

Gradual Internationalization vs Born-Global/International new venture models

A review and research agenda

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Abstract

Purpose – During the last two decades, studies on the theoretical models in the area of international business (IB), such as gradual internationalization and the born-global firms, have gained the attention of researchers. The purpose of this paper is to critically review the studies on the process of internationalization (Gradual Internationalization vs Born-Global/International new venture models) to identify the research gaps in this area and to prepare a future research agenda.

Design/methodology/approach – Systematic literature review method was employed for this review. The authors highlight the findings from prior studies, compare and contrast salient characteristics and features, based on the articles published in journals with an impact factor score of at least 1.0, and provide directions for research.

Findings – The authors find that there are several areas that were under-explored in prior research. There is a great potential for theoretical extension and theory development in this field as it covers the tenets of four subjects: IB, marketing, strategic management and entrepreneurship.

Originality/value – There is no comprehensive/integrated review exploring the methods/variables and constructs used in prior studies integrating gradual internationalization/born-global models based on all the articles published in well-regarded academic journals. This review seeks to provide deeper insights, which help us to contribute toward the development of this research field.

Keywords International business, Born global, Uppsala model, Gradual internationalization

Paper type Literature review

1. Introduction

Globalization can trace its beginnings from the early 1980s. The field of international business (IB) studies got prominence in the academic world in the 1980s and 1990s with the growth of multinational enterprises (MNEs). In the mid-1970s, researchers at Uppsala University discovered that Swedish firms enter into the foreign markets initially through foreign agents, and as their sales grew, they replaced their agents with their own organization's branch or sales office. The firms, which follow the Uppsala model, tend to follow a gradual internationalization process (Johanson and Vahlne, 1977). As per this model, the cumulative processes play a central role in the subsequent internationalization of the firm. Also, the same applies on how the underlying opportunity recognition of process functions, and how managers search, recognize and act upon opportunities. The traditional process of internationalization is often referred as the internationalization process theory or



the Uppsala model of gradual internationalization (Paul and Gupta, 2014). The Uppsala model is also based on the assumption that internationalization is often began in foreign markets that were in closer proximity to the domestic market in terms of physical distance (Johanson and Vahlne, 1977).

Rennie (1993), in *McKinsey Quarterly*, stated that some firms were created to do global business rather than internationalizing gradually and called them as “born-global firms.” This phenomenological approach triggered empirical and conceptual studies that make up the overwhelming majority of extant born-global literature (Knight and Cavusgil, 1996; Madsen and Servais, 1997; Bell *et al.*, 2001; Moen and Servais, 2002; Knight *et al.*, 2004; Knight and Cavusgil, 2004; Gabrielsson, 2005; Rialp, Rialp and Knight, 2005; Rialp, Rialp, Urbano and Vallant, 2005; Freeman *et al.*, 2006; Freeman *et al.*, 2010; Lopez *et al.*, 2009; Madsen, 2013; Paul and Gupta, 2014; Cavusgil and Knight, 2015; Falahat *et al.*, 2018). The born-global firm, according to Knight *et al.* (2004), is a firm that internationalizes, on an average, within three years of founding and generates at least 25 percent of total sales from foreign countries. There have been many studies on born-global firms operating in technology-intensive industries (Andersson and Wictor, 2003; Crick and Spence, 2005; Lopez *et al.*, 2009). Likewise, there are examples of born-global firms in other industries such as metal fabrication, furniture, processed food and consumer products (Madsen and Servais, 1997).

Throughout the years, internationalization has been an ideal strategy for many firms via different entry modes such as exporting, strategic alliances and joint ventures (Leonidou *et al.*, 1998; Piercy *et al.*, 1998; Theodosiou and Katsikeas, 2001; Leonidou *et al.*, 2002; Cavusgil and Knight, 2015). Some firms enter foreign markets to gain access to primary resources. While other firms prefer to go global either to follow their customers and tap potential market, or to have access to knowledge in order to improve their competitive advantage (Zhou and Wu, 2014). Thus, two pertinent questions arise while firms decide to internationalize: do they follow gradual internationalization or a quick internationalization pattern? and why do some firms follow gradual process while others follow an early and accelerated process of internationalization?

These questions have been explored in prior research, but there are gaps in the literature. Some researchers contextualize the early and accelerated process of internationalization with the terms such as born global or international new venture (INV). Yet, the internationalization models have neither gained the intensity nor gathered theoretical momentum (Knight and Liesch, 2016). Knight and Liesch (2016) summarized the evolution of internationalization research over time and contrasted incremental internationalization vs born global. Their effort provides legitimacy to continue scholarly research into this topic. Other researchers indicate that there is a need to integrate different theoretical frameworks for both streams (Garcia-Lillo *et al.*, 2017). Nevertheless, our paper, to date, is the first, to consolidate, review and integrate 115 prior studies that examine the gradual internationalization process model and born-global phenomenon.

Many researchers postulate that the Uppsala model does not explain the concept of accelerated internationalization of small and medium enterprises (SMEs) (Lopez *et al.*, 2009; Freeman *et al.*, 2010). Freeman *et al.* (2006) found that knowledge-intensive industries tend to internationalize early and rapidly. it is important for us to understand the particular characteristics of INV or the so-called born-global ventures/firms/businesses (Bloodgood *et al.*, 1996; Madsen and Servais, 1997). Cavusgil and Knight (2015) observed that well-established firms that previously focused on their domestic markets suddenly embraced rapid and dedicated internationalization, with the process of globalization gathering momentum. Born-global firms are becoming predominant and this phenomenon continues to evolve. Although born-global are rapidly expanding worldwide, their growth is facilitated by advances in telecommunication, transportation and technology. These firms are shrinking physical and cultural distances, and facilitating human capital mobility in

order to extent their diffusion because it depends on the rights and certain conditions are in place (Cannone and Ughetto, 2014). The choice of entry mode decision between traditional exporters and born-global firms could be attributed on the experience and background of the owners/founders (Madsen and Servais, 1997). The founder's international experience may impact on their perception and valuation on the opportunities in foreign markets, creating a bias toward internationalization. Prior studies have found that some entrepreneurs have developed a strong network of contacts as a result of their previous international experience, which has allowed them to internationalize faster than others (Contractor *et al.*, 2005; Kundu and Katz, 2003). Another proposition that cannot be ignored is the country-specific advantage. In the absence of country-specific advantages, one should expect a strong firm-resource endowment in order for the firms to expand abroad successfully (Rugman and Verbeke, 2005).

The main difference between gradual internationalization and born-global models is related to the speed in which the firm internationalizes. The geographic pattern of entry, mode of entry, and the pattern of their commitment have a lot to do with this. Managers could choose their target foreign market based on this, and increase their commitment with those markets. Managers' commitment can make the difference in the internationalization process of firms (Oviatt and McDougall, 1997). Taking into account all these aspects, there is a need to advance our understanding of the crucial insights into born-global firms, especially to learn how they grow and mature overtime, why some firms internationalize early than others, among other questions. Therefore, we seek to provide a concrete review to highlight the findings of important studies, compare and provide directions for future research.

Cavusgil and Knight (2015) provide useful perspectives on born-global firms, citing the studies published during the preceding ten years. On the other hand, this review covers a 21-year period, and includes studies on both gradual internationalization process model and the born-global phenomenon. We summarize the discussion and progress with reference to the theory, content and methodology, and critically review the research on gradual internationalization vs born-global models during the period 1995–2018. Through this review, we identify commonalities; discuss the characteristics, present salient features and the crossing points between the two models. We endeavor to provide insights on widely used research methods, constructs/variables in this area of research and provide directions for future research. Additionally, this review highlights the factors that help optimizing managers' efforts in their internationalization strategies. Thus, we follow a more robust method of systematic literature review, focusing on sub-themes, methods employed and theoretical underpinnings as found in widely cited prior review articles on other topics (Keupp and Gassmann, 2009; Paul *et al.*, 2017), while some researchers have reviewed literature on born globals (Dzikowski, 2018; García-Lillo *et al.*, 2017) through a completely different bibliometric approach (identifying the main authors, journals where articles are published, affiliation of universities, etc.). Albeit their efforts provide information on citations, journals and institutions, they only provide a general overview and do not delve into identification of research gaps based on methods used and findings of the studies. Our goal is to compare and contrast two theoretical models, highlight the findings of prior studies and provide a better understanding of the phenomenon. In addition, our approach provides a better understanding of the phenomenon as we provide a framework of salient features and crossing points.

It is important to consider the uniqueness of internationalization as a theoretically legitimate field of study beyond the conventional theories. The study of the process and pace of internationalization would possibly be crossing certain common paths such as entry modes (exporting, joint venture, etc.). However, contributions that adequately reflect theoretical intersections of gradual internationalization process and born-global phenomenon are few as most of the studies either address one of these models and related issues. Some studies

are grounded in developing scientific measures to examine and compare the pace of internationalization of a firm. This situation could be traced in different stages of development of these two theoretical fields. Although the gradual internationalization process theory is an established research area, the accelerated internationalization phenomenon and the associated models, born-global/INVs is a relatively young field, despite widespread attention in mainstream journals. These issues and problems have led to considerable knowledge gaps and conflicts through literature. We provide some useful directions that we believe may provide stimuli for improving theoretical and practical understanding of the path, process and pace of internationalization phenomenon. Thus, we contribute to advancing the internationalization theory by delving into the roots of respective models and by suggesting how future research may help in advancing this field of research.

Following the widely cited review articles (Leonidou and Katsikeas, 1996; Rialp, Rialp and Knight, 2005; Rialp, Rialp, Urbano and Vallant, 2005), we analyze 115 articles that have been published in the top tier journals to provide directions for future research to avoid replete studies as suggested by Kraus *et al.* (2015). Accordingly, our review is structured as follows. In Section 2, we discuss review methodology. In Section 3, we present the literature on gradual internationalization. We focus on the literature on born-global firms/INVs in Section 4. In Section 5, we develop future research agenda in both areas providing the salient features and crossing points between both models. Section 6 is devoted for providing insights on theoretical underpinnings based on the findings from prior studies with propositions for future research and managerial implications. Last, we provide the summary of findings in the Conclusion section.

2. Methodology

Marketing, entrepreneurship and IB are three disciplines that often cross path when we analyze the internationalization process of a firm. For the purpose of this review, we selected journals in all those specific areas because we found that researchers have published articles in journals in all areas on this issue/topic due to its inherent tenets from those disciplines. We conducted a search using the keywords, namely, gradual internationalization, born global and INV, on the respective journal websites. We limited our search to the period 1995–2018. Then, we followed methods, such as online search using Google Scholar, EBSCO, and journal websites and offline research using the reference list from different articles. Following the criteria used in other widely cited articles (Keupp and Gassmann, 2009), article/journal selection criteria was decided based on the journal impact factor in order to focus on the quality of the articles. We sourced and analyzed born-global and gradual internationalization literature from Social Science Citation Index-listed journals with an annual impact factor of at least 1.0 (2015 impact factor). Articles that are published in journals with a lower impact factor or journals without an impact factor are not included in this review. In addition, we double checked each article on their respective journal websites.

Together, the articles included in this review can be considered as representative of the knowledge accumulated about gradual internationalization and born-global models. Table I presents the bibliographic sources on born-global and gradual internationalization literature from the journals that we included for this review. Table II provides an overview of widely used methods for data collection and analysis in prior research, and Table III presents their distribution. Similarly, constructs and variables are a vital component for gaining theoretical insights that facilitate theory development. By synthesizing the variables used in empirical studies about born global/INV and gradual internationalization, we gain an understanding about how the scholars have measured and analyzed these models. Therefore, we synthesize the knowledge from the articles reviewed and provide information about the commonly used constructs/variables used in prior research in Table IV.

Table I.
Bibliographic sources
on born-global and
gradual
internationalization
models in our study

Bibliographic source	Articles in this review	Total %
<i>Academy of Management Journal</i>	1	1
<i>Entrepreneurship: Theory and Practice</i>	7	6
<i>Entrepreneurship and Regional Development</i>	1	1
<i>Family Business Review</i>	2	2
<i>Global Strategy Journal</i>	4	4
<i>International Business Review</i>	21	17
<i>International Marketing Review</i>	4	4
<i>Journal of Business Venturing</i>	4	4
<i>Journal of Business Research</i>	1	1
<i>Journal of International Business Studies</i>	23	19
<i>Journal of International Management</i>	8	7
<i>Journal of International Marketing</i>	11	9
<i>Journal of Management</i>	3	3
<i>Journal of World Business</i>	14	12
<i>Long Range Planning</i>	1	1
<i>Management International Review</i>	9	8
<i>Small Business Economics</i>	2	2
Total	115	100

3. Gradual internationalization

Johanson and Vahlne (1977) developed a model that focused on the internationalization process of an individual firm. They indicated that firms that they studied followed a pattern of gradual internationalization in terms of acquisition, integration and the use of knowledge about foreign markets. In this process, they increased their commitment to these foreign markets gradually. For example, The Uppsala model, according to Johanson and Vahlne (1977), deals with the gradual internationalization process of a firm. In early years, it was thought that the lack of knowledge was an obstacle for the firms' growth and that this knowledge could be acquired by operating in a foreign country and by gaining experience (Johanson and Vahlne, 1977). However, this perception has evolved, and the business environment is viewed today as a complex web of relationships, a network, rather than as a neoclassical market with many independent suppliers and customers (Johanson and Vahlne, 2009). In 2009, they added trust building, and new knowledge creation dimensions to the model, which help to develop relationships. One important element that is different from its original view is the perception of uncertainty. Initially, it was triggered by the condition of being a foreign firm with the risk of not being accepted by the market; now it is considered that the root of uncertainty is the condition of being an outsider where the firm feels it is just passing through and not establishing a stable position.

Most firms would gradually enter foreign markets outside the primary market as they overcome the psychic distance (Johanson and Vahlne, 1977). Johanson and Vahlne (2009) discuss the case of Sandvik, a Swedish firm to explain their model. Sandvik started steel production with a sophisticated process and made a fast expansion with representatives in Denmark, Norway, UK and France. Although this firm seems to have the characteristics of a born-global, its history does fit with the establishment chain and it does correlate with the basic assumptions about psychic distance in their model. In some cases, founders of these firms have previous international experience and well-established networks. Therefore, the Uppsala model could be useful explaining some cases in which firms present born-global characteristics.

A new phenomenon has been occurring in developing countries where new internationalizing firms leverage their late entry into markets by adopting partnership strategies with top performing firms. This strategy permits them to rapidly catch-up with other market contenders (Bonaglia *et al.*, 2007). The presence of a small domestic market and

Regression analysis	Survey method	Case analysis	Mixed method	Cluster analysis
Bloodgood <i>et al.</i> (1996), Elango (1998), Leonidou <i>et al.</i> (1998), Autio <i>et al.</i> (2000), Kotha <i>et al.</i> (2001), Contractor <i>et al.</i> (2005), Gleason and Wiggenhorn (2007), Fernhaber <i>et al.</i> (2008), Banalieva and Dhanaraj (2013), Fernhaber and Li (2013), Graves and Shan (2014), Glaister <i>et al.</i> (2014), Glaister <i>et al.</i> (2014), Satta <i>et al.</i> (2014), Sleuwaegen and Onkelinx (2014), Sui and Baum (2014), Choquette <i>et al.</i> (2016), Patel <i>et al.</i> (2018)	Jones (2001), Theodosiou and Katsikeas (2001), Moen and Servais (2002), Kundu and Katz (2003), Acedo and Jones (2007), Mudambi and Zahra (2007), Zhou <i>et al.</i> (2007), Tupputa <i>et al.</i> (2008), Lopez <i>et al.</i> (2009), Zhou <i>et al.</i> (2010), Cannone and Ughetto (2014), Chetty <i>et al.</i> (2014), Musteen, Datta and Butts (2014), Musteen, Datta and Francis (2014), Zhou and Wu (2014), Johanson and Martin (2015), Li <i>et al.</i> (2015), Efrat <i>et al.</i> (2016)	Boter and Holmquist (1996), Bell <i>et al.</i> (2001), Chetty and Campbell-Hunt (2004), Coviello (2006), Freeman <i>et al.</i> (2006), Bonaglia <i>et al.</i> (2007), Freeman and Cavigil (2007), Loane <i>et al.</i> (2007), Gabrielsson <i>et al.</i> (2008), Hughes <i>et al.</i> (2010), Pedersen and Shaver (2011), Vasilchenko and Morrish (2011), Chandra <i>et al.</i> (2012), Evers <i>et al.</i> (2012), Ripollés <i>et al.</i> (2012), Gabrielsson <i>et al.</i> (2014), Hadjikhani <i>et al.</i> (2014), Hagen and Zucchella (2014), Hallbäck and Gabrielsson (2013), Hennart (2014), Kalinic <i>et al.</i> (2014), Nummela <i>et al.</i> (2014), Trudgen and Freeman (2014), Brouthers <i>et al.</i> (2016), Tan and Mathews (2014), Jiang <i>et al.</i> (2016)	Coviello and Munro (1997), Blomstermo <i>et al.</i> (2004), Knight <i>et al.</i> (2004), Crick and Spense (2005), Jansson and Sandberg (2008), Crick (2009), Almor <i>et al.</i> (2014), Martin Gerschewski <i>et al.</i> (2015), Gerschewski and Xiao (2015)	Lopez <i>et al.</i> (2009), Paul and Gupta (2014)

Table II.
Widely used methods
in the research
on gradual
internationalization
and born-global/INV
models

Method	Total %
Case analysis	38
Regression analysis	23
Survey	22
Mixed methods	14
Cluster analysis	3
Total	100

Table III.
Distribution of widely
used research
methods in
our sample

the scalability of the product put on sale, have a positive effect on the probability of a start-up internationalizing right from its inception (Cannone and Ughetto, 2014). The speed with which firms can increase their international sales, and hence the probability that they will be INVs/BGs, depends on the business model that they are implementing (Hennart, 2014). The choice of the internationalization pathway for a firm is the result of a complex mix of firms, environmental and individual factors (Cannone and Ughetto, 2014). Risk perception is one element that may prevent a firm from internationalizing at all, in a timely manner, or fast enough to capture available opportunities (Aceto and Jones, 2007). Success is achieved as firms see competition as an opportunity to strengthen their core competencies. Similarly, as borderless businesses increase, firms have greater pressure to internationalize in order to maintain their competitiveness (Bonaglia *et al.*, 2007).

	Dependent variable	Independent variable	Control variable
<i>Ratio of Foreign Sales to Total sales</i>	Autio <i>et al.</i> (2000), Contractor <i>et al.</i> (2005), Elango (1998), Sleuwaegen and Onkelinx (2014)	Graves and Shan (2014)	
<i>ROA</i>	Banalieva and Dhanaraj (2013), Graves and Shan (2014)	Banalieva and Dhanaraj (2013), Gleason and Wiggernhorn (2007)	
<i>Firm Age</i>		Choquette <i>et al.</i> (2016), Contractor <i>et al.</i> (2005), Glaister <i>et al.</i> (2014), Graves and Shan (2014), Fernhaber <i>et al.</i> (2008), Fernhaber and Li (2013), Patel <i>et al.</i> (2018)	Graves and Shan (2014), Fernhaber and Li (2013), Patel <i>et al.</i> (2018)
<i>Firm Size</i>		Contractor <i>et al.</i> (2005), Glaister <i>et al.</i> (2014), Graves and Shan (2014), Fernhaber <i>et al.</i> (2008), Patel <i>et al.</i> (2018), Sui and Baum (2014)	Banalieva and Dhanaraj (2013), Glaister <i>et al.</i> (2014), Graves and Shan (2014), Kotha <i>et al.</i> (2001), Patel <i>et al.</i> (2018), Satta <i>et al.</i> (2014)
<i>Home Region Orientation (HRO)</i>	Banalieva and Dhanaraj (2013)	Banalieva and Dhanaraj (2013)	
<i>International Experience</i>		Contractor <i>et al.</i> (2005), Glaister <i>et al.</i> (2014), Fernhaber <i>et al.</i> (2008)	Satta <i>et al.</i> (2014), Patel <i>et al.</i> (2018)
<i>R & D Intensity</i>			Fernhaber and Li (2013), Graves and Shan (2014)
<i>Total Employees</i>		Glaister <i>et al.</i> (2014)	Gleason and Wiggernhorn (2007)
<i>Administrative Investments</i>		Elango (1998)	
<i>Asset Productivity</i>		Elango (1998)	
<i>Corporate Announcements</i>	Gleason and Wiggernhorn (2007)		
<i>Returns</i>			
<i>Country Specific Websites</i>	Kotha <i>et al.</i> (2001)		
<i>Culture</i>		Gleason and Wiggernhorn (2007), Elango (1998)	
<i>Domestic Market Growth Rate</i>		Elango (1998)	
<i>Employee Efficiency</i>			
<i>Export Scope</i>	Choquette <i>et al.</i> (2016)		
<i>Failure</i>	Patel <i>et al.</i> (2018)		
<i>Foreign asset Ratio</i>	Elango (1998)		
<i>Foreign Expertise of Employees</i>		Contractor <i>et al.</i> (2005)	
<i>Geographic Diversification</i>		Patel <i>et al.</i> (2018), Satta <i>et al.</i> (2014)	
<i>Global Market Growth Rate</i>		Elango (1998)	
<i>Globalization Strategy</i>	Gleason and Wiggernhorn (2007)		

Table IV.
Variables/constructs
widely used
in the studies

According to Cannone and Ughetto (2014), a niche strategy with reference to the product as well as market and the firm's network relationships facilitate early internationalization. These relationships include the association between geographical movements of the individual, the formation of social networks, their effects on opportunity recognition and entry points into the global economy (Mathews and Zander, 2007). On the other hand, researchers (Hennart, 2014) show that some firms can be fast developing foreign sales whether or not their managers have international experience, international-level skills or knowledge of foreign markets. It is unclear, for instance, whether the concept of psychic distance applies to markets for niche products. Hence, there is little reason to expect INVs/BGs to gradually enter markets at increasing psychic distance. Instead, all potential markets may be reached simultaneously, or, if not, the sequence will be serendipitous (Hennart, 2014). Johanson and Vahlne (2009) believe that the correlation between the order in which a company enters foreign markets and psychic distance has weakened. The managers of born-global firms do not see foreign markets as a mere addition to their domestic markets. They proactively and aggressively compete in international markets; they take risks, and innovate. Managers elevate their internationalization activities as an artistic composition. Li *et al.* (2015) indicate the individual-level antecedents of entrepreneurs and the company-level antecedents explain the different methods and realities the firm might follow. Firms that adopt a global strategy also found success in the internationalization process (Kalinic and Forza, 2012). The skills of top management teams have proved to be important for a dynamic form of internationalization, particularly in the knowledge-based sectors (Loane *et al.*, 2007).

The traditional SMEs may face tough consequences and challenges in the path of internationalization when a firm establishes a production unit abroad. Kalinic and Forza (2012) indicate that a gradualist approach by the SME without the learning process can produce stress for the organization. Therefore, it is necessary to research the organizational consequences of the specific internationalization process before entering a foreign market. Musteen, Datta and Butts; Musteen, Datta and Francis (2014) concluded from a survey of CEOs those firms with chief executive officers who had developed strong and diverse international networks exhibited greater knowledge of foreign markets prior to internationalization. Foreign market knowledge prior to the first international venture had a positive impact on venture performance. The question here arises whether this previous knowledge is gained from formal education or by other circumstances such as experiences gathered through foreign stints? Cavusgil and Knight (2015) tell us that managers will need to hone their capabilities in change management, to more effectively anticipate and control continuous change. Entrepreneurs with aspirations of early internationalization should be well aware of the importance of consolidated network relationships and of niche positioning, if they want to achieve internationalization faster (Cannone and Ughetto, 2014).

The methods that the entrepreneurs use to connect with different types of networks have significant influence on the dynamics of internationalization process of the firm (Coviello and Munro, 1997; Coviello, 2006). Paul and Gupta (2014) provide evidence for the gradual internationalization of large information technology firms from India; however they found that firm age had no impact on internationalization. High-tech regional clusters provide different internationalization patterns for local firms regardless of their life cycles. Yamin and Sinkovics (2006) used the term active online internationalization to define the strategic conduct of business transactions across national boundaries in a virtual rather than a spatial domain. Firms can virtually and instantaneously have access to multiple foreign markets by simply launching a website (Kotha *et al.*, 2001). This sheds light and helps in better understanding of such consumer behavior (Yamin and Sinkovics, 2006). In an effort to highlight the most recent research on gradual internationalization of firms, we summarize the purpose, methods used and the findings of recent studies published in Table V.

Table V.
Recent articles on
gradual
internationalization
and their findings

Author	Purpose	Method	Findings
Baum <i>et al.</i> (2015)	Derive 4 internationalization patterns: born globals, born-again globals, traditional internationalizers and born-regionals and examine the capabilities and resources on them	Latent class analysis of a sample of 1,944 small German firms	Gradually internationalizing firms account for roughly 50% of small firms, and 15% of small firms pursue a born-global pattern. Learning orientation and network contacts foster traditional and born-global models of internationalization, respectively
Chetty <i>et al.</i> (2014)	Develop a new multidimensional theory of speed of internationalization	Survey Questionnaire of 178 SME in Navarre, Spain	Firms do not internationalize at a constant speed. They suggest to step away from the "Uppsala Model" and test alternative conceptualization and measurements of the dimensions of distance and speed
Graves and Shan (2014)	Compare the performance of unlisted family and non-family SMES – and the effect of internationalization on their relative performance	Regression analysis of 4217 firms with 11,821 observations over a three-year period	Small medium family enterprises (SMFEs) perform better in the international marketplace than the non-family business. They achieved a higher return on assets as a result of having a superior return on sales
Kalinic <i>et al.</i> (2014)	Theory building – discuss the implication of effectual decision-making on the internationalization process	Case studies of 5 manufacturing firms from Eastern Europe	When firms switch from casual to effectual logic it allows them to rapidly increase the level of commitment in the foreign market and overcoming liabilities of outsidership
Hadjikhani <i>et al.</i> (2014)	Propose a theoretical view by adding expectation and unknown uncertainty to the internationalization process model	Case Study of a Swedish bank, Swedbank from 1995 to 2009	The irregular behavior of MNCs can be analyzed by merging concepts into the IP-model, merging the two concepts of unrealized uncertainty and expectation into the IP-model provides tools for understanding irregular behavior
Paul and Gupta (2014)	To test the existence of born-global firms in the information technology (IT) sector in India	Cluster analysis of a panel data of 19 leading IT firms from India	Most firms generate 66–85% of their income from foreign markets with a very high level of international intensity. Their empirical results indicate that firm age has no impact on internationalization
Pukall and Calabro (2014)	Revise the Uppsala model by integrating the concept of socio-emotional wealth	Literature review of 72 articles from 1980 to 2012 on the internationalization of family firms	Organize open issues in literature into 4 distinct clusters: family firm heterogeneity, internationalization process, relational/network perspectives and resources and capabilities view

4. Born globals/international new ventures (INVs)

Born-global firms represent an optimistic, contemporary trend for IB in which any firm – of any size or base of experience or resources– can participate actively in cross-border trade (Cavusgil and Knight, 2015). These firms normally have a niche market strategy to expand early and rapidly. Some of them do have unique business model based on innovation. Although these characteristics can be found in the results of many companies, it does not mean a sure shot success. Madsen and Servais (1997) interpret that the phenomenon of born global could be considered as different from traditional (gradual) internationalization model if one considers the manifestations of these models, namely the so-called stages model

(Uppsala), according to which the firm should internationalize in a slow and gradual manner with respect to geographical markets, market entry mode and product policy. They analyzed the born-global phenomenon at a theoretical level and offered a new conceptualization of the issue with propositions about the antecedents of as well as the necessary and sufficient conditions for a firm to be born global. Rialp, Rialp and Knight, 2005; Rialp, Rialp, Urbano and Vallant (2005) show that born-global firms are more entrepreneurial regarding their export entry behavior than gradual exporters. Similarly, it is worth noting that early internationalization, and accelerated internationalization are the two distinguishing characteristics of born-global firms. Accelerated internationalization is notable because it challenges extant views, such as the Uppsala Model.

Hennart (2014) indicates that the key difference between INVs/BGs and other firms lie in their business mode. The INVs/BGs sell niche products and services to internationally dispersed customers using low-cost information and delivery methods. We can infer that this phenomenon is influenced by technology and the macroeconomic changes such as globalization. Some authors have suggested that specific industry and its characteristics (in particular its structure) can heavily influence new ventures and determine born-global behaviors (Fernhaber *et al.*, 2007). There are three entrepreneurial capabilities that are particularly important for successful INV creation, i.e. international opportunity identification, institutional bridging, and a capacity and preference for cross-cultural collaboration (Karra *et al.*, 2008).

New ventures frequently specialize and collaborate with existing MNEs for international expansion via a firm's upstream supply chain that circumvents these barriers (Acs and Terjesen, 2013). However, risks are potentially enormous and young firms must acquire new capabilities to leverage technologies that facilitate and optimizing global operations along the value chain (Cavusgil and Knight, 2015; Jones, 2001). As the world has moved away from hierarchical firm organization, strategic alliances, broadly defined, provide a much more useful lens for research and practice in this area. This new venture provides a stream of innovation to the global economy (upstream activities) and large firms enhance their efficiency by manufacturing and marketing these products around the globe (downstream activities) (Acs and Terjesen, 2013). Surprisingly, other firms differ from the observed pattern of being involved in technology. These firms are absent from specific technological advantage. Their decision as a new venture to internationalize is influenced by the size of its home market (Elango, 1998), by its production capacity, and by cultural and economic forces (Fan and Phan, 2007).

Technological developments herald an emergent business environment that will enhance the ability of young firms to internationalize and perform optimally in the global business environment (Cavusgil and Knight, 2015). Early internationalizing smaller born-global firms build relational trust through long-standing, pre-existing connections accessed through established network partners (Freeman *et al.*, 2010), which also reduces risk, enhances organizational learning (Gabrielsson *et al.*, 2008) and referral trust and solidarity (Zhou *et al.*, 2007). Tacit knowledge amongst early internationalizing born-global firms increases absorptive capacity. Knowledge intense firms benefit of early movers' advantages (Freeman *et al.*, 2010). Perhaps the most important requirement to survive and thrive is further emphasis on innovation and entrepreneurial skills. As demonstrated in the extant literature, these are areas that distinguish born-global firms from the others (Cavusgil and Knight, 2015). Autio *et al.* (2000) found that firms' knowledge intensity was positively correlated to international sales growth. Zhou and Wu (2014) indicate that firms who had internationalized at an early stage also have a performance advantage. Boter and Holmquist (1996) proved the tendency for firms in knowledge-intensive sectors is to internationalize faster (Kumar *et al.*, 2013). Significantly, innovative culture, knowledge and abilities can be observed in born-global firms (Knight and Cavusgil, 2004). Table VI highlights the findings from the recent research on born-global firms.

Author	Purpose	Method	Findings
Choquette <i>et al.</i> (2016)	Explore if born globals are different from other start-ups	Regression analysis	Born globals have significantly higher turnover and employment switch rates compared to firms with less or later internationalization
Efrat <i>et al.</i> (2016)	Explore the capabilities underlying the innovativeness on the born-global firms	Survey	Marketing intelligence and team cohesion directly and positively impact BGs' innovativeness When technological development is high, product adaptability enhances BGs' innovativeness, while salesforce adaptability decreases BGs' innovativeness
Knight and Liesch (2016)	Summarize the evolution on early internationalization of born-global firms	Perspective/literature review	Theory and research on born-global firms remain underdeveloped and fragmented. New research scope should aim to deepen knowledge on early and rapid adopters of internationalization
Patel <i>et al.</i> (2018)	To examine if local industry conditions moderate the relationship between inter-regional and intra-regional diversification and survival	Regression analysis	Inter-regional geographic diversification increases – and that intra-regional diversification decreases – the likelihood of failure This failure declines further when born globals undertake intra-regional geographic diversification
Johanson and Martin Martin (2015)	Provide quantitative evidence on post-birth characteristics	Questionnaire of 204 Spanish firms, in which 59 were identified as BGs	Basic cumulative dynamics can be viewed as driving forces in the internationalization process of BG. Five constructs determine post-birth characteristics of BIs: resources, international experience, international commitment, level of internationalization and performance
Brouthers <i>et al.</i> (2016)	Extend internationalization theory to encompass i-business	Case analysis of 9 German companies	New theory with 6 testable hypotheses. This theory suggests that i-business firms produce value through the creation and coordination of a network of users
Cavusgil and Knight (2015)	Reflect and review scholarship of born globals over a 10-year period and offer suggestions for future research	Perspective	They explain why some firms internationalize early while others choose to remain local and offer directions for future research. Firms will need to become more innovative, in terms of both identifying and exploiting opportunities
Li <i>et al.</i> (2015)	Observe the effects of individual and company-level antecedents in the speed of internationalization	Survey conducted for 683 SMEs in China	The complex interaction of the antecedents can explain the fast internationalization of BG. These antecedents are: propensity to act, risk tolerance, company-level organization of knowledge, ability to forge consensus, and responsiveness to new environments (Company level). Entrepreneurs' psychological qualities (individual level)
Almor <i>et al.</i> (2014)	Empirically investigate maturing born-global Israeli companies	Secondary data analysis of 57 Israeli technology-based, born-global companies from 2000 to 2009	Maturing technology-based, born globals can increase chances of survival by acquiring others. Although these acquisitions do not increase profits, they allow born globals to continue increasing their sales and to expand and upgrade their product line
Cannone and Ughetto (2014)	Empirically investigate the drivers affecting the decisions of high-tech start-ups to internationalize and their degree of born globalness	Survey conducted for a sample of 2,604 high-technology companies. Total responses were only 522	Knowledge and international commitment have a significant impact on a BG. A small domestic market and the scalability of the product have a positive effect on the probability of a start-up internationalizing from its inception. Niche strategy and the network relationships are key drivers for an early internationalization

Table VI.
Recent articles
on the born-global
phenomenon and
their findings

(continued)

Author	Purpose	Method	Findings
Gabrielsson <i>et al.</i> (2014)	Explore the behavior over time of international new ventures (INV) through the concept of international entrepreneurial culture (IEC)	Longitudinal case study of four Finnish INV	IEC dimensions affect the growth of INV across their different phases. International motivation, innovation propensity, risk attitude, market orientation and proactiveness positively affect advancement through the early INV growth phases, their effect is negative in the later phases
Glaister <i>et al.</i> (2014)	Explore how firm size impacts the employment in BG firms	Secondary data analysis of enterprise survey project 2006–2010	As firm size increases the use of temporary workers decreases, the number of skilled workers increases and the number of employees receiving training increases
Hennart (2014)	Explain why INVs/BGs manage to gain a large number of foreign customers right from the start while other firms take longer to do it	Case analysis. The comparison of two firms: Volvo and Atlassian	Main key characteristics why INV/BGs manage to gain a large number of foreign customers Niche products and dispersed customers Standardized product Low cost of communication and distribution
Nummela <i>et al.</i> (2014)	Explore the international growth of three software companies from small open economies: Finland, Ireland and Israel	Longitudinal multiple case study	The decision making of BG firms is characterized by alternating periods of causation and effect-based logic. Triggers for amending the logic include the change of key persons and the search of external funding
Sleuwaegen and Onkelinx (2014)	Investigate the dynamics of commitment, growth and survival of different types of newly internationalizing Belgian firms	Empirical analysis of firm-level trade data to annual accounts data of 5,800 Belgian firms from 1998 to 2005	Global start-ups have the highest initial and rapidly rising export commitment per market, but also display the highest failure rate. Young small- and medium-sized firms with limited resources can successfully enter and compete in international markets
Sui and Baum (2014)	Explore the drivers behind the survival of BGs in the export market	Econometric analysis of newly established Canadian SME from 1997 to 2005	No single strategy is superior; internationalization strategy moderates the relative importance of resources to SMEs' survival abroad
Tan and Mathews (2014)	Extend the domain of accelerated internationalization to include large firms in certain industries from China and India	Case Analysis of Chinese wind turbine manufacturing firms	Although resources are important for the survival of all SMEs, the relative importance of slack resources and innovation resources are most important for born-global firms followed by born-regional firms, and are the least important for gradual internationalizers
Trudgen and Freeman (2014)	Explore the development process of BG, performance measures in various phases and how do initial market selection and internationalization speed influence their growth	Multiple case study design of Australian BGs	Depending on the phase, relevance varies. Speed of internationalization and the psychic distance of initial markets influence the duration of each phase. In the pre-startup phase, effectiveness measures are important. After their founding, operational measures are more important. Then, when firms achieve international growth, financial measures are best used to assess their performance
Hagen and Zucchella (2014)	Investigate whether BGs are also born to run companies	A longitudinal case analysis of 6 BG firms operating in different industries	The characteristics of the entrepreneurial/management teams, strategic partnerships and the entry in complex markets are the main differentiators in growth patterns, irrespective of the industry

Table VI.

In Figure 1, we highlight the salient features of gradual vs born-global firms that we derived from our literature review.

5. Research agenda

Prior research has examined the differences between gradually internationalizing firms and born-global firms including the determinants of the pace of internationalization using

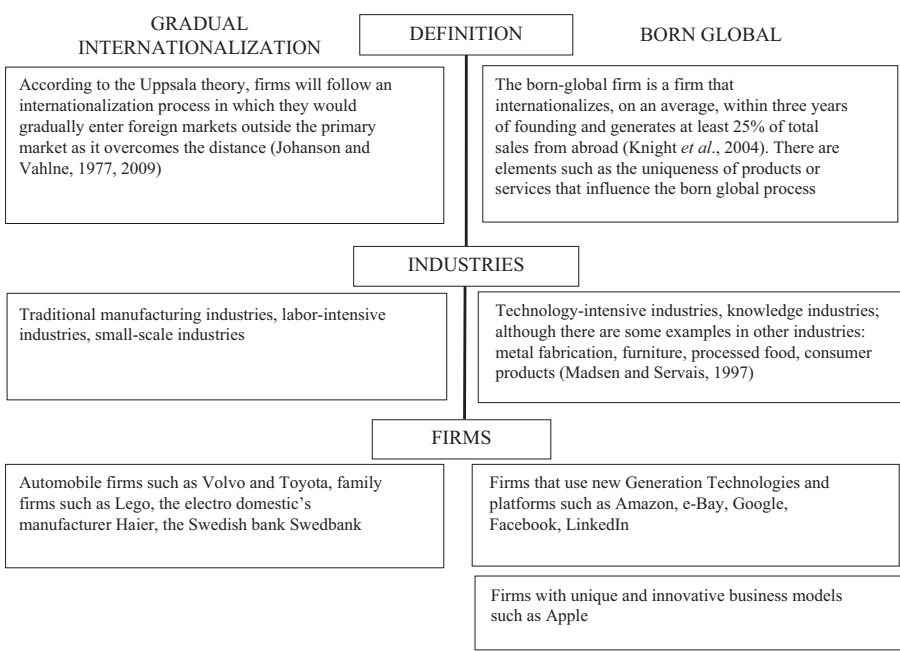


Figure 1.
Salient features
of gradual vs
born-global firms

variables like Ratio of foreign sales to total sales as dependent variable (see Table IV). The substantial body of research on born-global firms has helped researchers to derive insights about such firms. However, the literature lacks a clear and widely accepted definition of born-global firms.

We assert that future research could be designed in such ways that highlight unique features of born-global firms that have contributed to the pace and pattern for doing IB in the industry/country context. We note that early work in this area focused more on firms from developed countries in Europe and North America. Also, over the last decade, many researchers made efforts to study different attributes of the path and process of internationalization of firms from emerging economies (Lopez *et al.*, 2009; Paul and Gupta, 2014).

Following the structure of four prior reviews (Keupp and Gassmann, 2009; Nicholls-Nixon *et al.*, 2011; Terjesen *et al.*, 2013), we highlight the knowledge gaps and suggest new directions for future research using a simple framework, TCCM, in which T stands for theory, C for context, C for characteristics and M for methodology: accordingly, the following section deals with the future research agenda for developing papers focusing on: theory development, context, characteristics and methodology.

5.1 Theory development (T)

As we have discussed earlier, Johanson and Vahlne (1977) developed the gradual internationalization process theory. On the other hand, a group of researchers (Rennie, 1993; Knight and Cavusgil, 1996; Madsen and Servais, 1997; Knight *et al.*, 2004) propounded its contrasting theory of early and rapid internationalization of born-global firms. In this review, we note a deficiency in the development and use of theory in the internationalization process research, although significant improvements have been made in recent years. Going forward, theory should be the platform for future empirical studies in the internationalization process of firms across the industries. We need new theoretical lenses that could explain uncovered area in internationalization process such as how born globals achieve

success in internationalization and superior international performance (Knight and Liesch, 2016). Buckley (2002) suggested that without a close interaction between theoretical development and empirical reality, IB could become merely an area of application for applied concepts from other disciplines. Based on this, we call for researchers to use theoretical models such as Eclectic paradigm (Dunning, 1988) in this area of research. Buckley and Ghauri (2004) mentioned that economic geography is an important area in understanding the key elements in IB. Acs and Terjesen (2013) proposed a new concept – born local – toward theory development in the context of a local firm, which add a geographical dimension to the internationalization process of firms extending the prior research. New patterns in the internationalization process present an observable behavior of firms crossing national boundaries (Casillas and Moreno-Menéndez, 2013, 2012). The emergence of knowledge-intensive firms, and the transformation through innovation in traditional industries in which geography transforms the way the firm expands (Hannigan *et al.*, 2015), provides an emerging phenomenon that can explain the transformation in the process of internationalization. We feel the need for new theoretical frameworks and models to explain the link between those dimensions and internationalization process of firms. It would be prudent to develop theoretical models to examine the born-global/INV phenomenon of firms from different type of industries (e.g. capital intensive industries, knowledge-intensive industries, traditional manufacturing firms as well as labor-intensive industries). The pooled summary of generalizable findings, which, in turn, could be used for theory development, based on different studies, are given in Table VII.

5.2 Context (C)

Research in gradual and born-global patterns has advanced our knowledge by identifying relevant characteristics, antecedents and outcomes of different kinds of internationalization process the firms select. However, the extant research base is so diverse and fragmented that

Entrepreneur characteristics influence the firm decision to internationalize and its pace on born-global/INV or accelerated internationalization model	Contractor <i>et al.</i> (2005), Crick (2009), Crick and Spence (2005), Evers <i>et al.</i> (2012), Freeman <i>et al.</i> (2010), Johanson and Martin Martin (2015), Jones (2001), Jones <i>et al.</i> (2011), Knight and Cavusgil (1996), Madsen and Servais (1997), Mathews and Zander (2007), Zhou <i>et al.</i> (2010)
The adoption of niche marketing strategy has a positive influence in the firm decision to internationalize on born-global/INV or accelerated internationalization model	Bell <i>et al.</i> (2001), Cannone and Ughetto (2014), Cavusgil and Knight (2015), Chetty and Campbell-Hunt (2004), Coviello and Munro (1997), Evers <i>et al.</i> (2012), Freeman <i>et al.</i> (2006), Freeman and Cavusgil (2007), Gabrielsson <i>et al.</i> (2014), Gerschewski <i>et al.</i> (2015), Hagen and Zucchella (2014), Hennart (2014), Jiang <i>et al.</i> (2016), Johanson and Martin Martin (2015), Knight <i>et al.</i> (2004), Knight and Cavusgil (1996, 2004), Madsen and Servais (1997), Moen and Servais (2002), Nummela <i>et al.</i> (2014), Oviatt and McDougall (1997), Paul and Gupta (2014), Sui and Baum (2014), Trudgen and Freeman (2014)
Supply chains, networks, stronger inter-firm relationships have a positive influence on the internationalization of born-global/INV or firms that follow an accelerated internationalization model	Coviello (2006), Coviello and Munro (1997), Freeman <i>et al.</i> (2006), Freeman <i>et al.</i> (2010), Mort and Weerawaedena (2006), Musteen, Datta and Butts; Musteen, Datta and Francis (2014), Vasilchenko and Morrish (2011)
Firms in technology-intensive industries tend to follow born-global model, compared to labor-intensive and traditional manufacturing industries	Autio <i>et al.</i> (2000), Boter and Holmquist (1996), Cannone and Ughetto (2014), Cavusgil and Knight (2015), Chetty and Campbell-Hunt (2004), Coviello and Munro (1997), Crick and Spence (2005), Efrat <i>et al.</i> (2016), Fan and Phan (2007), Fernhaber <i>et al.</i> (2007), Freeman <i>et al.</i> (2006), Knight and Cavusgil (1996), Kumar <i>et al.</i> (2013), Moen and Servais (2002), Paul and Gupta (2014)

Table VII.
Summary of
generalizable/
theoretical findings
from the review

few definitive conclusions can be drawn. The first and foremost challenge is that, despite the increase in studies about the process of internationalization during the past two decades, there is still a lack of agreement regarding which process is the best for new venture firms. Moreover, it was noted that most of the research studies were conducted in the context of firms from developed countries such as European Union nations and North America. Hence, there are opportunities to carry out research in the context of firms from developing countries in this area to fill the gap in the literature. Next, we highlight future research directions in terms of characteristics, antecedents and outcomes of internationalization.

5.3 Characteristics (C)

Most internationalization studies were carried out based on speed, pattern and choice of entry mode. Their findings indicate that the internationalization patterns pursued by small firms are not a random choice, but depend on the firms' inherent characteristics (Mudambi and Zahra, 2007; Sui and Baum, 2014). Building on these insights, a growing number of scholars have explored how regional dimensions influence various facets of MNE activities, such as foreign location choice, geographic scope, MNE performance and subsidiary-level strategies (Banalieva and Dhanaraj, 2013; Wang and Suh, 2009). To address this knowledge gap, we suggest that future lines of study should explore the geographical characteristics of the international/global expansion of knowledge-intensive industries and compare them with international expansion of traditional manufacturing firms, which tend to expand more toward the neighboring countries.

5.3.1 Antecedents. A substantial body of internationalization process research has been focused in identifying antecedents of SME and MNE and proposing variations of the two dominant patterns of gradual and born-global approaches. Although both patterns of internationalization have been widely researched, there is still much opportunity to further develop the phenomena in the context of knowledge-intensive industries. There are not many studies exploring the antecedents in the context of firms from developing countries too. Recent studies revealed small firms that internationalized shortly after their inception focusing their internationalization activities on countries from the same geographic region (Baum *et al.*, 2015; Lopez *et al.*, 2009). Firms benefit from inward internationalization and inter-regional diversification strategies that boost Emerging MNEs' overseas expansion (Satta *et al.*, 2014). Similarly, there is a gap to examine how firms from countries that are not traditional clusters of technology, expand internationally, particularly in less technology intensive countries.

5.3.2 Outcomes. The body of internationalization research on outcomes focuses on firm and country results as it reaches distant expansion; yet, not much research has been done based on the internationalization patterns of small firms. Jansson and Sandberg (2008) indicate that SMEs trade with few countries in its region indicating a low degree of regional internationalization. Despite important contributions to explain small firms' internationalization patterns, a large proportion of studies argue for three distinct patterns of internationalization: firms following traditional model, born-again globals and born-global firms (Tuppura *et al.*, 2008). These contributions have not yet addressed further regional patterns of expansion, traditional vs non-traditional approaches and knowledge-intensive vs labor-intensive type firms. Future research could explore the born-regional pattern of SMEs contrasting knowledge-intensive firms against labor-intensive industries. Based on this review exercise, we identify the opportunities and potential to conduct the future research analyzing the impact of born-global phenomenon on the performance of those firms and the outcome in terms of their structure (from SME to MNE) and strategies including entry mode switch.

5.4 Methodology (M)

As reported in Table III, case analysis and regression analysis are widely used in this area of research (38 and 23 percent, respectively). However, the methods used in

internationalization process have become sophisticated spanning from simple case study analysis, econometric analysis of newly established SME (Sui and Baum, 2014), regression analysis of 4,217 unlisted family and non-family SME (Graves and Shan, 2014) and LISREL model analysis (Blomstermo *et al.*, 2004). The challenge is to develop more mixed-method approaches when studying the determinants and outcomes on internationalization patterns. We offer recommendations on sample selection, data collection and analytical tools to improve the methodological rigor of internationalization process research.

5.4.1 Sample and data. There are two critical challenges related to sample selection. First, the existing body of internationalization process research covers mostly SME and MNE without the contrast between family and non-family controlled. Second, some researchers have undertaken studies in this area examining process, pattern, path and problems using the firm-level data, but there are not several studies looking at whether born-global firms perform better than gradually internationalized firm due to the difficulty to obtain data on performance indicators, especially in the case of non-listed firms.

Data collection. The data used in prior research range from firm-level data to annual data (Sleuwaegen and Onkelinx, 2014). There are lot of opportunities to conduct research in this area based on the survey method and multiple case study methods using primary data. Such studies will be impactful if the sample size is reasonable and if the researchers can develop new frameworks and derive generalized insights using primary data. Researchers can rely upon financial statements as a good source of data for capital market listed firms. Besides, we suggest research scholars to access country data from Global Entrepreneurship Monitor. This longitudinal project provides data for 73 countries and indicates entrepreneurial behavior and attitudes of individuals and the national context (Global Entrepreneurship Research Association, 2016). This type of research will allow them for the comparison between countries, regions and levels of economic development.

5.4.2 Analytical tools. It was found that the research methods such as case study method, survey, regression analysis and mixed methods are used widely in prior research in this area (Tables II and III). We recommend research scholars to use more diverse analytical techniques and methods, such as content analysis of secondary sources such as websites, financial statements, qualitative research, meta-analysis, factor analysis, structural equation modeling, path analysis, parametric as well as non-parametric tests and multi-level methodologies. Content analysis could be useful when addressing new venues of information such as websites and social media. Other techniques should also be considered. We found that the literature suffers from a gap between theory and empirical evidence. Knight and Liesch (2016) found that most extant research has been exploratory and descriptive, with little emphasis on developing theory. In many cases, the born-global phenomenon makes the point that born globals are high-technology firms; yet, many born globals are low technology firms. Similarly, several empirical studies comparing born-global and gradually internationalizing firms have also failed to find empirical support for the idea that born-global entrepreneurs have greater international experience than the latter. Therefore, further investigations in this area are warranted. We suggest the researchers to use the measure/definition of born-global firms developed by Knight *et al.* (2004) to examine the extent of born-global firms/INVs in different industries in a country. It would be also interesting to develop new measures and analytical tools to examine the intensity of internationalization in terms of the born-global phenomenon as well as early internationalization.

6. Discussion

6.1 Theoretical implications and propositions

Our review of the extant literature on the internationalization process research reveals opportunities for theory development, extension and theory testing in the areas such as

entrepreneurial characteristics of managers, the firms' decision to enter niche markets, inter-firm relationships, the link between innovation and the degree of born globalness. We find that there are not many theoretical studies highlighting the real factors that contribute to the born-global phenomenon focused on empirical evidence. According to the insights and findings of prior studies discussed in this review, we suggest the following theoretical propositions, which could be used as hypotheses for testing in future research.

Our findings reveal that the entrepreneurs' artistic approach to trust building and opportunism drive the internationalization effort. Several researchers have explored the factors determining the process and pace of born global/INV type of firms focusing on entrepreneurial characteristics (Contractor *et al.*, 2005; Crick, 2009; Crick and Spence, 2005; Evers *et al.*, 2012; Freeman *et al.*, 2010; Johanson and Martin Martin, 2015; Jones, 2001; Jones *et al.*, 2011; Knight and Cavusgil, 1996; Madsen and Servais, 1997; Mathews and Zander, 2007; Zhou *et al.*, 2010). We feel scholars should build upon the social exchange theory to explore the relational exchange derived in the process of trust building and opportunism. Hence, we posit the following proposition:

- P1.* Entrepreneur characteristics influence the firm's decision to internationalize and the pace of internationalization; especially for the firms that follow a born-global approach/INV or an accelerated internationalization model.

An area where born-global firms might thrive is to target niche markets and emerging markets. Entrepreneurs with aspirations of early internationalization should be well aware of the importance of consolidated network relationships and of niche positioning strategy (Cannone and Ughetto, 2014). Cavusgil and Knight (2004, 2015) identified that this international marketing orientation leverages the foreign distributor competencies. Other researchers also corroborated with the same or similar findings (Bell *et al.*, 2001; Chetty and Campbell-Hunt, 2004; Coviello and Munro, 1997; Evers *et al.*, 2012; Freeman *et al.*, 2006; Freeman and Cavusgil, 2007; Gabrielsson *et al.*, 2014; Gerschewski *et al.*, 2015; Hagen and Zucchella, 2014; Hennart, 2014; Jiang *et al.*, 2016; Johanson and Martin Martin, 2015; Knight *et al.*, 2004; Knight and Cavusgil, 1996, 2004; Madsen and Servais, 1997; Moen and Servais, 2002; Nummela *et al.*, 2014; Oviatt and McDougall, 1997; Paul and Gupta, 2014; Sui and Baum, 2014; Trudgen and Freeman, 2014). Based on these findings, we feel scholars should base a theoretical extension of the network theory to explore how entrepreneurs increase the formation an adoption of niche marketing strategy. Hence, the following proposition is proposed:

- P2.* The firm's adoption of a niche marketing strategy has a positive influence in its decision to internationalize and thereby the process and pace; especially for the firms that follow a born-global approach/INV or an accelerated internationalization model.

Local and international networks can lead to local industry renewal, help the firms to be born-global and help in sustained development (Freeman *et al.*, 2006, 2010; Andersson *et al.*, 2013). Managers have an ability to locate new partners through their existing networks, which shows an opportunistic behavior (Freeman *et al.*, 2010). Future studies might examine issues related to the use of international networks in the acquisition of other types of knowledge (e.g. product and technological know-how) (Musteen, Datta and Butts; Musteen, Datta and Francis, 2014). Relational trust and relational trust-like outcomes in early internationalizing smaller born-global firms help them to strengthen the link between customers and firms (Freeman *et al.*, 2010). Based on these, we feel scholars could use the tenets of relational contract theory to explore how managers select and govern their relationships with their partners. Therefore, we posit the following proposition:

- P3.* Supply chains, networks and stronger inter-firm relationships have a positive influence in the decision-making process to internationalize, particularly for small firms.

Firms need to be more innovative along their value chains, in terms of both identifying and exploiting opportunities. Similarly, technological developments herald an emergent business environment that will further enhance the ability of young firms to internationalize and perform optimally in the global business environment (Cavusgil and Knight, 2015). Firms in knowledge-intensive industries show tendency to internationalize early and rapidly (Boter and Holmquist, 1996; Crick and Spence, 2005; Kumar *et al.*, 2013; Autio *et al.*, 2000; Boter and Holmquist, 1996; Cannone and Ughetto, 2014; Cavusgil and Knight, 2015; Chetty and Campbell-Hunt, 2004; Coviello and Munro, 1997; Crick and Spence, 2005; Efrat *et al.*, 2016; Fan and Phan, 2007; Fernhaber *et al.*, 2007; Freeman *et al.*, 2006; Knight and Cavusgil, 1996) with the aid of local research institutions, following a niche strategy in high-tech sectors (Cannone and Ughetto, 2014), being more innovative as a result of team cohesion (Efrat *et al.*, 2016) and exporting a large share of their total sales shortly after their establishment (Moen and Servais, 2002; Paul and Gupta, 2014). Based on these findings, we feel scholars should base a theoretical extension of the network theory to explore how entrepreneurs adopt a niche strategy in high-tech. Hence, the following proposition is proposed:

- P4.* Firms in technology-intensive industries tend to follow the born-global model, compared to labor-intensive and traditional manufacturing industries.

Figure 2 presents the crossing points found in literature that are derived from our content analysis and guide our future directions for research between the gradual and born-global models. Figure 2 shows four distinct elements that coincide in both the literature (i.e. gradual and born-global) with some different definitions and examples of their impact. These elements are niche markets, entrepreneur characteristics, intra-firm relationships and supply chains. Both models coincide at the same point, which explains how firms have specific products that can be put to sale with little effort in an international context from its inception.

6.2 Managerial implications

The entrepreneur characteristics are present in both models as catalysts of knowledge acquisition, confidence building and elements that influence the internationalization decision. Entrepreneurs could develop an artistic approach in which they combine trust building, relationships, supply chains, and network to seek, scan and act on international marketing opportunities. These behaviors have been observed in born-global and gradual internationalization realities and models. The strong influence of networks as facilitators of the firm's expansion is imperative in both models. As the last element, role of supply chain in both the models indicate an element of innovation and high technology as facilitators of expansion. Firms need to become more aware of the potential they have through their network alliances, value chains that can use to create new opportunities. Network alliances bring a richness of rare knowledge that increment the internal sources of the competitive advantage (Oviatt and McDougall, 2005). Managers have to develop an opportunistic attitude to succeed in international marketing and business. Trust building is a key characteristic, which opens the door for an opportunistic approach.

These elements imply certain managerial implications for marketing strategy development while firms plan for international expansion. The implications can be summarized as follows: first, managers need to decide the process and pace of their internationalization based on their strength and weaknesses in these areas, even though they can try to create born global/INVs without much difficulties in technology-intensive industries compared to labor-intensive industries. Second, another important implication in this context is – taking into account the success and failure of new generation firms in the global market – it would be also worth examining the managerial factors and marketing strategies of the firms that emerged as INVs/born globals because of their global success (firms like Uber, Amazon, Apple, Google,

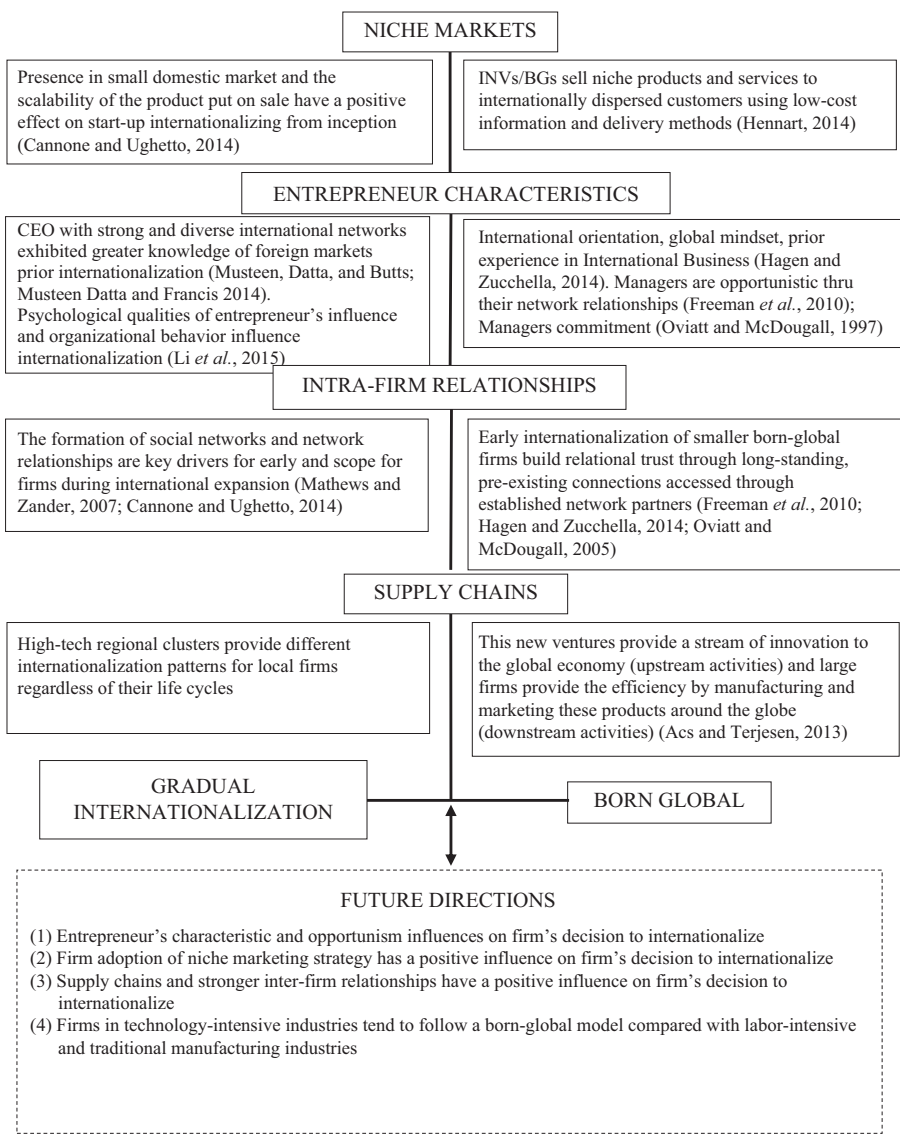


Figure 2.
Crossing points
between gradual and
born-global models
derived from
content analysis

Facebook, Instagram, Airbnb) and compare it with traditional manufacturing industries. Third, it is also important to note that any company can internationalize faster, including old or large firms. In fact, large firms do tend to internationalize their new ventures quickly because they have the resources to do so, and global launch is increasingly the norm among such firms.

7. Conclusion

This paper summarizes the discussion and progress between gradual internationalization and born-global models. It provides a comprehensive and detailed review. Our analysis

points out the knowledge gaps that are impediments to understand the determinants of gradual internationalization vs born-global models. Developments over the last two decades in the field of born-global and gradual internationalization models have added richness in explaining the progress of research on both models, but yet have knowledge gaps in this area. Based on the earlier review and analysis, we charted out promising opportunities for future research, which may contribute substantially to the development of the field.

Specifically, we have identified theoretical inconsistencies and knowledge gaps that future research should resolve regarding the following topics: entrepreneur characteristics influence the firm's decision to internationalize as a born-global firm or to follow an accelerated internationalization model; the adoption of a niche marketing strategy and the firm's decision to internationalize as a born-global firm or as an accelerated internationalization model; the link between supply chains and stronger inter-firm relationships and their influence in the decision to internationalize; and firms in technology-intensive industries tend to follow born-global model, compared to labor-intensive and traditional manufacturing industries. For each of the topics, we provide arguments for why are relevant to close the particular knowledge gap or to resolve the conflicting theoretical predictions and inconsistencies encountered.

The opportunities for future research that we have identified should also spur the debate on whether firms should follow born-global model or gradually internationalize in this era of globalization. This will help deriving useful insights that can inform executives about which entrepreneurial characteristics should be enhanced by senior executives to positively influence the decision for the firm to internationalize. The firm with an entrepreneurial management must be transformative and not passive. The ability of the entrepreneur to recognize and exploit opportunities largely depends on the entrepreneurial intention, orientation, marketing capabilities and experience. The question here arises whether these entrepreneurial traits are learned through formal education, by their cultural background (inherit), by observation, by other managers or by international experience and networks. In rapidly evolving environments, successful firms are more likely characterized by agility and flexibility. Some firms, in order to anticipate these rapid evolving environments, have established networks and alliances to enter the new foreign markets. In uncertain markets, firms should develop marketing strategies more carefully and scientifically and draw on collaborative ventures and network relationships to identify and tap opportunities and avoid costly missteps.

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Table AI.
List of 114 articles
analyzed for the
literature review

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Musteen, Datta and Francis (2014)	Zahra (2005)
Musteen, Datta and Butts (2014)	Zhou and Wu (2014)
Nicholls-Nixon <i>et al.</i> (2011)	Zhou <i>et al.</i> (2010)
Nummela <i>et al.</i> (2014)	Zhou <i>et al.</i> (2007)
Oviatt and McDougall (1997)	

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