

KEY FACTORS IN THE INTERNATIONALIZATION PROCESS OF BORN GLOBAL ROMANIAN SOFTWARE COMPANIES: AN EXPLORATORY STUDY

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ABSTRACT

The general objective of this study is to bring several insights into the enablers of the rapid internationalization process of born global companies, in the framework of recent research that challenged the traditional theories on internationalization. After a thorough review of literature on factors that enable the rapid expansion of newly founded companies, we proposed several features divided into attributes of BGs that are expected triggers for the early and accelerated internationalization in unknown markets. This theoretical framework was overlapped with the empirical findings from four case studies of IT Romanian companies, with the aim to uncover in what extent these firm cases match the predicted pattern of internationalization. Our results show that strategic flexibility, innovation capability, and entrepreneurial ability allowed these companies to rapidly internationalise in unknown markets and become successful players. We also found that SMEs in IT industry are part of collaborative networks, are more entrepreneurial, have more innovation and learning capabilities, are more customer-oriented and have more flexible strategies than other companies.

KEYWORDS: *Internationalization, IT Companies, Organizational Capabilities, Strategic Orientation.*

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1. INTRODUCTION

At the beginning of the 1990s, the extant gradualist internalization models became unable to comprehensively explain the evolution of some small and medium enterprise (SMEs) that have been internationalizing more rapidly than those models predicted (Oviatt & McDougall, 2005). Researchers outlined that some SMEs, specially from knowledge-intensive industries, tend to skip some phases in their internalizations process, experiencing an accelerated international evolution (Kalinic & Forza, 2012). These companies are termed in the literature Born Global (BG) firms and are defined as companies that began their international expansion since their inception or shortly after, managing to achieve an important level of internationalization within a relatively short time span (from 2 to 15 years). The proportion of their income obtained from external operations varies from 5% to 75%, and they are active on several external markets. They often have scant or no experience in external markets, with high physical and psychic distance (Cahen et al., 2017).

In our study we aim at analyzing the characteristics and their expected triggers which differentiate born globals from companies that seem to follow traditional gradualist models. We investigated the reasons for some firms become international in a short time span after their foundation and which

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factors are relevant for grasping their behaviour, based on a synthesis of different scientific approaches that study the internalization process of SMEs, such as the Dynamic Capabilities View (DCV) (Zahra et al., 2006); the Network Approach (Oviatt & McDougall, 2005), and the Organizational learning approach (Oviatt & McDougall, 2005).

Our study focuses on the fast growing, highly innovative born global Romanian software companies that created subsidiaries in remote countries (from a geographical and cultural point of view) despite their limited business experience and limited resources, with the aim to explain the mechanisms behind their rapid internationalization in unknown markets process and to characterize and describe the peculiar features of this process. We also aim at increasing research interest on this topic and to further the existing knowledge on internationalization process of born globals from Eastern and Central Europe, since this field for this region was the subject of very scarce research until now. Also, uncovering key factors for the antecedents and specific conditions that positively influence the emergence and further development on international markets of IT Romanian companies will help us examine the validity of existing born global internationalization theories.

Our article has the following structure: first, the main theories on the rapid internationalization found in the literature are presented and a parallel is made between them. In the second section, we present the theoretical context and the research method. The third section presents a qualitative multiple case study analysis, using four case studies of Romanian based software products providers, therefore establishing the existence of concepts from these theories, but also focusing on software special features of the internationalization process. The case companies were selected according to criteria established in the literature for the born globals. We used the comparison method to confront the features of some case companies with a number of factors associated in the literature with the born globals. The following section presents the analysis of the results and the discussion on the validity of our conclusions. The last section concludes by presenting the limitations and implications of the study.

Our results have academic (contributing to the advance of the research in the field of born global), managerial and policy-making implications (for the public policies that influence the born global firms' evolution).

2. THEORETICAL BACKGROUND

The evolution of a SME operating exclusively on its domestic market to an international company has been the topic of several theoretic developments. The traditional theories (also called stage models) define the internationalization process as being gradual, conditioned by increasing experiential knowledge of firms. These models have been challenged, as the accelerated internationalization process of BGs could not be properly explained by these traditional theories, considered to be deterministic (not allowing companies to make strategic choices) (Andersson & Wictor, 2003). As a consequence, scholars began to examine their evolution through the lenses of other important theoretical frameworks: the Knowledge Based theory, the Capability View, the Organizational Learning Theory, the Innovation Theory and the International Entrepreneurship Perspective (Tabares et al., 2015).

- **The Knowledge-Based View** studies the emergence of knowledge within the organizations. Knowledge is considered by several authors as a key resource, the most important resource that can contribute to new value creation and competitive advantage. Knowledge is analyzed from two points of view: formal knowledge (included in documents or other informational products) and tacit knowledge (informal routines). The latter can be only learned individually, is subjective, depending on personal experiences, expectations and abilities.

In the case of BGs, the international business experience or the international network of individuals and companies that the manager or the founder possesses is considered to be the essential element of the successful internationalization. The individual knowledge acquired by individuals through

cooperation with external partners is transferred to the entire company. Knowledge is a resource that could also be developed by innovation investments (implying high costs and risks), and must be legally protected against imitation: for example, a manufacturing process which is difficult to copy, contrasting with a physical asset or product that is relatively easy to disassemble and replicate. In the case of BGs, knowledge is not obtained through incremental learning processes, as the traditional internationalization approach considers, but through a rapid access and assimilation of knowledge, often based on aggressive acquisitions (Ayden et al., 2021).

- **The Dynamic Capability View** (Teece et al., 1997) explains that the differences between firms in terms of their competitive advantage and performance are due to their capabilities (different from the operational capabilities) to combine, reconfigure and renew their valuable, rare, non-imitable and non-substitutable resources, thus allowing a company to increase the productivity of its other resources, to promptly readjust to modifications in their business environment and to internalize knowledge about the external markets (Ayden et al., 2021). They result by combining varied intellectual capital assets that include intricate interplays between individuals, groups and organizational procedures.

Dynamic capabilities picture an organization's ability to achieve new and innovative forms of competitive advantage, which further enable firms to adopt effective dynamic strategies of their own, and even enhance the activities of their partners in mutual value chains and alliances (Teece et al., 1997).

- **The Network-Based View of the firm** posits that an extensive network of companies may enable access to a bundle of international resources and markets for reciprocal use and benefit of network members. NBV emphasizes on the durability of firm-specific resources and capabilities obtained by synergy of the network members, capabilities that bring permanent competitive advantage. This theory considers that business networks play a key role in the internationalization process of a firm, being a trigger for the market selection and for the strategic entry mode. These networks are collective actors that foster rapid internationalization through the experience, knowledge, and resources provided by external partners (Reuwer et al., 2013).

- According to **international entrepreneurship theory**, the entrepreneurial behavior of individuals and firms plays the key role in the evolution of BGs. Zahra et al. (2006) define international entrepreneurship as the process of identifying and exploiting opportunities in the international market in a creative way, succeeding to create value and competitive advantage. The role of entrepreneurs is fundamental in this process. Smaller companies are more flexible and more inclined to take risks that they succeed to manage more effectively (Reuwer et al., 2013).

Oviatt & McDougall (2005) found that the evolution of many companies in several industries confirms this theory. Entrepreneurs that possess relational resources (knowledge, experience, entrepreneurial skills) are considered to be the trigger of the internationalization process, identifying business opportunities and creating durable competitive advantage.

According to the previous comprehensive review, we can conclude that there is no unity of opinions on the factors that explain the phenomenon of early and accelerated internationalization, but some factors are recurrent in the literature as principal triggers of this process.

Since earlier studies have tackled a wide number of internal and external triggers of the occurrence of born globals, we conducted an inclusive literature review with the aim of selecting the motivators that could be applicable in the Romanian context. The long list of motivators can be divided in several categories: the characteristics of entrepreneur/manager, firm internal resources and capabilities and external factors (as industry structure and attributes and country characteristics) (Butnariu & Luca, 2021).

We have chosen to analyze **the internal factors** (resources, capabilities, strategic orientation) of a company related to early internationalization, as the literature on the role of entrepreneurs' characteristics is rich, so their positive influence on a company's early and accelerated internationalization is already demonstrated.

We will detail each factor.

Unique technologies in combination with high **innovation capability** were deemed to characterize such small young companies to be competitive on international markets (Cavusgil & Knight, 2015). They emphasized the strongly **innovative nature** of BGs as the key factor in developing the dynamic capabilities needed to obtain an early superior performance in external markets.

Other authors emphasize the role of other intangible assets such as **intellectual capital assets, human resources, structural and relational capital** and their compounding in generating essential organizational capabilities that are difficult to imitate, at least on short term, capabilities leading to early access on international markets (Tabares et al., 2015).

Stoian et al. (2016), analyzing the internalization of SMEs from Eastern and Central European countries, also emphasized that small companies from transitional economies, often less resource endowed than similar companies from well established market economies, found their competitive advantage on their **learning capability**, which was higher than their competitors'.

Uniqueness is based on **knowledge capability and on a capability to learn** that differs substantially from that of traditional firms. Traditional businesses internationalize because they search for exploitation of their assets such as knowledge which they have developed on domestic markets, while BGs internationalize because they want to gain new knowledge assets (Gabrielsson et al., 2008).

Rialp et al. (2005) found that intangible resources as **human capital** and the **organizational flexibility**, due to the lack of experience in their home markets, could also be an advantage as there are no established routines that impede a domestic company to adapt to new remote markets. Flexibility allows companies to rapidly change strategies and goals, to use development strategies and increase the level of commitment by founding subsidiaries, or on the contrary, to withdraw from certain markets or ventures in response to turbulent business environments (Kalinic & Forza, 2012). Innovative companies seek location advantages of specific countries that can provide complementary resources or assets (strategic advantages).

The lack of tangible resources: financial, human, facilities, equipment and goods that Born Globals do not possess (compared to multinational companies) is compensated by a high degree of **product knowledge and expertise**, necessitating **continuous innovation** (Cavusgil & Knight, 2015). The competitive advantages emerge from the **unique, innovative products**. The capability to constantly innovate allows NTBFs to internationalize rapidly and to outrun their competition.

Rialp et al. (2005) emphasized the role **market and product knowledge** has. The products that have a potential to be marketed globally must be positioned with distinct **differentiation strategy**. Such products envelop **unique technologies, a distinctive superior design or unique services** etc. (Gabrielsson et al., 2008).

Born Globals are companies that focus on **niche markets**, which represent convenient segments that are better served by new and small firms than by larger companies that are not efficient enough on them. The ability of small companies to **adapt and customize** their products to fulfil the new requirements of niche clients is higher. Niche markets are usually not attractive for large companies because demand is too small or specific. Another **unique intangible asset**, the **brand awareness**, is likely to substantially contribute to the successful internalization process (Cahen et al., 2017).

Stoian et al. (2016) found that **networks** play a key role in the development of international activity of a SME. For the creation of new knowledge, it is necessary that companies dynamically interact with business partners. Learning occurs in these business networks, thus companies being able to seize the opportunities and make successful decisions regarding market selection and degree of involvement.

Oviatt & McDougal (2005) also found that rapid internalization is based on two key factors, **knowledge and international networking**. The higher the **market knowledge** is (owing to the founder's international experience or to the network), the higher is also the probability to develop a learning capability to further in gathering new international knowledge.

The **strategic orientation** of a company to meet international clients demands and a **good knowledge of market** is also found to be related to early expansion of activity by Knight & Kim (2009). Monferrer et al. (2015) emphasized the role **market orientation** and the offering of customized products with high added value have on providing the information and knowledge firms require to successfully evolve in disruptive markets and on embedding this knowledge in the company. Fernhaber et al. (2007), based on an extensive literature review, concluded that innovative firms relied on **close contacts with customers and organizations within their industries in order to develop technologies**, in contrast with conventional firms that purchase or acquire existing technologies. Based on the previous review, we propose two dimensions, divided into attributes, which are expected triggers for the early and accelerated internationalization of born globals in unknown markets (presented in Table 1). By referencing these characteristics, we envisage the understanding of which features can be found in the Romanian BGs.

Table 1. Expected characteristics of born globals

Dimension	Characteristics	Expected triggers
Organizational resources and capabilities	Entrepreneurship orientation	High risk acceptance, being innovative and opportunity seeking
	International market knowledge	High level of market knowledge (based on learning capability)
	Intangible assets	Unique intangible assets (based usually on knowledge management processes)
	Value creation sources	
Strategic orientation	Networking	Being part of international networks of suppliers, experts, distributors and so on
	Strategic proactivity and flexibility	Differentiated products, technological innovativeness, leadership in quality High proactivity and flexibility to adapt to changing business environments
	Marketing orientation and relationship with clients	Small customer groups, strong marketing orientation and close relationships with customers

Source: Authors based on literature

3. METHODOLOGY

In this section, we present the results of our research, which is based on four cases analysis. We employed the case study method because it is the most appropriate in the exploratory studies to answer the questions “how” and “why” about a set of events over which we didn’t have control. The companies were codified in order to ensure confidentiality.

Following the approach of Zahra et al. (2006), that consider international strategies as value creating, we use the percent of foreign sales in total sales as a measure of the degree of internationalization for technology BGs. Another criterion is the speed of internationalization, measured as the time span between the inception date of a new venture in Romania and the date of its first product launching in a foreign market. Thus, in addition to being an IT Romanian company, in the category of SMEs, the case companies fulfilled the following requirements: the internationalization process has begun within a time span of maximum 15 years from their inception and the weight of the current external turnover in the total turnover exceeds the value of 25 %.

The first step consists of a brief description of each case. The analyzed data was gathered from secondary sources: company sites, databases, news articles, interviews with their founders and annual reports. The dimensions used in our analysis were the organisational resources and capabilities detained by the organisations (their entrepreneurship orientation, international market knowledge,

their possession of intangible assets and value creation sources) as well as their strategic orientation (networking capability, strategic proactivity and flexibility, marketing orientation and relationships with clients).

Then, we used for each case a pattern-matching technique to overlap the empirically established pattern with the theoretical one. We employed a cross-synthesis technique as well, treating every case as a separate study, finding both similarities and differences. Then we assembled them for general findings across the cases, with the aim to uncover in what extent these firm cases match the predicted pattern of internationalization.

3.1 Cases

Company A – provider of digital products and businesses. Company A is an international technology and innovation company that creates and invests in digital products and businesses for global start-ups and organizations. The company builds and scales digital businesses for its clients, focusing on the rapid development of digital solutions – in which it includes strategy, product design, behavioural psychology, growth marketing and design, using technologies as experience design, rapid prototyping and emerging technologies as AI.

The company was founded in 2007 by two business partners and has reached in 2020 a number of 200 employees (from which 150 are programmers) and a turnover of 11 million Euros, having today subsidiaries on 3 continents and building digital products and services that use emergent technology for some of the biggest global brands.

In 2013 it began the international extension of its business, starting the collaboration with the first clients in US. In 2016 it purchased an experience design start-up in US, which became the company's American office. In the same year, the founder of that start-up joined the management of the company as managing partner and innovation manager, and then as chief executive officer. In 2016 the company also opened its first office in Sidney, where it started the development of innovation projects with global brands. In 2019, the company founded its first subsidiaries, in US and Australia.

Company A entered in several tops of European companies with the fastest ascension (such as Financial Times top), having an average growth rate of 38.3%, a turnover of 4.2 million Euros and 143 employees in 2015.

The company differentiates its offer by designing innovative products, being one of the few companies in Eastern Europe that approached innovation projects, for example augmented reality for a luxury home electronic products manufacturer in Australia. Other examples of the innovative digital products that the company offers are: mobile applications, applications for the medical field, and virtual mirrors for malls.

Another differentiating point for company A is the speed with which it can develop a product or a service. The company obtains a prototype developed from an idea in two days and a validated product from a prototype in 10 weeks, while most companies need 12 to 18 months to develop a prototype from an idea. The company is capable to obtain such performances by developing and using its own innovation framework, which brings innovation in the operational process combining the rapid prototyping technique, the Agile and skunkworks methodologies and emerging technologies as AI and machine learning.

The business technology innovation activities bring 38% of the total external turnover, whereas 31% of total number of employees work in technology innovation area, 57% work in technology outsourcing and 12% in the administrative area.

In 2016, the income from the R&D activity (800,000 euros) reached 54% of the revenues obtained from the innovation technology segment.

Company B – developer of custom digital products and services. It develops custom software for its clients (big companies or start-ups). The company has expertise in industries like healthcare, financial services, automotive and covers the end-to-end software lifecycle development, delivering innovation, scalability, quality and speed.

Company B is one of the biggest providers of software services in the region, repeatedly included in several tops of technology companies with fastest growing rate and of companies that provide business excellence.

Company B began its activity with 60 employees in 2003, now employing over 800 software engineers. In 2005 it started its first collaborations with external clients and in 2019 it opened its first office in the US. Today, its commercial projects in the US represent 45% of its total business activity, with a portfolio of over two hundred client companies.

The company acts as an integrant of the technical ecosystem of clients, following an adaptive collaboration model. It facilitates the achievement of competitive advantages for its clients furnishing dedicated software development teams, capability to scale and high software engineering expertise. In the last five years, the company invested over 4 million dollars in fifteen tech start-ups, the majority of them being located in the US, but also in two Romanian start-ups, assuring them not only financial capital, but also their product and business development with the option of becoming partners with available experts in different areas.

Company C – provider of business informatics systems. Company C develops a suite of business software solutions –that includes ERP systems, remuneration and HR management solutions, solutions for the banking and financial companies, solutions for medical activity management and eBusiness applications. Also, the company implements the CRM information system for its clients. Company C was founded in Bucharest by six software experts in 1994, two years later beginning to develop software for external clients. In 2001 it began the development of its first ERP system, that was launched internationally in 2004 and became the most important software products for retail and distribution companies in Romania. The division of HR solutions launched the first product of Self Service HR in Romania. 2002 was the third year with a consecutive growth of over 50% in company C’s turnover. In 2006 the company entered the leasing and financial informatics products market, and in 2008 it approached a new market niche: multimedia and infotainment systems for automotive industry.

In 2010 the mobile devices division was founded, division that developed over 10 applications, among which the first business intelligence application for mobile devices in the world and the first service of credit risk appraisal. Beginning with this year, the company opened subsidiaries in five countries.

2012 was the fourth year in which the company occupied the first place in the ERP Romanian top providers. Also, it was the leader on the market of software systems for services, retail and distribution companies. In the same year it launched three new products in the ERP suite and it developed and implemented CRM platforms for several multinational companies, also providing solutions and services for project management.

The international activity of the company outspread on 35 countries in 2014. In 2018 the company bought and integrated a group of companies specialized in outsourcing, technology and business management

In 2019, the income from external markets reached 35% of the total income. The company has now over 700 employees and projects in 46 countries, on four continents.

Company D – developer of outsourcing software and digital products. Company D is a software developer with expertise in automotive industry, IoT, travel & hospitality, life sciences, enterprise solutions. The three business lines of the company – outsourced software development, software products for internal market and retailing of navigation systems placed the company in the top five technology companies with the fastest growth pace in Eastern and Central Europe. The company was mentioned four years consecutively in the Deloitte Technology FAST 50 CET Report, and received many awards and nominalizations in numerous European events.

It was founded in 1998 and it began its activity with 10 employees that developed products in outsourcing system for important companies in European Union and the US. The experience gained in the collaboration with global players was used to develop its first own products in 2003: a series

of software solutions for Romanian market: a solution for sales forces automation, several systems for automotive fleet localization and monitoring and several applications for tourism agencies. In 2008 the company launched the first Romanian brand of navigation systems. The products in fleet management area assure the company a stable position in the top of providers in Eastern and South-Eastern Europe.

In 2011 the company extended its activity on international markets, founding subsidiaries in four countries. Beginning with 2013, the company has begun its process of integrating several local players as well, in order to develop its product and service lines, and also to diversify the industries it is active on.

In 2014 the company decided to set up its fifth division, called The Innovative projects division, that is a lab dedicated to R&D of technological projects and new ideas for the private and public sector.

In 2018 the company absorbed a local producer of software solutions for HR and remuneration management. It also purchased a Hungarian company with the purpose to become one of the biggest players on the car monitoring services market in Central and South-Eastern Europe. The next acquisition was a company in Belgium, specialised in products and services that are complementary to company D's own products, in the areas of fleet management, automation process, but also on educational software area. Today the company has offices in 7 countries and over 800 employees. 25% of its total income, estimated at about 30 million Euros, is generated by the external subsidiaries.

3.2 Cross-case analysis

In this section the cases are cross-compared and the characteristics of every company are also compared with the conceptual framework based on an extensive literature review that we proposed previously. This way, we can identify the expected triggers that drive the Romanian software companies to internationalize at a rapid pace.

➤ **Organizational resources and capabilities**

- **Entrepreneurship orientation.** This characteristic seems to be common for all the analyzed companies. The founders of **company A** seized the opportunities the fundamental technologic evolution would offer and the fact that a new era for businesses would begin. The future evolutions meant user experience that could allow company A to build extraordinary successful MVPs (Minimum Viable Products) for their clients. “Businesses outside technology seem unsuccessful to me, because somebody else will use technology in the same business idea and will scale it exponentially”, says one of the founders and managers of company A. The founders of the company invested in innovation activities, the company succeeding to pass rapidly from offering software outsourcing services to developing its own software products using clients' specifications and then to writing its own specifications and building its own innovative IT products for some of the biggest brands in the world (such as an augmented reality product for a luxury domestic appliances company). “The difference is the courage to involve in the most complex projects and bring 10 times a benefit to the clients through software applications” – is another idea expressed by the managers.

The growth of the company was accelerated, the challenge being to adopt a more structured and prudent expansion of the business, as founders declare. Another challenge was to create and build a consistent and coherent company culture.

Company B is also characterized by a high entrepreneurship orientation, beginning its activity by being a code developer company. The next step, after seizing the opportunity, was to become a provider of complete IT services range, integrating business analysis, architectures, complex applications and project management practices for healthcare, financial services and automotive companies.

Company B also established an investment division that has the goal to support start-up companies to reach their business objectives by creating joint ventures. In the last five years, company B invested capital in 13 tech start-ups (American but also two Romanian). The last major investments are in companies that offer financial software and tele-medical services. This investment division offers the

support for product and business development or the opportunity of becoming partners with experts in diverse areas that are willing to start a business. The product investment manager of company B says: "we searched for solutions whose clients we may become ourselves".

Company C also exhibits an entrepreneurial behaviour and a high-risk taking attitude, entering new market niches, diversifying its product lines and launching several innovative products. The company began its activity by offering software services for other companies, in several years succeeding to launch on the international market its first own product, an ERP solution. Company C also seized the opportunity to launch the first business intelligence applications for mobile devices in the world and also some local premieres, such as a service of credit risk assessment.

Company D has implemented the strategy of growing by acquiring new companies, the audacious acquisitions diversifying constantly the range of products it offers. The economic and medical crisis in 2020 was seen as an opportunity to develop a new telemetric platform for car fleet management, in order to enhance the services it offers. The company realized quickly that the clients' needs are changing in unpredictable environments, so it enhanced the flexibility of the instruments it provides to customers, including a mobile application that clients can use.

- **International market knowledge.** The previous international market knowledge is a characteristic that only **company B** possesses. Its founder had a previous significant international experience in IT industry, which allowed him to acquire many useful abilities. The entrepreneur decided to capitalize this experience by opening his first business.

For **company A**, international market knowledge was acquired from the beginning of its activity by attracting experts that formed a Board of Advisors with international experience, especially founders of technology start-ups. **Company C** gained market experience by working with important international clients, whereas **Company D** uses the strategy of audacious acquisitions in order to gain external market knowledge.

But the common characteristic of all four companies is all the founders had a global vision from the start, the companies starting to work with international clients from the beginning, even if the knowledge of international markets was scarce.

- **Intangible assets.** The main asset that brings **company A** competitive advantage is the **innovation capacity**. The innovation process in the operational field, that combines the technique of rapid prototyping, the principles of design thinking, the Agile and Skunkworks methodologies and emerging technologies as AI and Machine learning contributes to the development of revolutionary products and services that are subsequently implemented (as a solution for augmented reality designed for a luxury home electronic products company in Australia). Company A has a R&D division, whose activity brought in the last 4 years between 14 and 54% of its total revenues from the innovation technology segment.

The innovation capability led to the creation of a technology platform that covers 70% of the digital products and services development effort, facilitating the building of infrastructure and the generic functionalities and assuring the development of a technical MVP for clients in only 10 weeks.

Another intangible asset is the **organizational culture**, which is focused on people. The company is very careful with their development needs, taking constant efforts to reduce the risk of losing employees that have specific skills and key roles. "Comfort and death are good friends" is an idea included in the set of cultural instruments used by the company, which encourages employees to outgrow themselves and not to become auto-sufficient.

The development of its team's competencies is assured by the company's own e-learning platform – called BottomUp Skills-, by which the employees but also the technology and business community are provided with the advanced courses on innovation technologies and digital tools that help them create digital products and experiences with impact and value for users: design thinking, rapid prototyping, business innovation etc. The classes are available in podcast and masterclass format. The company has also an internal network of coaches, with the role to promptly transfer knowledge across all departments of the organization.

An important intangible asset of **company B** is the **know-how on HR management** (specifically on the model of team extending), acquired after several years of calibrating it. Also, the **communication skills** and cultural affinity enable the company to bring real value for customers.

Company C has a high **innovation capacity**, investing over 10 million euros in the last 3 years in the adoption, enhancement or re-writing of new technologies. Today, the budget for investments in technology, products and innovation has the value of 5 million euros.

In order to ensure the employees a collaborative experience, the teams are aligned to the same vision, objectives and strategies. The values of the company are translated in actual behaviors that inspire the employees, imbuing them the sense of pride for contributing to the creation of some of the most successful products in the world (for example in the credit and leasing area). Also, the performances assessment system is constantly redefined. The goal is that employees find their intrinsic motivation to contribute to their daily activity and to encourage them to enhance their abilities, investing generous sums in their external training.

Company D also possesses a **high innovative capability** and has a division called Innovative projects that is a lab dedicated to R&D activity. The ability to encourage innovative projects within the company is based on the long-term perspective the founder of the company had even from the beginning of the activity in 1998. The durable innovation development, the generation and collection of new software solutions ideas and their transformation them into prototypes and products were seen as very important activities from the beginning.

- **Value creation sources.** **Company A** provides business consultancy and digital strategy for its clients, and also technological implementation of the strategies. The company practically builds digital businesses, focusing on a rapid development of digital solutions, in which it includes strategic, product design, behavioral psychology, growth marketing and experience design for the client. Thus, company A addresses the **whole value chain of the client companies**, beginning with the identification of the business problem, offering business consultancy, creating strategies for the client and then translating these strategies in digital products and services that are implemented in the client companies. This approach is unique, no other competitors succeeding to offer such comprehensive services.

The company also offers stable and safe MVPs (minimum viable products) for the clients in only ten weeks, owing to its own library of reusable technological components, tested and enhanced for the last ten years. The company's platform exponentially reduces the period of time necessary for the development of digital products, covering a variety of necessities in development – from infrastructure, UI/UX, mobile – iOS and Android to front-end and back-end web.

Company B covers the **end-to-end software lifecycle development**, delivering innovative products, scalability, quality and speed for its clients in healthcare, financial services and automotive industries. The whole span of a software product is covered, from need assessment, UI/UX, application development, testing and quality ensuring to maintenance or project management

The company does not provide only software customized products, but also support that enables decision making and change management for its client companies. These services smooth the running of operational processes across the client companies and ensure the objectives they settled are met. **Company B** treats every client with most care, setting up dedicated software development teams that work exclusively on every client's projects.

The teams that will work with a specific client are also selected by taking into account the cultural matching and the members' desire and interest to work on a particular project, and not only their technical skills and relevant experience. Thus, an effective **knowledge transfer** through workshops and intense collaboration is created. Knowledge transfer also ensures workshops and intense collaboration, either on company's premises or at the client's site.

Company C sells **digital products that have a high impact** on their clients' businesses, such as the reduction of costs or the reduction of time consumed for repetitive tasks. Its main product is a software solution for ERP, which includes segments for accountability, sales and for financial flow

management. The clients manage to reduce their costs and obtain an important increase in their productivity, some of them declaring that the ERP solution has helped them to make progress every month and that without the positive impact of this digital product, their business would close.

Company D offers solutions for business optimization, car fleet management and HR management. The solution for business optimization answers the need of clients to implement internal processes management and represents an alternative to CRM solutions at a much lower cost. These software products include a plurality of instruments for organizing intra and inter departmental interactions, as well as interactions with prospects, clients, providers and other companies. Thus, company D does not offer simple software products, but several flexible and easy to implement tools for setting up business strategy. These products are sold on a growing market of companies that begin to use CRM solutions (in order to enhance their relations and interactions with existing or potential clients) and UCMS solutions (instruments to measure a team's performance) because they need to manage their remote teams.

In the middle of 2008 crisis, company D offered its client companies a solution to monitor their car fleet, thus optimizing their costs and increasing their human resources efficiency. The product brought a reduction of car fleet expenses with 30% for clients and became market leader.

Company D's software solutions for HR management are characterized by a very good customer experience, an agile reaction in the implementation process for the final customer and are consolidated by the newest technologies.

The company also offers advanced client services and frequently re-designs all its digital solutions so they form an integrated system of digitalization, optimization and flexibility.

➤ **Strategic orientation**

● **Networking.** All of the examined companies are part of business networks that allowed them to access new technical and business knowledge. For example, **company A** experienced a boom of its activity beginning with 2012, after it reached the US market and started collaborations in Silicon Valley. The company integrated an American start up of experience design and storytelling, whose founder joined the management of the company as managing partner and innovation manager and then became its CEO. The experience and business network of the new manager helped the company establish a subsidiary in Australia and develop its business globally. Company A also attracted several entrepreneurs and experts from American IT industry as advisors.

Company B established strategic partnerships with leading companies in several complementary sectors, thus ensuring that their clients receive the best services for their digital challenges and complex needs. Through industry affiliations, company B keeps up to date with the dynamic landscape in every business ecosystem, from healthcare to fintech and automotive, continuously aligning its services of custom software development with the latest innovations and trends.

Also, the company's business model itself is to develop nearshore dedicated partnerships, building teams for the long term needs of its customers.

The networking ability has also allowed company B to engage in partnerships that led to the creation of new companies. The knowledge capital of the founders is transferred to the most recent start-ups that company B has created together with its business partners as joint ventures. These start-ups (in tele-medical services and in financial services) are provided with support for product or business development and with the opportunity to meet different experts in company B's business network.

Company C also proved networking abilities since the beginning of its activity, becoming a founding member of the Romanian Association of Software and Services Industry in 1998. It also established partnerships with a world leader in business intelligence technologies, with the main European talent management provider and with a leading company in HR services, in order to enhance its products' features and to find new international clients.

Company D has chosen to develop its activity by using the acquisition strategy. It strengthened and diversified its offer for its clients, absorbing companies in several countries. This way, the product line of company D has enriched with software solutions for HR management, fleet management,

CRM, automation of processes for companies in FMCG industry, warehouse management systems and distribution management.

- **Strategic proactivity and flexibility.** All of the examined companies have proven to employ flexible strategies and to have a proactive business approach.

Company A exhibits a high **strategic flexibility**, passing through three profound changes of its business (called "re-inventions" by its founders): from outsourcing software to innovation activities (design and building of digital products and services that use emergent technologies, including artificial intelligence).

The founders of the company started with a low budget and had to be inventive in order to identify financing sources. The beginnings of the company, which were "a little bit forced" (as one of the founders says) - meaning its growth was too fast - , gave it resistance and attention to details, making it extremely resilient. The economical crisis is seen by the managers of the company as bringing opportunities to sign new contracts, starting new digital projects for several clients in the financial area.

Company B is one of the most dynamic software developers in South and Eastern Europe. It changed its leadership structure, including new functionalities in the areas of project management, processes and quality. The company passed through accelerated evolutions, calling for a need of business processes optimization. For this task, company B, as well as the other companies in the selected group, is using the strategy of recruiting international experts, whose knowledge can help the organization develop successfully abroad. The proactivity of company B is illustrated by an investment division, which has the goal to identify the opportunities for new investments in potentially successful start-ups.

Company C's business extending to an international level was not based on a clear stated strategy, according to its founder. The company flexibly adapted its activity to the requests of multinational companies (its first clients), which asked company C to become the provider of software systems for other subsidiaries. The structure of the company was modified and the internal processes were adapted to the continuous growth of its business.

Company D's founder deems a crisis represents not a threat, but a test for a company's adaptation capacity and forces it to get out of its comfort area and to find new business solutions. In the context of the pandemic 2020 crisis, many customers of company D reacted rapidly when they had to let their employees to work home, but they also faced the challenge to manage these remote teams and prepare remotely time sheets. Company D adapted a HR management product for the new needs of its customers, seeing the crisis as an opportunity and benefiting from it. It also saw the opportunity to develop a new telematics platform, with the purpose to enhance the services it provides to customers, with an included mobile application, available on app stores.

The recent crisis taught the company a lesson about unpredictability, highlighting the level of adaptability from all points of view: internal and external communication, re-organization and re-dimension of operations, keeping the balance even in rough conditions. With seven national offices and six international subsidiaries and over 950 employees, company D succeeded a successful re-thinking of its internal systems, business strategies and work methods.

- **Marketing orientation and relationship with clients.** All of the four analyzed companies exhibit a client-oriented culture and excellent customer care services. The culture of **company A** is even built on the idea of customer care. All the employees are encouraged to thoroughly analyze the needs of the clients and to find the sources of value creation for every client, by maintaining a close relationship with them. The managers encourage the employees, even the programmers, to dialogue with the clients in order to thoroughly understand the business they are working for before they are starting their activity and to offer advices where needed.

Company B is also characterized by strong customer care competencies. "*We have learnt that any technological intervention implies more profound changes in the client organization*", declares one of the managers. In the light of this understanding, company B's employees practice a consultative

approach, facilitating the navigation of every step in the development and acquisition of a new software project. The dedication of the teams that develop "carefully crafted custom software" for established companies, startups, software houses and solution providers is acknowledged by its former clients. Company B's teams are self managed, can add new members as needed, are flexible and ensure knowledge transfer to client teams through workshops and intense collaboration. A communication process is established, resulting in operating as integral part in the clients' technical ecosystem, on a model of adaptive collaboration. The excellent communication process with the clients and seamless activity led to an increasing market share in the US.

After a 15 years experience in international markets and a commercial portfolio generated in a proportion of 45% by American clients, company B decided in 2019 to establish an office in US. This strategic decision was meant to deepen its understanding of local market specific needs and to enhance its services for customers. In order to fulfil this objective, a multi-disciplinary team, composed by software architects, business and sales consultants was hired to ensure a close relationship with the prospects and clients in the region.

In order to acquire marketing and customer care competencies, **company C's** founder recruited an international sales manager with a high expertise in this area. The integrated business solutions are sold in the entire Europe, the company having excellent relations with its customers. "*We sell trust. Our clients become dependent on our products, they use them several years*", declares the founder of the company.

Company D is constantly improving the products and services it offers to its customers, complying with the always changing needs of its customers, because it realized that they need flexibility to face unpredictable environments. Company D implements the instruments needed by its customers as flexibly as possible, an example being the adaptation of a HR management product for the new clients' needs of remote team management and time sheet preparing.

4. DISCUSSION

Our case studies enabled us to identify the triggers of the early and fast internationalization of BGs. In all the cases an important trigger was the **global vision of the founders**, which insisted on developing a global business from the beginning. This vision does not always derive from the background of the entrepreneurs. **Previous international market** knowledge is not a common feature of the studied companies. The only exception is company B's founder that had an international experience in IT industry and decided to capitalize the acquired abilities in founding its own business. The other founders' international experience was limited, the common thing being their international view from the beginning. These results contrast with the findings of Andersson and Wictor (2003), that emphasize the role of previous international experience of the managers and entrepreneurs that founded the born-globals but confirm the findings of Rialp et al. (2005).

Our findings also confirm the hypothesis of Gabrielson et al. (2008) that the early commitment to international activities is generated by the global vision of the entrepreneur and not by experiential knowledge. The cooperation with foreign partners began immediately, because the SMEs had business contacts that provided them rapid subsequent global growth. Examples are the contracts company A signed with Adobe and Microsoft, for testing software services (one of the founders of company A was a former Adobe employee), company C that began its activity as distributor for Microsoft and for a reputable company that sells project portfolio management solutions, two years later beginning to develop software for external clients.

Entrepreneurship orientation seems to be particularly relevant for the evolution of BGs. The risks a BG is willing to take on are much bigger than the risk a traditional exporting SME faces. All of the founders of the studied companies invested all profits at the beginning of their endeavor, taking a double risk, a risk of new products that are launched on new markets, in the conditions of limited financial resources.

The **high value added fast internationalizing Romanian IT companies** provides for their **customers** derives from the highly **innovative capacity** these companies hold. For example, company A has an R&D division, whose activity brought in the last 4 years between 14 and 54% of the revenues obtained by company A from the innovation technology segment, company A being one of the few companies in Eastern Europe that are able to approach such innovative projects. The main sources of value creation for customers derive from innovation and technology intensive processes and from unique, highly differentiated products. These findings confirm Rialp et al. (2005).

Another capability these companies share is the **capacity to enhance their teams' competencies**. For example, company A has developed its own e-learning platform, by which the employees are provided with advanced courses on innovation technologies and digital tools.

Company B also uses a comprehensive centralized system of knowledge sharing that provides employees with coaching, training and internal communication services. The company also employs informal learning sessions and presentations for a product or a project's team and even for all employees, with information that cross several projects.

Company C created a collaborative work environment, creating a culture of pride that motivates employees to find their intrinsic motivation to enhance their abilities, complementary with a generous budget for external training. Managers of these companies develop knowledge that is a unique and difficult to imitate resource by embedding into the companies' culture values and routines that help employees to enhance their competences. This confirms the findings of Knight and Kim (2009).

These intangible assets allow BGs to provide their clients **high value-added products** that enable their clients to gain important competitive advantages or to substantially improve their productivity or cost structure. Some clients describe those products as "vital" for their business.

The international success of these companies is also supported **by their networking capability**. The international networks have been rapidly developed, as in the case of companies A and D that became members of new business networks by using acquisition strategies. This allowed them to acquire experience, technical abilities, and access to new markets. Company B even based their business model on the networking ability, the strategic partnerships allowing them to ensure complex teams to address the needs of their clients. We can establish that wider and stronger networking orientation and capabilities of BGs decision makers allow them to exploit of opportunities that other companies leave out. This confirms the findings of Rialp et al (2005).

All of the studied companies exhibit a **high customer orientation**. The close relationships with the clients allowed them to find sources of value creation for every client. Even the employees that usually do not interact directly with the clients, as programmers, are encouraged to dialogue with them and to offer advices where needed. The strong customer care competencies embed a consultative approach and excellent customer services before, during and after the digital products are developed and implemented for the customers. Some of the former clients became even business partners of these companies.

All of the four companies exhibit a profound knowledge of customers, capability to adapt and develop customized, high-quality products for clients and a skillful usage of marketing tactics to target foreign clients, conclusion that is in line with those of Knight and Kim (2009), but contrast the findings of Rialp et al. (2005).

All of the four studied companies also show a **high adaptability to the business environment and a strategic flexibility** that allowed them to modify their business models when the opportunity occurred. For example, company A passed through three profound changes, beginning its activity with outsourcing software, then it focused on project development for its customers, today its activity residing mainly in innovation activities (design and building of digital products and services that use emergent technologies, including artificial intelligence).

All companies changed their leadership structure in short periods of time, including new functionalities in areas as project management, operations, quality, sales, and recruiting international experts whose knowledge helped the rapid and successful international growth.

These findings are in line with those of Kalinic and Forza (2012) that emphasize the flexibility, the quick reaction to feedback from external conditions by changing their goals and the risk-taking behavior of BGs.

5. CONCLUSION

Our study investigated the explanatory mechanisms that stand behind the rapid internationalization of some small and medium companies in unknown markets, based on an extensive review of existing theories. We selected the most important characteristics of such companies, organized on two dimensions: *Organizational resources and capabilities* and *Strategic orientation* and then put them against the characteristics of several Romanian companies.

Our results have academic (contributing to the deepening of scientific knowledge in the field of born global), managerial and policy-making implications (for the public policies that influence the born global firms' evolution).

The academic contributions of our work can be analyzed on three levels. First, it investigates the phenomenon of early internationalization in a country from Central and Eastern Europe, region for which there are few studies in this field. Second, the phenomenon of born globals is examined through the lens of existing recognized and accepted theories by delivering empirical-based explanations of the mechanism behind the pace and success of internationalization. Third, it is highlighted the importance of innovation capability and of organizational culture as trigger factors for early internationalization, proposing an exploratory framework of the key organizational capabilities that favor this evolution.

For managers and entrepreneurs, the implications of our study are that the enhancement of the networking capability, of the marketing and client orientation and of the innovation capability are vital in order to achieve quick results that sustain the business and lead it to becoming a successful international player.

For policy makers, our empirical research implications are that their efforts should be oriented towards encouraging international network and partnership formation and also investments in innovation of the companies. A good example would be to decrease the level of income tax from R&D activities of the companies and also to provide grants for these activities and support for the participation of small companies in international events.

Future research might employ a quantitative method to confirm our findings and to further investigate the role of external factors in the rapid internationalization path some companies follow. Our results could also be of interest for researchers that want to explore the evolution of born globals in other Eastern and Central Europe countries, in order to broaden these findings to wider groups of companies and to compare the empirical results with existing research on this topic.

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