	31,2	13,2	32,6	12,6	32,2	-	
North-East:																					
Trentino-Alto Adige/Südtirol	16,9	-	17,3	-	18,1	-	18,7	-	18,3	10,8	15,4	10,3	17,9	10,8	19,5	11,9	19,5	12,0	19,7	-	
Veneto	30,5	-	30,0	-	32,9	-	34,4	-	34,3	16,1	27,7	14,9	31,5	16,1	34,0	16,7	34,9	18,0	36,6	-	
Friuli-Venezia Giulia	30,7	-	28,9	-	31,9	-	34,1	-	36,5	21,4	31,1	19,9	32,7	20,6	34,6	22,7	31,9	20,2	31,7	-	
Emilia-Romagna	28,1	-	29,6	-	31,1	-	33,3	-	33,7	16,1	27,1	14,4	30,9	15,5	34,0	16,9	35,1	17,2	36,0	-	
Centre:																					
Toscana	23,4	-	22,9	-	24,7	-	25,7	-	24,0	14,6	22,4	15,0	25,5	15,0	28,5	16,9	30,6	19,2	29,0	-	
Umbria	13,5	-	14,1	-	15,4	-	16,5	-	15,2	8,4	12,6	8,3	14,6	8,3	16,4	10,1	18,3	12,2	17,4	-	
Marche	24,3	-	25,2	-	29,0	-	30,0	-	25,7	13,2	19,8	13,6	21,9	13,3	23,5	15,4	25,7	17,0	29,3	-	
Lazio	7,4	-	7,1	-	7,6	-	8,0	-	8,6	3,5	7,2	3,2	9,0	3,8	10,1	3,7	10,6	3,9	10,3	-	
South:																					
Abruzzo	24,2	-	24,0	-	23,9	-	25,5	-	25,9	15,0	18,5	12,5	22,0	14,4	24,5	16,1	23,0	16,1	22,8	-	
Molise	9,1	-	10,0	-	9,5	-	9,3	-	9,7	8,0	6,5	6,5	6,5	5,8	6,2	6,1	5,9	5,9	5,4	-	
Campania	8,1	-	8,3	-	8,8	-	9,6	-	9,5	6,3	8,2	6,2	9,3	6,6	9,7	6,7	9,9	7,2	10,1	-	
Puglia	9,9	-	10,2	-	9,9	-	10,1	-	10,4	7,8	8,3	7,1	9,8	7,4	11,4	8,2	12,6	9,8	11,8	-	
Basilicata	13,0	-	11,2	-	16,6	-	19,5	-	18,0	13,1	14,5	11,4	14,0	10,6	12,9	10,7	11,0	9,7	10,4	-	
Calabria	1,2	-	1,0	-	1,0	-	1,3	-	1,2	1,1	1,0	1,2	1,0	1,1	1,1	1,3	1,1	1,4	1,1	-	
Islands:																					
Sicilia	7,2	-	9,0	-	9,5	-	11,2	-	11,5	8,2	7,4	6,8	10,9	9,6	12,3	11,0	15,4	12,3	13,8	-	
Sardegna	9,6	-	12,5	-	13,7	-	14,5	-	17,4	13,9	10,1	9,1	16,0	13,2	15,6	14,2	19,3	18,4	17,2	-	

Source: Personal elaboration from ISTAT data – ADELE Laboratory – Foreign trade and enterprise international activity

Table 4.5 – Capability to import [degree of market openness] (Years 2004-2014) and Propensity to import (Years 2008-2012) by Regions
(Percentage value of goods import by GDP at market costs, Percentage value of imports by total volume of turnover)

Region	Reporting Year																			
	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.	Cap.	Prop.
North-West:																				
Piemonte	19,8	-	19,8	-	21,8	-	23,1	-	22,1	11,8	18,9	10,4	21,3	11,1	23,0	11,9	21,4	11,3	22,1	-
Valle d'Aosta/Vallée d'Aoste	10,8	-	7,1	-	9,5	-	12,4	-	9,3	6,7	5,7	4,5	8,4	6,8	7,7	6,3	5,9	4,1	4,7	-
Liguria	18,4	-	20,6	-	22,0	-	21,9	-	24,2	14,4	18,6	13,0	22,2	12,4	26,1	13,8	25,5	13,1	21,9	-
Lombardia	36,9	-	37,8	-	39,2	-	39,1	-	36,7	14,0	30,8	13,6	36,0	14,9	37,3	15,8	35,1	13,6	32,9	-
North-East:																				
Trentino-Alto Adige/Südtirol	16,1	-	16,3	-	16,9	-	17,8	-	18,0	10,6	15,3	10,3	18,9	11,4	18,7	11,5	17,0	10,5	16,1	-
Veneto	23,8	-	24,1	-	26,3	-	27,1	-	27,1	12,7	21,6	11,6	26,6	13,5	27,4	13,5	25,6	13,2	27,0	-
Friuli-Venezia Giulia	15,5	-	15,7	-	16,2	-	18,3	-	20,7	12,2	15,2	9,7	18,2	11,5	19,6	12,8	19,0	12,0	17,5	-
Emilia-Romagna	16,5	-	17,8	-	19,1	-	20,8	-	20,4	9,7	16,2	8,6	19,4	9,7	21,0	10,6	20,1	9,9	20,4	-
Centre:																				
Toscana	16,7	-	17,7	-	18,6	-	19,2	-	19,0	11,5	15,6	10,5	19,4	11,4	20,8	12,3	21,0	13,1	19,5	-
Umbria	10,9	-	11,6	-	13,3	-	13,1	-	11,4	6,3	8,6	5,7	12,2	6,9	12,9	7,8	11,5	7,6	10,5	-
Marche	10,9	-	12,9	-	16,3	-	17,7	-	16,0	8,2	13,1	9,0	16,3	9,8	17,9	11,7	17,9	11,8	17,2	-
Lazio	14,5	-	15,9	-	16,5	-	16,6	-	16,2	6,7	15,4	6,8	17,2	7,3	19,7	7,3	17,6	6,4	15,2	-
South:																				
Abruzzo	14,8	-	14,0	-	14,7	-	14,8	-	13,8	8,0	10,1	6,8	13,2	8,7	13,6	9,1	11,6	8,1	11,2	-
Molise	5,3	-	5,9	-	6,2	-	6,4	-	7,0	5,7	6,2	6,2	8,1	7,2	7,8	7,6	6,2	6,2	5,8	-
Campania	9,2	-	9,1	-	10,1	-	10,2	-	10,3	6,8	8,8	6,7	12,2	8,6	13,2	9,1	11,2	8,2	10,8	-
Puglia	9,6	-	10,5	-	10,9	-	12,0	-	13,2	9,9	10,4	8,9	14,2	10,6	16,8	12,0	14,1	11,0	12,6	-
Basilicata	5,9	-	7,1	-	10,0	-	9,9	-	8,9	6,5	8,3	6,6	9,8	7,5	9,3	7,6	6,9	6,1	5,7	-
Calabria	1,8	-	2,0	-	1,9	-	2,2	-	1,7	1,7	1,7	1,9	2,0	2,2	1,8	2,0	1,8	2,2	1,7	-
Islands:																				
Sicilia	17,9	-	23,4	-	18,8	-	19,7	-	20,8	15,0	13,3	12,2	19,4	17,0	22,0	19,2	24,7	19,8	24,6	-
Sardegna	15,6	-	20,7	-	22,8	-	23,6	-	28,9	23,0	17,3	15,6	24,4	20,0	30,3	27,0	32,3	30,8	30,9	-

Source: Personal elaboration from ISTAT data – ADELE Laboratory – Foreign trade and enterprise international activity

Table 4.6 — Export enterprises, employees and exports by Class of employees – Years 2004-2013

(Number of enterprises and employees, export values in millions of euro and percentages)

Size class: Employment of groups	Reporting Year									
	2004		2005		2006		2007		2008	
	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises
	Enterprises									
1-9	110.964	12,4	111.821	13,9	118.332	13,1	116.476	2,7	116.868	2,7
10-19	34.688	23,6	32.578	25	34.960	24,5	35.343	23,7	36.009	23,5
20-29	22.689	40,2	21.573	41	22.460	40,6	23.058	39,7	23.217	38,9
50-99	7.338	51,3	7.144	50	7.465	50,6	7.394	50,1	7.403	49,2
100-249	4.003	54,6	4.023	54	4.113	53,3	4.223	52,9	4.178	52,2
250-499	1.135	57,5	1.104	56	1.137	55,8	1.124	54,2	1.168	53,8
500 and above	886	61,4	854	58,3	894	59,4	916	58,9	865	55,2
Not specified (b)	-	-	-	-	-	-	779	-	954	-
Total	181.703	4,2	179.097	4,0	189.361	4,2	189.313	4,2	190.662	4,2
Non resident (a)	87	-	114	-	174	-	253	-	309	-
	Employees									
1-9	387.847	13,8	422.460	14,8	425.946	14,5	424.911	5,2	427.413	5,2
10-19	462.454	24,6	454.834	25,6	476.731	25,4	481.595	24,6	490.017	24,4
20-29	686.794	41,7	668.525	41,8	691.019	41,9	712.038	41,1	716.437	40,2
50-99	502.564	51,7	490.636	50,4	511.361	50,9	508.833	50,3	508.466	49,5
100-249	604.032	55,0	608.467	53,9	621.987	53,7	638.077	53,2	631.148	52,6
250-499	388.917	57,2	381.289	55,9	392.971	56,0	386.965	54,2	406.089	54,4
500 and above	1.802.628	68,6	1.712.758	64,5	1.885.737	68,6	1.797.832	64,0	1.689.657	59,3
Not specified (b)	-	-	-	-	-	-	-	-	-	-
Total	4.835.236	29,1	4.738.969	27,9	5.005.752	28,9	4.950.251	28,1	4.869.225	27,2
	Exports									
1-9	27.181	-	29.439	-	31.399	-	22.462	-	22.037	-
10-19	18.263	-	19.821	-	21.714	-	23.495	-	22.642	-
20-29	34.905	-	35.235	-	38.432	-	42.891	-	41.346	-
50-99	31.449	-	31.896	-	36.375	-	39.982	-	40.574	-
100-249	45.312	-	48.461	-	54.874	-	60.947	-	61.846	-
250-499	32.133	-	32.118	-	36.813	-	40.765	-	43.982	-
500 and above	89.382	-	93.920	-	104.650	-	122.245	-	121.160	-
Not specified (b)	-	-	-	-	-	-	3.006	-	3.105	-
Total	278.625	-	290.889	-	324.257	-	355.794	-	356.692	-
Non resident (a)	524	-	782	-	1.432	-	1.594	-	2.028	-

Size class: Employment of groups	Reporting Year									
	2009		2010		2011		2012		2013	
	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises
	Enterprises									
1-9	110.810	2,6	121.253	2,9	122.851	2,9	125.565	3,0	125.403	3,1
10-19	33.460	22,9	33.740	23,7	33.833	24,7	33.204	24,8	33.063	25,9
20-29	21.685	38,3	21.339	38,6	21.285	39,4	21.039	39,5	20.586	40,6
50-99	7.088	48,6	6.753	47,6	6.872	47,6	6.742	47,7	6.632	48,6
100-249	3.962	50,6	3.831	50,7	3.867	51,6	3.781	51,0	3.717	51,7
250-499	1.130	53,0	1.140	53,1	1.102	52,3	1.088	52,3	1.064	53,6
500 and above	857	54,9	842	54,9	834	55,2	824	55,1	797	58,2
Not specified (b)	958	-	108	-	207	-	162	-	-	-
Total	179.950	4,0	189.006	4,2	190.851	4,3	192.405	4,3	191.262	4,5
Non resident (a)	283	-	241	-	268	-	257	-	-	-
	Employees									
1-9	405.999	5,0	424.951	5,2	420.061	5,4	423.585	5,4	426.433	5,7
10-19	454.795	23,8	457.385	24,5	459.083	25,6	450.636	25,7	448.892	26,8
20-29	667.466	39,5	655.527	39,9	652.930	40,6	644.081	40,7	630.414	41,8
50-99	484.989	48,7	462.314	47,7	473.238	47,9	463.066	47,9	455.804	48,9
100-249	598.865	50,9	579.300	50,9	584.854	51,8	571.107	51,2	564.615	52,2
250-499	391.167	53,5	391.952	53,4	379.364	52,5	376.830	52,7	368.190	54,1
500 and above	1.677.329	60,8	1.660.921	60,3	1.645.183	60,0	1.688.302	62,1	1.485.260	62,4
Not specified (b)	-	-	-	-	-	-	-	-	-	-
Total	4.680.610	26,8	4.632.350	26,9	4.614.712	27,5	4.617.606	27,7	4.379.609	27,8
	Exports									
1-9	19.769	-	22.879	-	24.911	-	22.238	-	22.523	-
10-19	18.412	-	21.786	-	23.727	-	26.986	-	25.825	-
20-29	32.358	-	38.227	-	42.333	-	43.818	-	43.882	-
50-99	32.781	-	35.728	-	39.977	-	40.590	-	42.081	-
100-249	48.521	-	55.441	-	63.167	-	64.839	-	65.361	-
250-499	34.951	-	38.731	-	43.421	-	44.442	-	42.796	-
500 and above	90.675	-	108.208	-	121.234	-	126.254	-	128.075	-
Not specified (b)	2.595	-	1.975	-	1.260	-	2.587	-	-	-
Total	280.063	-	322.974	-	360.031	-	371.753	-	370.543	-
Non resident (a)	1.432	-	1.590	-	1.903	-	2.817	-	-	-

Source: Personal elaboration from ISTAT data – ADELE Laboratory and Statistical Register of Active Enterprises (ASIA)

Note:

(a) The data are referred to the enterprises performing export activities, not residing in Italy and not provided with structural information

(b) The class includes the residual setting of legal units which are different from enterprises and operative branches, not allowed to be reinstated in the group of enterprises they are operating for

Table 4.7 – Import enterprises, employees and imports by Class of employees – Years 2004-2013

(Number of enterprises and employees, import values in millions of euro and percentages)

Size class: Employment of groups	Reporting Year									
	2004		2005		2006		2007		2008	
	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises
	Enterprises									
1-9	183.875	16,8	189.229	18,6	218.014	20,1	217.811	18,9	221.876	5,2
10-19	37.074	25,2	35.400	27	37.490	28,3	39.769	26,7	40.934	26,8
20-29	24.006	42,5	23.073	43	24.036	44,9	25.165	43,3	25.579	42,8
50-99	8.186	57,2	8.100	57	8.492	57,9	8.380	56,7	8.439	56,1
100-249	4.724	64,4	4.774	64	4.927	63,9	5.002	62,6	4.987	62,4
250-499	1.370	69,4	1.344	68,1	1.383	67,9	1.409	67,9	1.455	67,1
500 and above	1.122	78	1.107	76	1.141	76	1.152	74,1	1.138	72,7
Not specified (b)	-	-	-	-	-	-	-	-	1.578	-
Total	260.357	6,0	263.027	5,9	295.483	6,6	298.688	6,6	305.986	6,7
Non resident (a)	212	-	270	-	394	-	526	-	606	-
	Employees									
1-9	552.744	18,4	613.956	19,9	684.228	21,9	673.175	20,6	685.619	8,3
10-19	491.537	26,2	493.343	27,8	520.137	29,0	540.375	27,5	554.266	27,6
20-29	730.489	44,3	717.857	44,9	746.624	46,2	778.079	44,8	789.326	44,3
50-99	562.191	57,8	558.181	57,4	583.737	58,3	577.587	57,0	580.447	56,5
100-249	715.349	65,1	719.942	63,8	746.723	64,4	756.466	63,0	754.377	62,8
250-499	469.606	69,1	463.713	68	476.864	67,9	487.099	68,2	503.929	67,5
500 and above	2.191.660	83	2.212.119	83	2.320.400	85	2.324.716	82,7	2.292.872	80,5
Not specified (b)	-	-	-	-	-	-	-	-	-	-
Total	5.713.576	34,4	5.779.112	34,0	6.078.713	35,2	6.137.497	34,5	6.160.835	34,5
	Imports									
1-9	38.805	-	38.514	-	44.854	-	45.374	-	26.825	-
10-19	19.696	-	20.531	-	24.454	-	26.423	-	26.510	-
20-29	29.276	-	30.319	-	32.761	-	36.570	-	34.822	-
50-99	25.100	-	25.406	-	28.493	-	31.403	-	33.509	-
100-249	41.809	-	46.689	-	57.307	-	60.379	-	58.119	-
250-499	29.690	-	30.977	-	32.702	-	34.303	-	40.880	-
500 and above	96.122	-	107.649	-	125.050	-	130.462	-	145.217	-
Not specified (b)	-	-	-	-	-	-	-	-	5.951	-
Total	280.498	-	300.085	-	345.351	-	364.914	-	371.831	-
Non resident (a)	1.699	-	2.575	-	3.612	-	5.157	-	5.201	-

Size class: Employment of groups	Reporting Year									
	2009		2010		2011		2012		2013	
	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises	Number	% on active enterprises
	Enterprises									
1-9	218.729	5,2	238.253	5,6	229.569	5,4	220.507	5,2	207.567	5,1
10-19	39.324	26,9	41.567	29,2	40.574	29,6	39.452	29,4	38.058	29,8
20-29	24.145	42,6	25.033	45,3	24.540	45,4	23.908	44,9	22.977	45,4
50-99	8.175	56,0	8.088	57,1	8.148	56,4	7.902	55,9	7.670	56,2
100-249	4.758	60,8	4.703	62,3	4.664	62,2	4.533	61,2	4.497	62,6
250-499	1.398	65,5	1.456	67,8	1.407	66,7	1.386	66,6	1.296	65,3
500 and above	1.114	71,4	1.105	72,0	1.067	70,6	1.040	69,6	998	72,9
Not specified (b)	1.530	-	142	-	292	-	191	-	-	-
Total	299.173	6,7	320.347	7,2	310.261	7,0	298.919	6,7	283.063	6,6
Non resident (a)	548	-	441	-	527	-	524	-	-	-
	Employees									
1-9	675.757	8,3	721.645	8,9	695.279	8,9	673.063	8,6	644.118	8,6
10-19	531.519	27,8	560.286	30,0	547.736	30,5	532.209	30,3	514.590	30,7
20-29	742.160	44,0	768.267	46,8	751.537	46,7	732.965	46,3	703.408	46,7
50-99	561.891	56,4	555.623	57,4	561.427	56,9	543.754	56,2	527.051	56,5
100-249	722.553	61,4	712.268	62,6	704.710	62,4	686.132	61,5	682.089	63,0
250-499	482.320	66,0	500.120	68,1	483.480	66,9	480.017	67,2	446.934	65,6
500 and above	2.164.518	78,5	2.240.680	81,3	2.179.016	79,5	2.112.823	77,7	1.893.821	79,6
Not specified (b)	-	-	-	-	-	-	-	-	-	-
Total	5.880.719	33,7	6.058.887	35,2	5.923.185	35,3	5.760.963	34,6	5.412.010	34,3
	Imports									
1-9	22.206	-	27.785	-	29.640	-	24.136	-	24.356	-
10-19	21.500	-	25.919	-	27.142	-	25.260	-	24.744	-
20-29	28.259	-	37.022	-	39.344	-	35.742	-	33.979	-
50-99	26.517	-	29.642	-	31.740	-	28.305	-	26.998	-
100-249	39.933	-	49.422	-	53.630	-	48.883	-	48.855	-
250-499	36.666	-	39.982	-	41.947	-	39.493	-	35.976	-
500 e oltre	84.246	-	104.295	-	120.884	-	115.715	-	113.159	-
Not specified (b)	5.421	-	3.403	-	3.738	-	4.759	-	-	-
Total	264.749	-	317.469	-	348.064	-	322.292	-	308.069	-
Non resident (a)	4.265	-	5.095	-	5.403	-	6.186	-	-	-

Source: Personal elaboration from ISTAT data – ADELE Laboratory and Statistical Register of Active Enterprises (ASIA)

Note:

(a) The data are referred to the enterprises performing export activities, not residing in Italy and not provided with structural information

(b) The class includes the residual setting of legal units which are different from enterprises and operative branches, not allowed to be reinstated in the group of enterprises they are operating for

