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BORN GLOBALS: HOW ARE THEY DIFFERENT?
Ho Yin Wong and Bill Merrilees

ABSTRACT
The purpose of this study is to advance our understanding of the difference between born globals and non-born globals. An Australian sample of 315 internationally active firms is surveyed using the mail questionnaire approach. After comparing born globals with other international firms, the results show about a quarter of the samples was born globals. The main differentiating attributes of the born globals versus non-born globals were their international performance, greater international commitment (willingness to invest resources into international ventures), smaller size of firms, and speed to market. Alternatively, there were several marketing capabilities, such as market orientation and brand adaptation, which were not superior for born globals.

Keywords: International success; commitment; capabilities; branding; born globals

INTRODUCTION
Born globals is a phenomenon that firms go international within a short time of inception (Knight, Madsen, & Servais, 2004; Moen, 2002; Oviatt & McDougal, 1994). Clearly born globals challenge the conventional stage theories that emphasize the need to build up the domestic base thoroughly before entering the international arena (Chetty & Campbell-Hunt, 2004; Moen & Servais, 2002). Moreover the case studies provided to date suggest that born globals may have superior performance than other firms, though this evidence has not been systematically documented (Knight & Cavusgil, 1996). Further, and relating to the original work by the McKinsey consulting company on behalf of the Australian government (see Rennie, 1993), born globals play a prominent role in the relatively large contribution of SMEs to foreign earnings.

Perhaps the interesting point is why it was not until 1993 that the phrase born global was coined and studied? International researchers did previously have an interest in SME firms going international, but this was generally conceived of in niche, small-scale terms, perhaps peripheral to the foreign marketing activities of large firms. So Rennie’s (1993) study pioneered the idea that SME international activities could have considerable international marketing and economic clout, especially taken collectively as a sector.

It may be due to the recentness in “discovering” born globals that only a small amount of research has been undertaken in this field. The current study focuses on identifying a subsample of born globals and comparing them with a subsample of other internationally active firms in the Australian context. The comparison covers marketing capabilities as well as performance.

LITERATURE REVIEW
The overt born global literature starts with Rennie’s (1993) study of Australian SMEs who were able to expand rapidly into global markets and make an important contribution to the export income of Australia. The Australian connection in the current paper therefore has symbolic significance. It is hard to explain why the concept was not articulated before 1993. The subsequent literature on born
globals is not large and explains the need for a special issue on the topic. Since the publication of the paper from Rennie (1993), some works trying to understand the behavior of born global firms have been conducted (Gabrielsson & Kirpalani, 2004; Knight & Cavusgil, 2004; Knight et al., 2004; Madsen & Servais, 1997; Moen, 2002; Oviatt & McDougal, 1994). Different terms have been used to describe the same situation of newly established firms involved in expanding their businesses in foreign markets: born globals (Gabrielsson & Kirpalani, 2004; Knight & Cavusgil, 2004; Knight et al., 2004; Moen, 2002) and international new ventures (McDougall, Shane, & Oviatt, 1994; Oviatt & McDougal, 1994).

Moen (2002) argues that three main reasons exist to justify the importance of research on born global firms. First, more and more firms start their global journey early in their operation evidenced by studies based on Canadian samples (Preece, Miles, & Baetz, 1999), United States, and Denmark (Knight et al., 2004). Second, the failure of traditional internationalization theory to explain the behavior of born global firms demands further theoretical development. While Madsen and Servais (1997) believe network theory and evolutionary economics may be promising theoretical avenues, some root their theoretical background in innovation theory (Knight et al., 2004). Third, born global firms are innovation driven with potential for extreme growth. These factors make the research on born global firms promising.

The extant literature on born global firms can be classified into three main categories, historical study, conceptual, and empirical papers. Table 1 depicts the authors, types of papers, and findings/propositions.

The main explanation of the emergence of born global firms are the importance of niche markets offered to newer firms, advances in electronic process communication technology, and flexibility and adaptability of approach of doing business (Knight & Cavusgil, 1996; Rennie, 1993). In a study of 300 Australian manufacturing firms, Rennie (1993) found that there was a new breed of firms successful in world markets without having an established domestic base. The findings were contradictory to the traditional internationalization theories, such as Uppsala model (Johanson & Vahne, 1977, 1990; Johanson & Wiedersheim-Paul, 1975) or the innovation model (Bilkey & Tesar, 1977; Reid, 1981). The resource-based perspective of the firm has been used by many researchers as an attempt to explain born global firm behavior (Knight & Cavusgil, 2004, 2005). This perspective focuses on the internal resources and capabilities of the firm as the fundamental source of competitive advantage and is consistent with business policy (Knight & Cavusgil, 2005; Wernerfelt, 1984, 1995). The resource-based theory considers the firm as a bundle of resources that consists of physical, human, and intangible assets, such as labor, capital, technological skills, and management. These resources offer potential competitive advantage to born global firms through the products/services they provide, with the consequence of better firm performance.

Various conceptual works have identified the importance of resources to born global firms (Gabrielsson & Kirpalani, 2004; Knight & Cavusgil, 1996; Oviatt & McDougal, 1994; Rennie, 1993). Knight and Cavusgil (1996) suggested that high value-added manufacturing firms could outperform their bigger and more resourceful counterparts in the international markets.

Their success was attributed to the firm’s management on genuine customer orientation and firm’s commitment to selling in international markets. Oviatt and McDougall (1994) argued that the control of unique resources is one of the necessary and sufficient elements for the existence of global firms. Not only do global firms need to utilize resources to create uniqueness, but also protect them. Global firms can use their resources to improve their market position by better utilizing product and marketing strategies (Gabrielsson & Gabrielsson, 2003) and global channels (Gabrielsson & Kirpalani,
While these studies provide a solid theoretical foundation to study the behavior of global firms, the major limitation is the lack of empirical evidence to support the claims.

<table>
<thead>
<tr>
<th>Authors (Year)</th>
<th>Types of Paper</th>
<th>Country Under Study</th>
<th>Findings/Propositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knight and Cavusgil (1996)</td>
<td>Conceptual</td>
<td>N.A.</td>
<td>Research gaps are identified: (1) framework for studying born global firms; (2) causal model that can explain and validate the existence of born global firms; (3) factors associated with born global firms that account for superior performance.</td>
</tr>
<tr>
<td>Galvinsson and Kirpalani (2004)</td>
<td>Conceptual</td>
<td>Israel/Finland</td>
<td>Emphasis on the importance of channel members, networks, and/or the Internet.</td>
</tr>
<tr>
<td>Knight and Cavusgil (2004)</td>
<td>Empirical</td>
<td>United States</td>
<td>Marketing orientation affecting unique product development, quality focus, and leveraging foreign distribution competencies; international entrepreneurial orientation influencing global technological competence, unique product development, and quality focus; global technological competence, unique product.</td>
</tr>
</tbody>
</table>
Table 1. (Continued)

<table>
<thead>
<tr>
<th>Authors (Year)</th>
<th>Types of Paper</th>
<th>Country Under Study</th>
<th>Findings/Propositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gabrielsson (2005)</td>
<td>Case study</td>
<td>Finland</td>
<td>The experience, qualities, and global orientation of the founder and the top management team are important for the success of the born global firms in their branding achievements. Development, quality focus, and leveraging foreign distributor competences affecting firm performance.</td>
</tr>
<tr>
<td>Weerawardena et al. (2007a)</td>
<td>Conceptual</td>
<td>N.A.</td>
<td>Establishing 10 research propositions based on the dynamic capabilities view of competitive strategy and organizational learning theory.</td>
</tr>
</tbody>
</table>
Based on case studies of 30 Finnish small- and medium-sized born global firms, Gabrielsson (2005) found that the experience, qualities, and global orientation of the founder and the top management were important for the success of the born global firms in their branding achievements. The study also found a pattern that the branding strategies seemed to be in relation to the stage of global expansion. That is, the more the firms moved from an international phase (international sales less than 50% of total sales) to a global phase (deriving over 50% of sales outside the domestic continent of Europe), the more sophisticated were their branding activities. Focusing on the born global firms’ performance in international markets, customer focus was found to affect marketing competence which in turn influences performance in international markets (Knight et al., 2004).

Another empirical work that examined the born global firms’ performance was conducted by Knight and Cavusgil (2004). Their findings confirmed that performance in international markets was a function of business strategies in terms of global technological competence, unique products development, quality focus, and leveraging foreign distributor competences. These business strategies were somehow affected by international entrepreneurial orientation and international marketing orientation. Using Porter’s generic strategy model (1980), Knight and Cavusgil (2005) found four clusters of born global firms that performed differently in the international markets. The high performing cluster was firms with a far broader scope of strategic activities than any other cluster, followed by firms that were strong in focus and technological leadership. The third cluster of firms emphasized cost leadership, but did not achieve as good an international performance as the first two clusters of firms. The worst performance cluster of firms was those lacking strategic direction, referred to as “stuck in the middle” category (Porter, 1980). An empirical study of
Norwegian and French firms found the export market attractiveness and global orientation were the major factors that differentiated the born global and non-born global firms (Moen, 2002).

Two main themes of the extant empirical literature on born global firms have emerged. The first is the examination of the underlying factors that made the born global firms and non-born global firms different (Moen, 2002; Rennie, 1993). While Rennie’s (1993) work focused more on the changes of the external environments, such as the advancement of technology and the shift of consumer preferences, Moen (2002) emphasized internal factors in terms of firm orientation and competitive strategy. Another theme is the study of performance of the born global firms (Knight & Cavusgil, 2004, 2005; Knight et al., 2004). The findings of these studies centered on how firm orientation, technological aspects, and firm strategy could impact firm performance. All these studies provide insightful information about the behavior of born global firms. However no consensus has emerged on the dominant characteristics of born globals. Drawing on the literature and using Aaker’s (2005) framework, this study uses a wide range of international marketing variables, from the internal and external perspectives to compare born globals and other international firms, including brand adaptation, market orientation, firm size, international experience, international commitment, technological environment, and performance.

HYPOTHESIS

Internal issues can be different among firms due to their natures and focuses. Born globals expand their global business in a short period of time after inception. Without a firm establishment in overseas markets, they need to commit relatively more financial, technological and time resources in order to compete in the global market. Firm resources are found to be important to support firms’ strategy when going aboard (Barney, 1991; Collis & Montgomery, 1995; Hooley, Greenley, Cadogan, & Fahy, 2005). Committing comparatively more resources in a global venture, born globals can expect not to lag behind by their more established competitors. Thus,

H1. Born globals are more likely to commit more resources than nonborn globals.

Most born globals focus on niche markets (Sultan & Wong, 2011). This focus leads them to adapt their brands if necessary in overseas markets to gain competitive advantage over the established brands. In addition, brand adaptation offers strategic advantage because conditions of overseas markets are factored in firms’ marketing strategy (Alashban, Hayes, Zinkhan, & Balazs, 2002; Albaum & Tse, 2001; Wong & Merrilees, 2006). By adapting their brands, born globals can better leverage their brands in overseas markets. Thus,

H2. Born globals are more likely to adapt their brand than non-born globals.

Firms’ strategic orientation can guide born globals’ behavior. Market orientation has been found useful to provide firms with strategic focus (Dawes, 2000; Knight & Cavusgil, 2004; Menguc & Auh, 2006; Ranjit & O’Cass, 2010). Born globals adopt the market orientation approach to provide strategic focus for them to compete in the overseas markets. Because the international market demands more focus, a need to satisfy customers that are less culturally known, and an environment that is less forgiving of mistakes, born globals are more motivated to use a market orientation approach. Thus,

H3. Born globals are more likely to adopt the market orientation approach than non-born globals.
Firm characteristics of born globals may be very different to those of nonborn globals. Born globals are usually smaller in size because they are newly established comparatively. In addition, born globals are more likely to enter more overseas markets in a short period of time because of their foreign customer focus (Knight et al., 2004), risk-taking behavior (Gabrielson, Kirpalani, Dimitratos, Solberg, & Zucchella, 2008; McDougall & Oviatt, 2000), and network and entrepreneurship capabilities (Weerawardena, Mort, Liesch, & Knight, 2007b). Using their networks, born globals aggressively look for customers in different countries, even though higher risks are involved. Thus,

H4a. Born globals are more likely to be small in size than non-born globals.

H4b. Born globals are more likely to be involved in more overseas markets than non-born globals.

Financial and subjective performances can be very different between born globals and non-born globals due to two main issues. First, born globals are relatively new to the global markets. They may be satisfied with the achievements made in a short period of time in comparison to those of non-globals. Innovative products or processes can lead to extreme growth of born globals (Chetty & Campbell-Hunt, 2004; Moen, 2002). The extreme growth can be reflected by return on investment and growth rate of sales in overseas markets of born globals. Thus,

H5a. Born globals are more likely to perform better than non-born globals in financial measures.

H5b. Born globals are more likely to perform better than non-born globals in subjective performance measures.

Technological knowledge plays an important role in born globals’ internationalization process. Freeman et al. (2009) advocate the accelerated internationalization of born globals to rapid knowledge development through technological experience and knowledge. For born globals, technological competence can directly affect firm performance (Knight & Cavusgil, 2004). The extent of technological development and knowledge become success factors for born globals. Thus,

H6. Born globals are more likely to approach customers with higher technological knowledge than non-born globals.

**METHODOLOGY**

**Measures**

In this section, the operationalization of the measures used in this study is discussed. The firm’s overall international marketing performance indicates the extent to which a firm’s economic and strategic objectives with respect to marketing a product/service to a foreign market are achieved through planning and execution of its international marketing strategy. Owing to the criticism of a single dimension of performance not adequately representing the performance construct (Nicholson & Brenner, 1994; Styles, 1998), this study follows researchers who have advocated a multidimensional approach (Calantone & Knight, 2000; Chaudhuri, 1999; Reid, 2002; Shoham & Kropp, 1998). The multidimensional measure of a firm’s performance includes subjective and financial aspects.
In this study, the firm’s overall international marketing performance will be measured based on the studies of Calantone and Knight (2000) and Shoham (1999). There are five items representing the financial aspects of firm performance and four items for subjective performance.

**Financial Performance**
1. Growth rate of sales in the overseas markets in the last 12 months (v1)
2. Your market share in the overseas markets in the last 12 months (v2)
3. Profitability of your firm in the overseas markets in the last 12 months (v3)
4. Overall financial performance in the overseas markets in the last 12 months (v4)
5. The total return on your investment (ROI) of the overseas market (v5)

**Subjective Performance**
1. We are very satisfied with our sales performance in the overseas markets (v6)
2. Overall, our firm has fully capitalized on the potential that overseas markets afford for our firm (v7)
3. We are satisfied with the ratio of overseas to domestic sales (v8)
4. We are satisfied with the sales profitability ratio from the overseas market (v9)

**International Commitment**
International commitment describes the extent to which resources are made available for marketers in international marketing activities. This definition includes both financial and human resources as part of resources in this construct. The items used in this study were borrowed from Wong and Merrilees (2006), who operationalized the construct with five items. One of the advantages is that the items do not measure international commitment in an absolute manner, for instance, the amount of funds put in an international venture. Measuring in absolute manner would give rise to biased results to established firms.

   1. We have promised resources (e.g., information technology and human resources) to the international ventures (v10)
   2. The extent of management commitment to the international marketing venture is substantial (v11)
   3. Our firm sets aside adequate funds to develop overseas markets (v12)
   4. Our firm’s executives travel frequently to foreign markets (v13)
   5. International business is a high priority activity in our company (v14)

**Market Orientation**
Marketing orientation refers to the extent of intelligence generation, intelligence dissemination, and responsiveness activities that a firm performs. This construct includes seven items from various studies (Conduit & Mavondo, 2001; Dawes, 1998, 2000; Narver & Slater, 1990).

   1. In this organization we do a lot of in-house market research (v15)
   2. We undertake market research to measure customer satisfaction (v16)
   3. Our management involves employees in planning and decision making (v17)
   4. We respond quickly to changing customer requirements (v18)
   5. We successfully plan ahead to satisfy customers in the future (v19)
   6. A high priority is placed on implementing changes to increase future customer satisfaction (v20)
   7. We target customer and customer groups where we have, or can have, a competitive advantage (v21)
Brand Adaptation
Brand adaptation refers to the change of domestic brand’s market position in the overseas customers’ minds in order to suit the overseas market characteristics. Wong and Merrilees (2006) used five items, which are adopted in this study, to empirically test the brand adaptation concept in international context. These five items are as follows:

1. Compared to the domestic market, the target market of the brand in the foreign market was changed (v22)
2. Compared to the domestic market, the approach of promotion/ advertising in the foreign market was different (v23)
3. Compared to the domestic market, the product features in the foreign market were much different (v24)
4. Compared to the domestic market, the distinctive identity of the brand in the foreign market was different (v25)
5. Compared to the domestic market, the distribution of the brand in the foreign market requires a different method of distribution/ outlet (v26)

International Experience
Experience refers to the extent to which a firm has been involved in its international operation (Cavusgil & Zou, 1994; Erramilli, 1991; Klein, Frazier, & Roth, 1990). It includes experience gained from the operation in a particular country or from the operation in the general international environment. It is operationalized as the number of foreign markets in which the firms operate.

Firm Size
Firm size is operationalized by the number of staff in the organization.

Technological Environment
It represents the technological environment of the overseas market. It is operationalized by the following item.

1. In relation to the domestic market, the technological knowledge of customers in this foreign market is more sophisticated

The scale used in the questionnaire for the variables was interval scale from 1 to 7, one being strongly disagree or decreased a lot to seven being strongly agree or increased a lot. The definitions of born global firms in the literature vary. For example, 25% or more of export sales and the firms established after 1990 are considered as born global firms (Moen, 2002), while others used 25% of export sales and 10 years of interval between founding and internationalization of the firm (Knight & Cavusgil, 2005) and exporting 25% of total production and the firms established after 1980 (Knight & Cavusgil, 2004). Kuivalainen, Sundqvist, and Servais (2007) consider the use of 25% of sales from overseas as not very demanding. Finnish authors further suggest that a much stricter definition of at least 50% of sales should be adopted (Luostarinen & Gabrielsson, 2006). However, Gabrielsson et al. (2008, p. 387) argue that “for research purposes such definitions are flawed, because the ratio of exports are influenced by the size of the born globals’ country of origin and economy, the country’s neighbor markets, and other factors such as the type of industry.” Since there is no consensus on the definition of born global firms, we take all the above literature into consideration and adapt the definition of born global firms in this study. Only those firms with (1) over 30% of sales from overseas markets and (2) the establishment of firm and interval of internationalization of firm’s activities within three years are regarded as born global firms.
Survey Design
In this study, the target population is Australian firms involved in international business. The database for the targeted population was derived from Austrade, which has a directory of Australian firms involved in international business or intending to expand internationally. The database is managed by the Australian Federal Government (http://www.austrade.gov.au/).

A random sampling method was adopted. A simple random sample of firms currently active within the Austrade directory was invited to participate in the study by completing the survey mailed to them. The sample was drawn randomly by selecting systematically every fifth firm from the sampling frame; 2,882 questionnaires were mailed out. A total of 315 usable questionnaires were received, giving a response rate of 12.4%. Based on the definition of born global firms stated in the previous section, 74 firms and 241 firms are classified as born global firms and non-born global firms respectively.

A structured questionnaire was used to conduct the empirical research. This survey takes into consideration literature on questionnaire design (Dillman, 1987; Phillips, 1981). The questionnaire contains a mix of scaled questions and open-ended questions. Numerical rating scales always contain text to explain the meaning of the scale.

The choice of respondents for this study was considered in relation to the knowledge required on the particular issues under investigation. Key informants are respondents who are knowledgeable about the issues being researched, and are willing to communicate their knowledge to others. Major involvement in decision areas related to the investigation in a survey appears to be a sufficient condition for establishing the qualification of an informant (Phillips, 1981). In this research, key informants were selected on the basis of their knowledge of international marketing activities in their firms. Thus, senior executives such as CEOs, general managers, and managing directors were chosen as the sampling units, as they are most likely to be involved in the international operations of their firms, and will thus be knowledgeable about international activities.

RESULTS
By way of interest, we have presented a bar chart showing the year that the born global in the sample entered the international market. Fig. 1 shows only one entry before 1973, with a big jump in born globals from about 1990, a trend that continues over the next decade and a half. Note that several years in the 1970s and 1980s had no born global entries in our particular sample. Future research might ascertain why the number of born globals took off in the 1990s compared to the 1980s and 1970s.

Nonresponse bias was analyzed with the aim of assessing the generalizability of the sample to the population (Armstrong & Overton, 1977). Nonresponse bias was dealt with by comparing early respondents with late respondents, as proposed by Armstrong and Overton (1977). Early responses were defined as the first 50% of returned surveys. The other (late) 50% were considered representative of firms that did not ultimately respond to the survey. Early and late respondent groups were compared using a series of independent t-tests at the 0.05 significant level. All variables relevant to the study were compared across both groups to determine whether the two groups differed significantly in their responses. No significant differences were found between the two groups on any constructs relevant to the study.
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Harman’s single-factor test was undertaken to assess the effect of common method bias. All variables under examination are entered in an exploratory principal-components factor analysis, using un rotated factor method. If common method bias is present, all variables will load on a single factor, and that factor will account for the majority of the variance (Malhotra, Kim, & Patil, 2006). The results show seven factors and the first factor accounts for only 25.4% of the variance in the data. No single factor appears that accounts for the majority of the variance. Thus, it is concluded that common method bias is unlikely to have a significant impact on this study.

Reliability of the items was examined with Cronbach alpha test. As shown in Table 2, all coefficient alphas are well above the 0.70 recommended level (Francis, 2001; Robinson, Shaver, & Wrightsman, 1991) and item-to-total correlations are above the suggested 0.20 level (Nunnally & Bernstein, 1994).

An exploratory factor analysis using principle component analysis and varimax rotation method was conducted to determine the discriminant validity of the constructs that use multi-item scales. Table 3 shows the rotated component matrix, which confirms that the items are from five distinctive constructs.
The independent t-test was performed to compare the born global and non-born global firms in terms of international commitment, financial performance, subjective performance, brand adaptation, market orientation, technological environment, and firm size. Table 4 shows the results of the tests.

The results show some significant differences. The insignificant results between born global and non born global firms include market orientation, brand adaptation, and technological environment. On the other hand, the results reveal significant differences in terms of the following constructs: international commitment, financial performance, subjective performance, international experience, and firm size. Within the international commitment construct, the biggest differences between born global and non born global firms are “international business is a high priority activity in company,” followed by “the extent of management commitment to international marketing is substantial” and “our firm’s executives travel frequently to foreign markets.” These results show that the born global firms are more committed to international venture in terms of not only their thinking, but also their behavior. While financial performance of born global and non-born global firms is significantly different, the major difference between these two types of firms lies in the growth rate of sales in the overseas market. Born global firms are also significantly different to non-born global firms in financial performance. Born global firms attain better financial performance than their counterparts. The biggest significant difference between these two types of firms is satisfaction with the ratio of overseas to domestic sales, followed by satisfaction with the sales profitability ratio from the overseas market. The result with regard to firm size demonstrates that born global firms employ significantly less staff than non-born global firms.
<table>
<thead>
<tr>
<th>Item</th>
<th>Initial Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coefficient alpha for International Commitment</strong></td>
<td>0.90</td>
</tr>
<tr>
<td>v10 promised resources</td>
<td>0.62</td>
</tr>
<tr>
<td>v11 management commitment</td>
<td>0.83</td>
</tr>
<tr>
<td>v12 adequate funds</td>
<td>0.78</td>
</tr>
<tr>
<td>v13 executives travel frequently</td>
<td>0.74</td>
</tr>
<tr>
<td>v14 international business high priority</td>
<td>0.78</td>
</tr>
<tr>
<td><strong>Coefficient alpha for Financial Performance</strong></td>
<td>0.90</td>
</tr>
<tr>
<td>v1 growth rate of sales</td>
<td>0.81</td>
</tr>
<tr>
<td>v2 market share</td>
<td>0.78</td>
</tr>
<tr>
<td>v3 profitability</td>
<td>0.84</td>
</tr>
<tr>
<td>v4 overall financial performance</td>
<td>0.87</td>
</tr>
<tr>
<td>v5 total return on investment</td>
<td>0.49</td>
</tr>
<tr>
<td><strong>Coefficient alpha for Subjective Performance</strong></td>
<td>0.78</td>
</tr>
<tr>
<td>v6 satisfaction with sales performance</td>
<td>0.59</td>
</tr>
<tr>
<td>v7 capitalizing overseas market potential</td>
<td>0.50</td>
</tr>
<tr>
<td>v8 satisfaction with the ratio of overseas sales</td>
<td>0.62</td>
</tr>
<tr>
<td>v9 satisfaction with the sales profitability ratio</td>
<td>0.63</td>
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<td><strong>Coefficient alpha for Market Orientation</strong></td>
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<td>v10 in-house market research</td>
<td>0.41</td>
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<td>v11 measuring customer satisfaction</td>
<td>0.49</td>
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<tr>
<td>v12 involving employees in planning</td>
<td>0.43</td>
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<td>v13 responding quickly to customer requirements</td>
<td>0.32</td>
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<td>v14 planning ahead to satisfy customers</td>
<td>0.62</td>
</tr>
<tr>
<td>v15 high priority to increase future customer satisfaction</td>
<td>0.58</td>
</tr>
<tr>
<td>v16 targeting customers that have competitive advantage</td>
<td>0.36</td>
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<tr>
<td><strong>Coefficient alpha for Brand Adaptation</strong></td>
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<tr>
<td>v17 comparatively, target market changed</td>
<td>0.62</td>
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<td>v18 comparatively, promotion approach different</td>
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<td>v19 comparatively, product features different</td>
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<td>v20 comparatively, brand identity different</td>
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<td>v21 comparatively, distribution different</td>
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DISCUSSION

Born globals have attracted interest, but to date relatively little research has been done. Using a fairly high standard as a definition (international entry within three years of establishment and achieving more than 30% of sales from foreign markets) we were somewhat unprepared for the frequency of such firms in our sample. Twenty-three (23) percent of our sample meets the definition of born globals. The sample was randomly selected so the figure may be a reasonable indicator of the true national population. The born global concept was first articulated with an Australian sample (Rennie, 1993), so the figure may be higher than other countries. It would be useful to test whether this percentage is similar in other countries.

We initially had the presumption that the born globals would be superior on a number of marketing capabilities. What surprised us was that on many dimensions there were little differences, leading us to make the title of our paper what it is. Born globals and the other firms were very similar in terms of market orientation, the degree of brand adaptation, and the way they perceived the foreign technological environment. In other words born globals did not perceive markets like China with a different risk-taking lens to other international firms. In terms of how born globals responded to stimuli in adapting their brands for the foreign market, again there was little difference between the two subsamples. Thus in broad terms, born globals look fairly “normal” in marketing terms.
However there were subjective and financial performance differences, albeit small but significant, that favor the born globals. These are the final (bottom line) measures of performance. If we include intermediate types of international performance like the number of foreign markets operating in, then the born globals perform very high. Born globals operate in 14 markets on average, compared to 9 for the other internationally active firms. Additionally, born globals score higher in growth rate than the international firms. In total, the born globals are superior in achieving international performance. Notwithstanding, the other internationally active firms are far from risk averse in tackling foreign markets and have also performed at a high rate as well.

Explaining the superior performance is more difficult. We have already noted that on the basis of many characteristics examined, there is very little difference between born globals and the other international firms. One difference that did emerge was size of firm. The born globals were smaller than the other firms and therefore might be presumed to be more nimble and flexible. Much of the born global literature has focused on small- and medium-sized enterprises, an association that we endorse with our research.

Another major difference was in terms of international commitment. Born globals had a significantly higher level of resource commitment to international ventures. Rapid and substantial international expansion is not going to happen without the firm making a major commitment in resources to such plans. Our evidence shows that born globals are prepared to make such investments in foreign markets.

The only other difference noted was just one of the items in the market orientation scale, namely responsiveness to meeting changing customer needs. Thus although the overall market orientation scale was similar between born globals and other international firms, speedy responses were associated with born globals. Speed and rapid responses seem to be a characteristic signature of born globals. Ability to make a major penetration of foreign markets in just three years is a tremendous accomplishment for any enterprise. The current paper has not been fully able to understand why speed to respond is such a strong capability of born globals. Future research, especially qualitative in the first instance, could take up this research challenge.

**PRACTICAL IMPLICATIONS**

The first implication is that to be a born global may not be as uncommon as you think. Nearly a quarter of our sample of international firms was classified as born globals, so it is not a rare phenomenon. Second, the key is not to necessarily have superior marketing capabilities because the born globals were not radically different in this respect. Related, we did not find that the born globals had superior products or a higher rate of innovation.

So what capabilities were needed? First, commitment to international ventures was found to be critical. Firms must be willing to invest resources in international markets if they are to grow rapidly and with impact. Second, speed to market is critical. We did ascertain that born globals tend to be much smaller than other internationally active firms, so that smallness may give such firms agility and entrepreneurial momentum. However we have not uncovered all of the capabilities that contribute to this speed, so we need to be a little cautious on this point.

The results are consistent with the notion that born globals tend to have superior performance: financially, the share of sales derived from foreign markets and the number of markets entered. Given this disproportionate contribution to foreign earnings that born globals generate,
governments at all levels need to introduce policies to nurture born globals and possibly fund research to better understand them.

CONCLUSIONS

The paper is among the first few to quantitatively ascertain the scope and nature of born globals in a particular country. In a sample of 315 internationally active firms, 74 born global firms were identified and then compared them with 231 other internationally active firms. About 23% of our Australian sample is born globals and it would be interesting to know if other countries have such a high incidence rate.

In many respects born globals are not dissimilar to other international firms, especially in terms of marketing variables, such as market orientation and branding. However they are different in terms of performance outcomes: financial; foreign share of sales (76% of their sales comes from foreign markets compared to 36% for the other firms); and number of markets entered (14 for born globals compared to 9 for the other firms). To put it simply, born globals move faster into the international realm and with more force. There was some evidence that they were quick to respond to changing customer needs. Also, born globals had a much higher rate of international commitment, in terms of investing resources into international ventures.

Future research could compare these findings in other countries, to help generalize our findings, considering that this study samples only from Australia firms. A comparison of born globals and firms that are not very active in the international markets may shed light on behaviors of these types of firms. Further, new qualitative research could focus on why these born globals are so fast and what capabilities facilitate such speed. The literature on speed to market in the logistics and new product development fields could also be consulted to see if they can contribute to a greater understanding of this phenomenon. The born globals are alive and well and very active, committed, and fast. More research is needed to fully comprehend the ethos.

REFERENCES


