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Success Indicators Influencing Choice Between Born Global and Born Regional Approach

Kelly Oniha
Texas A&M International University, USA

Abstract: This paper explores the differences between born global firms and born regional firms. It compares performance between born regional firms and born global firms within the same industry. This paper would investigate three independent variables which are: firm performance, firm size, and model on a company's strategy. I argue that despite key success indicators being almost similar in both born global firms and born regional firms, there exist some unique commonality in born global firms that are not evident in born regional firms, and vise-versa. This uniqueness motivates them to internationalize quicker than born regional firms. This paper would contribute to IB research by explaining the motivations behind behaviors of international venture firms

Keywords: Born global firms, Born regional firms, international venture firms, Internationalization, resource based theory, stakeholder theory, shareholder theory

I. INTRODUCTION

It is important to know what drives a firm. There are several factors that are responsible for a firm performance. This research only shows some commonalities that exists in either born global firms or born regional firms. There are also several ways suggested in previous research that can help evaluate and measure the success or progress of achieving the goals. This is termed the key success indicators (KSI). Indeed, while these drivers are in fact important, there is little to no way to measure causality on the success indicators. The reason behind this is that there are other drivers that may not be pointed out in this paper that influences these firms' (born regional and born global) performance. Firms tend to measure success by exploring these KSI. Even though this can be quantified, does this make this successful? A key insight to bring up in this paper is what constitutes success? To firms it might be achieving a profit in a fiscal year, or it might mean achieving a set target established at the beginning of the fiscal year or it might mean broadening a firms' market globally. The point here is that success is ambiguous and mean different things to different stakeholders, especially stakeholders whose firm operations engage in internationalization and globalization.

With growth and Change comes some added complexity in these firms. This has become more important to evaluate KPI. There have been several interests in this area but there are still some unanswered questions like comparing drivers between born global firms and born regional firms. One of the complexities might be due to the countries they may operate. There are different laws and regulations evident in countries that suit a multinational enterprise better than others. This paper tries to select two companies that boast a significant amount of market share in two separate industries. Success, here is defined as a dynamic concept that indicates the attainment of a given task. It is quite possible for a firm to be both successful and unsuccessful at the same time. It all lies with the subjectivity of multinational enterprises on how they define success. This paper derives its motivation from resources-based theory perspective (Bharadwaj, 2000; Cho and Pucik, 2005), shareholder theory perspective (Hillman and Dalziel, 2003; Tse, 2011) or stakeholder theory perspective (Donaldson and Preston, 1995; Jensen, 2001; Friedman and Miles, 2002; Freeman, Wicks and Parmar, 2004; Harrison and Wicks, 2013).

II. BORN GLOBAL FIRMS AND BORN REGIONAL FIRMS

The internationalization process of multinational firms in the world today has been quite intriguing. It has encouraged an impressive volume of research on born global firms and born regional firms. Born global firms are firms who enter the international market from the inception at its early years (Tabares, Alvarez and Urbano, 2015) while born regional firms are firms who take longer to broaden their operations globally. The difference lies in the speed in which these firms become multinational. Born Regional firms tend to restrain the international ventures of their international forays to their home region while born global firms focus on geographical dispersed strategy (Baum, Schwens & Kabst, 2011). Born global firm's existence can be explained using Uppsala internationalization model that posited that the processes are slow and incremental. Johanson and Vahlne (1977) argued that the reason for the slow movement was due to the lack of market knowledge and uncertainty. Although, it is difficult to predict the market even in a born regional firm or even a local region because market is believed to be inefficient.

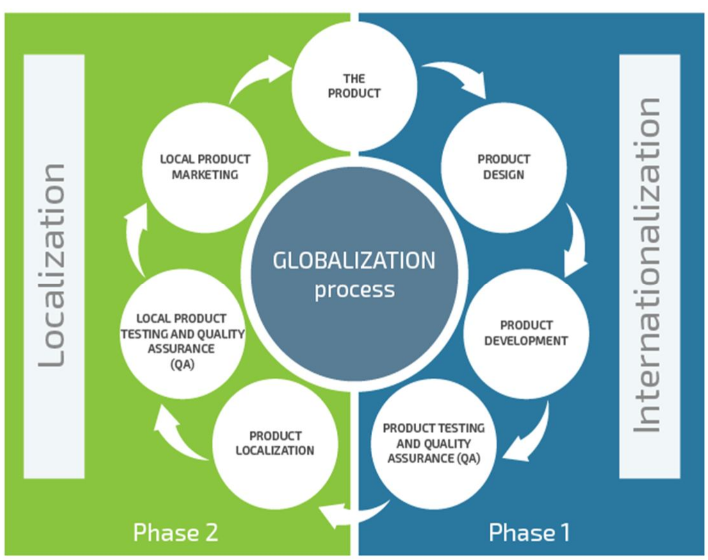
So indeed, much of the criticism to traditional internationalization models has been as a result of the assumptions that lack of market knowledge and uncertainty in the decision process is always present except when market is stable, homogenous and /or market experience (Johanson and Vahlne, 1977, 1990). Born global firms seek to derive competitive advantages and they do this by utilizing their very core competence that makes them distinctively unique from born regional firms. Born global firms have a broad view of the world and as such they certain interests not evident in born regional firms. For one, they seek strategies that helps them expand globally. This allows them to originate and survive in international arena. Exportation play a key role in helping them achieve this. In contrasts, born regional firms are firms internationalized at inception. They have a narrow view of the world because they focus on neighboring nations and only with time some broaden their international activity (Hashai and Almor, 2004; Lopez, Kundu and Ciravegna, 2009).

One may ask why it is important to distinguish these firms. This is because investors have special different interests in each of them. For instance, born global firms might be particularly interested in investing in the ever-growing emerging markets, so investing in a multinational enterprise that been in the global market for quite some time sends the message that these firms understand the mechanics to thriving in these markets. Born regional firms might also be attractive to investors who are risk averse because of the lessened risks and liabilities of foreignness of born regional firms compared to born global firms (Rugman & Verbeke, 2007) due to location restriction. Asides an investor point of view, it can also be valuable to new venture firms who are looking to decide on whether to expand globally. If a firm has a lot of resources, the firm can decide to be born global. Or if financial constraints exist, firms may prefer to be born regional firms. It is worthy to note here that financial constraint is not the absence of capital but the limited capital available to be born global.

III. GLOBALIZATION AND INTERNATIONALIZATION

To explain how companies evolve from internationalization to globalization and have a better understanding of how these evolution alters the strategic thinking of born regional firms and born global firms, it is critical to explain globalization and internationalization concepts using figure 1. Internationalization is the process of increasing and enriching a firm of a certain local company in the global market while globalization refers to the process of integrating multiple markets stemming from world-wide interaction. When a firm expands his services among nations in the global market, the company is believed to have internalized. And if a firm's operations create an emergence of an open market or encourage free trade economies, the company is believed to have globalized. How do globalization and internationalization relate? These two relates in the sense that internationalization is seen as a subset of globalization. To explain further, a diagram from Infopulse that showed the process of a software produce can be used to explain this relationship. The figure explains the traditional approach that suggests that firms would only look to internationalize after some specific period for domestic nurturing Maciejewski and Wach (2019).

Figure 1.



I assume here that firms intend on being globalized and it is the difference in the speed of the Internalization between born global firms and born regional firms that differ. The product design refers to internalization. These products must be designed in such a way that it would be adaptable to many cultures. Culture plays a huge role in internalization to the extent that its lack of understanding could lead to premature exits from the global market. Bhardwaj (2007) emphasized the important role host country culture may play in shaping Foreign direct investment that affects globalization. After a firm gets internationalize, it then seeks to thrive globally by surviving within the constraints of the host countries. This necessitates the need to localize, that is adapting to certain language and culture specifics, only then can globalization take place and thrive.

In the context of trying to find a new market, internalization is seen as a material means of innovation withing the firm (Cavusgil, 1980). At the earliest stage, born global firms tend to have limited financial and human resources, as well as tangible resources to become globalized, and due to this tangible resources, older firms can succeed in international markets. However, focus on firm's age has become highly controversial as firms prepare to enter the market differently. According to Tabares, Alavrez and Urbano (2015), Since two decades, a new form of accelerated internationalizing firms has challenged the traditional views and models of analyzing the internationalization basically because these kinds of companies follow a very different pattern in which they regularly use new technologies and distinctive intangible assets (Cavusgil and Knight, 2009) as valuable resources and capabilities to become successful (Rialp and Rialp, 2006).

Born global firms are thought of as having above 25% in market share and born regional as having below that threshold. Some research studies in developed economies (according to the World Bank criterion for classifying economies) such as Australia, Denmark, Norway, and the US reveal that high-tech sectors have been a driver for born global firms. Born Regional firms tend to operate domestically. Firms who are born regional have adequate knowledge of the local market and they only want to internationalize when they need to accumulate necessary knowledge about foreign markets.

IV. LITERATURE REVIEW

Born global firms and born regional firms have been explored broadly in previous studies. Majority of those studies have drawn from the innovative theory and Uppsala model (e.g McDougall and Oviatt, 2000; Oviatt and McDougall, 1997; Zahra et al., 2000, Johanson and Vahlne, 1977) with each differentiating born global firms from born regional firms in different ways. For instance, Johanson and Vahlne, 1977 suggests that internationalization begins with exportation and ends with foreign direct investment. The traditional perspective sees internationalization process as incremental with stages that needs to be passed which makes the whole process slow (Wąsowska, Obłój and Ciszewska-Mlinarič, 2016). Another perspective has to do with the rapid process or speed to internationalization with certain factors determining complex internationalization (Głodowska, Maciejewski and Wach, 2019; Kowalik et al., 2017; Wach, Głodowska and Maciejewski, 2018).

Born global firms usually have an inherent or developed culture and strategic initiatives that makes them substantially more suited to embark on operations internationally. A key challenge to new venture firms has to do with age. Older born global firms have enough resources and can sometimes leverage their knowhow that makes it difficult for start-up firms wishing to global. So how can a new multinational company compete or gain substantial amount of market share that would enable them to globalize? Well, one way is the controlling of resources that are scarce (Barney, 1991; Collis, 1991; Hunt, 2000; Mahoney, 1995), and this can be achieved through the uniqueness of the firm in terms of resources and skill or knowledge which can be derived from social interaction and complexity. However, what if there are situations where the firm resources are not enough, then core competencies should be targeted via usage. Not many studies have reviewed the behaviors of born regional firms. A significant amount of time has been dedicated on born global firms, which is surprising, especially when we consider that many famous and massive companies are actually classified as born regional firms than born global firms; for example, Apple and Walmart. Time is what seems to differentiate these distinct firms. Some global new ventures take some considerable time to find that niche in the foreign market to apply their effective unique strategies. A lot of that has to do with several factors like the respective industry in which they operate in, the culture of the company and how it aligns with the foreign culture and certain firm specific characteristics like networks for example. According to Maciejewski and Wach (2019), many startup firms have limited ideas about the market and consumer. Even if they have resources, it can be very difficult to utilize these resources effectively. Which is why the process of developing a new product should start with Consumer participation and not on presumed plan (Głodowska, Maciejewski and Wach, 2019; Kowalik et al., 2017; Wach, Głodowska and Maciejewski, 2018). A challenge to the differentiation between these firms has to do with age. Specifically, a firm can have different venture establishment year, venture creation of new products year and exportation year. Therefore, for the purpose of this paper, emphasis is on the exportation year, that is, year in which undertaking exportation to foreign markets takes place.

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One important commonality between these firms have to do with the vision of management. Indeed, as Maciejewski and Wach (2019) rightly stated, "The origin of competitive advantage of international new ventures lies in the awareness of their founders, which allows them to quickly notice opportunities in international markets and develop new ways of their utilization". Management must have a long-term expansion vision of a firm to be able to satisfy shareholders and stakeholders. This vision should be evident in the goals and objectives of these firms for control towards that objective to be achieved.

There are certain big questions management of firms should ask themselves during inception on whether to embark on the born regional approach or born global approach according to Oviatt and McDougall (1995).

1) Are the most viable human resources dispersed among diverse countries?
2) Would it be easier to undertake foreign financing and would this align with the venture goal?
3) Do customers expect the firm to be global?
4) What is the impact of worldwide communications on quick responses from rival firms?
5) Are worldwide scales expected to be aligned with the firm?
6) Will domestic inertia be crippling if internationalization is postponed?

According to Oviatt and McDougall (1995), there are certain success characteristics that are evident in the success of firm characteristics. They include global vision, international experience, strong network, preemptive technology and marketing, unique intangible assets, tight coordination, and linked product extension. They presented a scorecard that showed that firms without these "resources" (preemptive technology and marketing, unique intangible assets, tight coordination and linked product extension) have failed to be sustainable and they have exited the market or are in the process of ceasing operation as seen below. This provides support for the resource-based theory arguing for the significance of resources in firm survival globally and regionally.

Figure 2

Global Start-up & Headquarters	Success Characteristics							Current Status
	Global Vision	International Experience	Strong Network	Preemptive Technology or Marketing	Unique Intangible Asset	Linked Product Extension	Tight Coordination	
Ecofluid Ltd. Brno, Czech Republic	**	*	*	*	**		*	Operating
EEsof, GmbH Munich, Germany	***	**	***	***	*		***	Acquired
Heartware Int'l Atlanta, GA, USA	*	**		*				Failed
International Investment Group Atlanta, GA, USA	***	***	***				**	Failed
IXI Ltd. Cambridge, U.K.	**	*	**	***	**		*	Acquired
Momenta Corp. Mountain View, CA, USA	***	***	***				***	Failed
OASIS Group Plc Berkshire, U.K.	*	**	*		*		***	Acquired
Oxford Instruments Oxford, U.K.	**	*	**	*	***	***	***	Operating
SPEA Starnberg, Germany	***	**	**	**	***	*	**	Operating
Techmar Jones International Indus. Atlanta, GA, USA	***	***	**					Ceasing operation

Sourced from Oviatt and McDougall (1995)

V. THEORY MOTIVATIONS

A. Resource Based Theory

Resource based theory is managerial approach that focuses on management emphasis internal resources to gain competitive advantage. In other words, it aims to establish a link between resources and performance, as well as a connection between resources and strategies (i.e internalization strategies). According to Barney (1991), firms need resources in order to push strategies forward as strategies are inherent and somewhat difficult to replicate by competitors, thus gaining unique competitive advantages. Born global strategies are usually harder to copy because of their difficulty in application. A major reason for that could be due to the increase in transaction costs and resource demand (Brouthers, Mukhopadhyay, Wilkinson & Brouthers, 2009). Cultural distance too plays a major role in that. Not all culture is suited for the same strategy due to cultural heterogeneity.

B. Shareholder Theory

The shareholder theory proposes that a corporations' sole goal is to maximize of profit. That is, the higher the profit of a firm, the more success it is deemed to have had in a fiscal. This is a narrow view as profitability does not always mean success. It is possible for a firm to be profitable but the costs of firm increase. A negative view about this theory is that philanthropy is not the purpose of a firm and firms should not engage in one if it affects profitability. However, a corporate social responsibility is important for the survival of firm, especially globally. Reputation has become as much of a necessity as profitability for both born global and born regional firms.

C. Stakeholder Theory

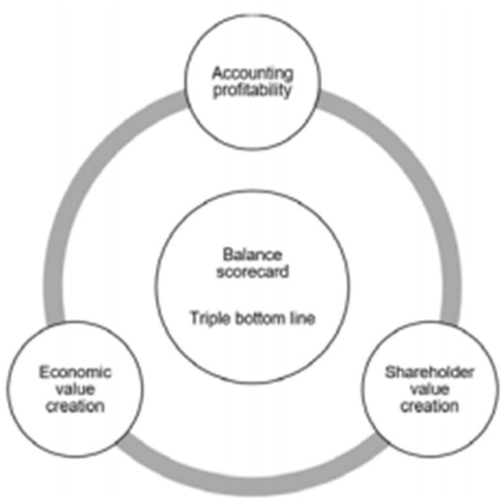
A stakeholder theory considers the interests of multiple constituencies such as employees, competitors, suppliers, creditors and so on. This theory incorporates morals and values to business operations that can aid the firm long term. It incorporates the views of resources based and a market-based view plus it integrates a socio-political level, and that is why it may just be the best suitable theory for a firm's survival.

VI. PERFORMANCE INDICATORS

According to Rothaermel (2017), Key performance indicators should be one that incorporates Accounting profitability, shareholder value creation and Economic value creation and also integrates balance scorecard and triple bottom line frameworks. There are broadly 2 categories of Accounting profitability under the Rothermel (2017) proposition, and they are return on revenue which is measured as the percentage of net profit to revenue. While the second is working capital turnover, which is the percentage of revenue to working capital. To maximize shareholder value, a company must maximize profit, and must consider the importance of stakeholder synergy (Tantalo and Priem, 2016). The third is Value added which integrates the synergy between shareholder and stakeholder theories indicated by economic value added for the former and value-added intellectual coefficient for the latter. Balance score card showcases the balance of all these dimensions with Kaplan and Norton (1996) positing that "a balanced scorecard augments traditional financial measures with benchmarks for performance in three key nonfinancial areas: a company`s relationship with its customers; its key internal processes; its learning and growth". The triple bottom line which refers to corporate social responsibilities should be combined with the balance score card to promote firm performance. (See figure 2).

The main commonality is profitability. Of course, common sense stipulates that an increase in revenue increases profits. But what must a firm do to achieve this success? That is what drives this commonality? Should a born regional firm focus on the same strategy as born global firm? Do these firms differ in terms of resources that impact profitability? Is management thinking different between firms from born global or born regional? What stakeholder interests are more important to be achieved by the firms? These are the questions that needs to be asked for a better understanding of these firms.

Figure 2



Source: Adapted after Rothaermel (2017)

VII. TECHNOLOGY INDUSTRY AND E-COMMERCE INDUSTRY

The internet has become a global market player which has given retailers a local and/or an international presence. It has become one of the fastest growing industries. E-commerce has enabled firms to expand rapidly into non-traditional retail sectors. Technology has been incredibly important to the growth of e-commerce as artificial intelligence has been embraced by many customers due to its convenience. Since technology and ecommerce are intricately linked, they represent my sample industries through which born global firms and born regional firms are selected. The technologies have allowed for a low-cost global communication to penetrate the market and other data worldwide (Knight and Cavusgil, 2005). To explore the differences in the performance indicators, I will examine born global and born regional firms in several industries. However, it is important to note here that technology and e-commerce has had a huge role to play in not only firms internationalizing but also firm's choice on different model approach (Business to business approach and business to customer approach.

This examination would explore the earliest fiscal years of each company's 10k Annual public report before they started international activities. A key assumption made here is that born global firms have it in the back of their minds that they expect to be Multinational Enterprises in future and adjust their operations accordingly. While the assumption made for born regional firms is that they expect to be internationalize in more than a couple of years. Profitability is not only what will be focused on but the drivers to that profitability. I have chosen to examine cashflows, models and market share size primarily as the drivers. I have chosen cashflows as against to revenue because revenue only looks at the effect of a company's sales and marketing, whereas, cash flows examines the liquidity indicator of a firm's survival, especially globally. Cash flow represents the highest indicator for a firm's foreign direct investment decisions. Revenue is good, profit is better and cashflow is the best (McAdam, 2020). Cashflows can provide more information about a firm than a revenue can. This leads to **hypothesis 1** that firms that have better performance in the early stage of the company have higher net cash flows of choosing born global relative to the born regional approach.

Next, I examine market share size. This is because firms who hold significant amount of market share tend to want to keep that market share and improve on it within the industry in the present of entry market competitors. To gain or preserve that market share, firms might tend to look to market globally, thus, speeding internationalization. This leads to the **hypothesis 2** that market size of firms significantly impact the odds of choosing a born global relative to a born regional approach. The next investigation is the model used by born regional firms and born global firms. I propose that born global firms tend to employ business to business model at their earliest stage to attain competitive advantage, while born regional firms regional firms employ business to consumer model. **This is hypothesis 3**. Any business that maximizes value for customers and individuals are deemed to undertake business to customer model while businesses that creates value for other businesses are deemed to have a business to business model. However, a common misconception that needs to be pointed out here is that Business to customers businesses *only* creates value fir customers. But that is not entirely true. Business to consumer companies also serve other businesses but their primary emphasis is serving consumers and individuals, which is why their market is more segmented and that affects speedy decision making. The hypotheses are highlighted below:

1) *Hypothesis 1:* Firms that have better performance in the early stage of the company have higher net cash flows of choosing born global relative to the born regional approach.
2) *Hypothesis 2:* Market capitalization of firms have a positive significant effect on the odds of choosing a born global relative to a born regional approach.
3) *Hypothesis 3:* Born global firms tend to employ both business to business model and business to consumer model at their earliest stage to attain competitive advantage, while born regional firms regional firms employ business to consumer model.

VIII. DATA AND METHODOLOGY

A. *Sample Characteristics*

The sample will be Multinational firms headquartered in United States and Canada with varying time periods. The period varies because of the difference in speed to internationalization. The multinational enterprises will contain all Compustat North American firms updated annually, supplemented with data from Center for Research in Security Prices, Bureau of Economic Analysis, Exporter Register, and Business Register. Data would also include the prior export period 10k financial report of the multinational firms prior to globalization. Born global firms typically take about 2 to 3 years before they internationalization. Born regional firms take more. In addition, to be considered born global firms, these firms must generate at least 25 percent of total sales globally. This definition would be in congruence with other research on born global firms s (e.g. Knight, 1997; McKinsey & Co., 1993; Moen and Servais, 2002; Oviatt and McDougall, 1994; Zahra et al., 2000). Any firm that does not meet these criteria will be assumed to be born regional firms.

To derive the market share, yahoo finance would be used for each of these firms. As Sui, Baum & Yu (2009) rightly pointed out, when it comes to defining Born Globals, one should take into account "factors such as the type of industry" when dealing with born global firms, and this extends to born regional firms too. Therefore, it is imperative to compare performance across the industry in which these firms operate.

B. Data Collection

The data would be merged from different sources. First, the sample will contain all Compustat North American firms updated annually, supplemented with data from Center for Research in Security Prices, and filtered by data from Exporter Register and Business Register. The Exporter Register can be derived from the U.S. Customs documents and Canadian Revenue Agency documents which will enable the tracking of the first year, a Multinational Enterprise began to export globally.

The 10k financial report can be found on the company's website. Yahoo finance is also a useful tool for deriving the company's international market data, which means this paper would only focus on publicly traded multinational companies under different industries who have their shares listed on stock exchanges that file periodic financial statement due to the data access issues associated with private firms.

The business Register would include all businesses that operates withing Canada as well as the international businesses that have connections with Canadian businesses While the Bureau of Economic Analysis data can be found on the BEA website. The BEA websites provide additional statistics of U.S. Parent companies and their international affiliates on their operations, which consists of their export sales, trade in goods, employee compensation, balance sheet and income statement.

IX. ANALYSIS

A. Firm Performance

Sui, Baum and Yu (2013) as well as Ruane and Sutherland (2004) used revenue per employee to measure the performs of firms that belong to the same year, industry and hire same number of employees. This paper differs in the sense that, it does not limit firms based on those criteria as I believe it is near improbable to find firms that hire the same number of employees, that started in the same year, in the same industry and in the same province. Therefore, firm inception year varies, however, born global firms and born regional firms will be separated according to the condition of 25% market share (born global firms).

Furthermore, this paper would measure performance to be the ratio of Free cashflow per employee as against to revenue per employee relative to the average in its industry. This is because revenue only represents money earned from sales, but cashflow oozes sustainability. It is cash coming into and going out of the business. The reason why I concentrate on free cash flow is because it is possible for a company to have a high revenue but low cash flow. That is, the multinational firm might find it difficult to come up with cash to meet its obligations. So therefore, Cash flow is the major indication of the ongoing health of the business.

B. Firm Size

For firm size, I focus on marker share as the firm size for the periods prior to internationalization. And this will be measured with a natural logarithm to avoid the issue of estimation bias because if the distribution skewness of firm size. There is a stronger belief of market share as against to number of employees to be a representation of the firm size because of the belief that firms will always want to gain competitive advantage over its competitors, and due to that competitive spirit, firms would want to maintain or increase their market share by expanding abroad. Number of employees does not represent a viable depiction of a firm size because of the differences in firm operations. Some firms hire more employees, dues to the hands-on workload involved in production process. While some hire lesser number of employees, albeit, being larger firms, due to the advent in use of technology in the work process.

C. Model

I propose that born global firms employ both business to business model and business to consumer model, which makes it quicker for these firms to internationalize relative to born regional firms that employ business to consumer model between two to three years. The model will be measured with a dummy variable that is equal to 1 if a firm employs both models.

As control variables, industry, and time dummies are entered into the analyses.

X. DEPENDENT VARIABLE

The dependent variable, business strategies is a dummy variable that equals one if a firm is a Born Global firm and zero if the firms is a born regional firm. The three variables that will be used as criteria to classify business strategies will include; First is, the Price to research ratio, which is the ratio of the market capitalization and its research and development expenses (R&D). R&D expenditures play a significant role in a company's innovation, especially their long-term viability in the foreign market.

This ratio was developed by Kenneth Fisher to measure and compare companies' relative R&D expenditures. The second variable is the measure of the speed to internationalization, that is the age before their first export. The third variable is the cash inflow from total sales which is the ratio of the cash inflow to total sales which tells the viability of the firm being better off as far as the financial position of the company is concerned. To attain the results, this analysis would be conducted using logistic regression to observe the impact of the independent variables on firms' choices of strategies. The independent variable used in this regression are free cashflow to employees for performance, market share for firm size and the firm models. Time and industry are control variables that will be entered. The likelihood ratio test will be employed for each independent variable to test for robustness.

XI. RESULTS

I expect to find that firms that go global within 2 to 3 years , that if born global firms, are associated with relatively higher free cashflow per employee and are significantly more likely to choose born global approach relative to born regional. Hence, Hypothesis 1 should be supported. Also, I expect to find support that firms with a higher market share are more likely to pick born global firms to born regional firms. Hence, hypothesis 2 should receive support. Next, I also expect to find support for hypothesis 3, that firms that employ business to business model, and so are quicker in internationalizing and thus, are born global, relative to born regional firms.

XII. DISCUSSION

The purpose of this paper is to contribute the IB research in drawing from the resource-based theory to understand the motivation behind firms internationalizing. This would help future scholars understand certain behaviors of new venture multinational Enterprises and the trajectory of their life cycle. This means I sought to observe differences among born global and born regional firms and compare them in different industries in the Canadian and U.S. context. The result would suggest that firms with international market knowledge are common amongst born global firms, and they have greater network that would allow these firms to undertake cross border interaction that would allow the exchange of ideas amongst peers which would enable them more efficiently receptive of knowledge transfers. This paper further suggests that born global firms have the necessary resources to achieve internalization faster relative to born regional firms.

XIII. IMPLICATIONS AND FUTURE RESEARCH

This paper contributes to International Business Research by exploring the significance of accessing a firm's performance based on free cash flow rather than revenue, and the part in which firm performance play in business strategy. Many studies have looked at performance as an outcome of Internationalization while few studies have looked at performance effects on internationalization strategy (Sui, Baum and Yu, 2013), but rarely will you find performance to be measured using free cash flow and not revenue. This is where this paper differs from previous studies.

Also, while few studies have used startup age, foreign sales ratio to total sales, and global sales to foreign sales to classify Internationalization strategy observed in Multinational Enterprises, this paper used the speed to internationalization, Price to research ratio and Cash inflow from total sales as the variables. This is an important contribution to the International Business and International Entrepreneurship literature. Furthermore, while previous studies have sought to achieve supposed causality of performance to business strategies. This paper looks at the "causal impact" of performance, size and model to a business research since causality can never be achieved by applying longitudinal data as the study design.

As for limitations of the study, there is always the issue of individually based variables that may have a strong influence like intellectual capital, adaptive capability, or knowledge. Unfortunately, this study does not cover these areas and so this is a gap for future research to fill to investigate their influence on the probability of embarking on internationalization quicker. Furthermore, using proxies has become very common when it comes to estimating any of the mentioned variables (intellectual capital, adaptive capability or knowledge), therefore, special attention must be fixated on addressing the inherent limitations of these proxies in future research.

XIV. CONCLUSION

This paper showed the importance of cashflow and market share to a firm's decision to internalize. Both net cash flows and market share are seen to be significant. One commonality that exists under the born regional firms in the paper is their business to consumer model they prioritize in the early stage of their inception which is one of the possible reasons for the differences in their performance with born global firms, which employs business to business model. This does not necessarily mean these companies only use that approach in the long term.

In fact, most times, some employ both approaches depending on their business operations. Another commonality is their strategies. Born global firms tend to employ global strategies while born regional firms start out with regional strategies. This is consistent with the resources-based theory that preaches resource competencies to gain competitive advantages. The born global firms can incorporate global strategies to their operations because they have the means to, but the born regional firms take substantial amount of time.

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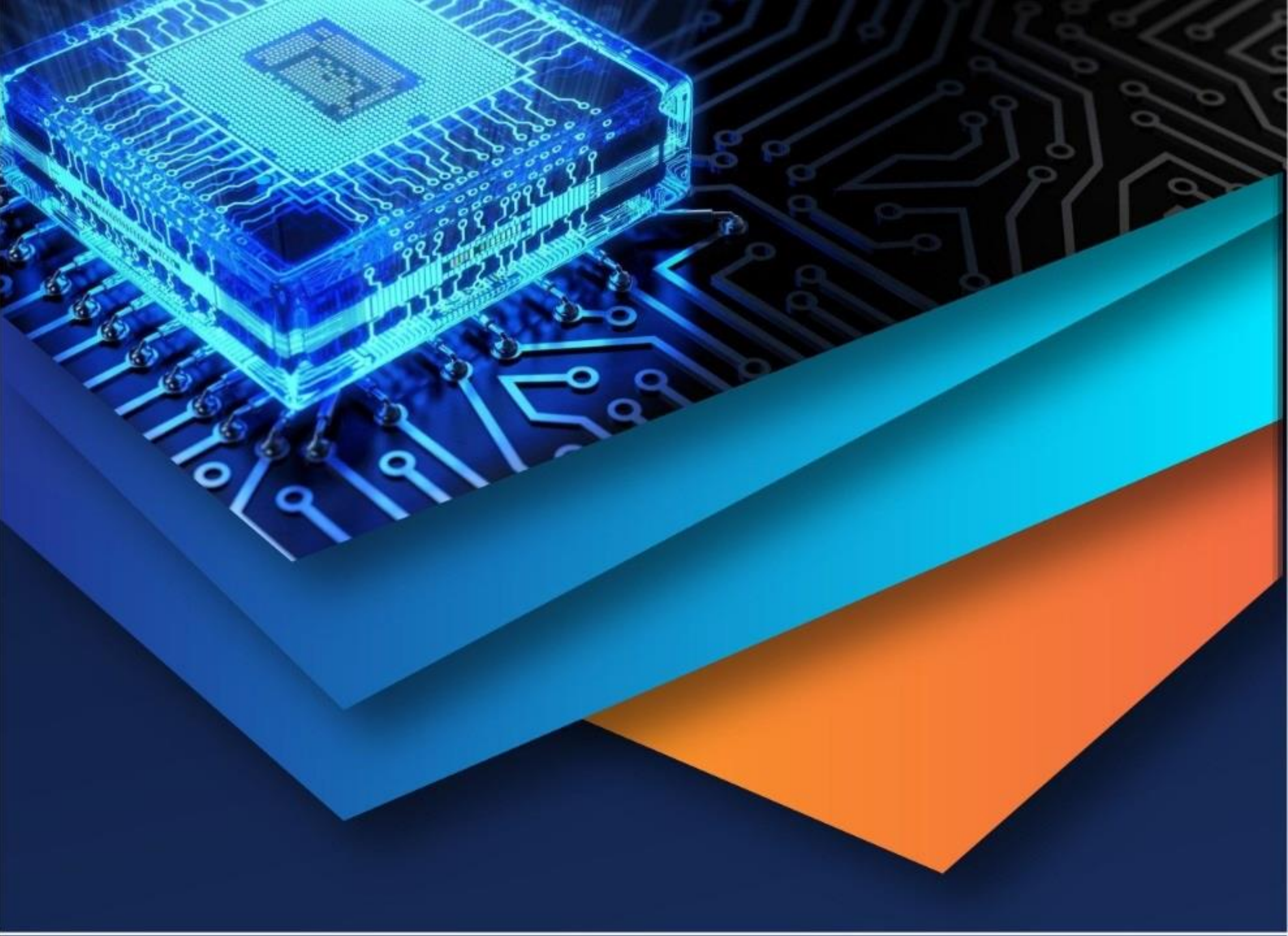

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