INTRODUCTION

During the last three decades research dealing with companies internationalizing and globalizing early and rapidly, the Born Globals (BG) or International Ventures (INV), has grown into a well-established field (Knight and Cavusgil 1996; Knight and Cavusgil 2004; Coviello, McDougall, and Oviatt 2011; Zander, McDougall, and Rose 2015). In earlier internationalization studies the level of analysis is typically on the firm level, whereas the founding entrepreneurs are in the center in the Born Global literature (Oviatt and McDougall 1994; Crick and Jones 2000). The founders have global vision from the start and possess an insight that helps them to develop new technologies and / or products. Born global firms also have been found to employ specific internationalization strategies (McDougall, Shane, and Oviatt 1994; Aharoni 1994; Coviello and Munro 1995; Crick and Jones 2000; Shrader, McDougall, and Oviatt 2000; Etemad 2003).

As early as 1990, Alahuhta studied start-up firms that were able to grow into global companies by utilizing several different opportunities and strategies. They were able to make use of an industry shift or create one due to major changes in technologies and / or products and lower the barriers to entry (Alahuhta, 1990). Typically, when a new firm enters into an industry it incurs costs to overcome the advantages that established firms have built up over time. If the barriers to entry are high - along with the subsequent costs of entering - it will be difficult for new entrants to be profitable (Bain, 1956; Porter, 1987). Rennie (1993) conjectured that the Born Global phenomenon was possible due to changes in consumer preferences and information technology.

Many researchers point out that the rapid internationalization of the Born Global is slowed by resource scarcity (Gabrielsson, Sasi and Darling 2004). Although the adverse impact of scarce resources on small and medium-sized enterprises (SMEs) internationalization and

globalization is widely mentioned, it is seldom dealt with in great detail (e.g., Buckley, 1989; Oviatt and McDougall, 1995). Born Globals and other internationalizing firms need to find ways in which to overcome this liability and access necessary resources (cf. Gulati and Singh, 1998), in order to identify appropriate strategic actions to facilitate their global expansion.

The ability for BGs to acquire resources for global expansion becomes especially challenging. It is of great interest to investigate whether entrepreneurial firms located within network economies are better positioned to gain advantages in terms of access to resources and social capital. The research concerning industrial districts or geographical clusters has grown in importance (Saxenian 1994ab; Keeble, Lawson, Lawton-Smith, Moore, and Wilkinson 1998; Longhi 1999; Porter 2000; Johannisson, Ramirez-Pasillas, and Karlsson 2002). Local environment has also been suggested as influencing the short-term performance of Born Global firms (Efrat and Shoham 2012). Putnam (1993) for example points out that studies of areas, such as industrial districts in Italy, growing economies in East Asia and in Silicon Valley emphasize the importance of dense social capital and networks that foster trust, lower transaction costs, and speedy information and innovation, which can generate public social capital - not private property of those who benefit from it - thus creating network economies. Porter (1998) on the other hand emphasize that despite globalization the local business environment in which firms are embedded in is extremely important. "*Paradoxically, the enduring competitive advantages in a global economy lie increasingly in local things - knowledge, relationships, and motivation that distant rivals cannot match* (Porter 1998)."

There are few studies comparing Born Globals from different areas and countries. This paper reports on a comparative study of two countries: Israel and Finland. We have selected to study Israel and Finland, which have often been compared to each other due to their similar size

and their positions as SMOPEC-countries (small and open economies). Our aim here is to explore whether social capital and social networks vary between Finland and Israel.

METHODOLOGY

In the first part of our multiple-case study we developed ten case studies to gain more understanding of Israeli and Finnish Born Globals and their networks. Most of the primary data were collected in a large project where several hundreds potential Born Global firms were identified by interviewing several entrepreneurs, venture capitalists, business angels, and searching through various association member lists. We followed Jones (2001) calling for studies focusing on narrowly defined groups of firms generating rich data, and identified ten firms that fulfilled our criteria of belonging to the Information and Communication Technology sector in the metropolitan area of Helsinki, Finland and in the Tel Aviv area, Israel. The firms met the Born Global criteria suggested by Oviatt and McDougall (1997). Different respondents, mainly founders/ entrepreneurs and CEOs from the case companies were personally interviewed, as well as external informants, such as advisers, financiers, and customers.

CONCLUSIONS and DISCUSSION

In this paper Born Global, international new venture and network literatures are combined with literature on industrial districts or geographic clusters to study Israel and Finland. Typically, social capital and resulting networks have been pointed out as sources of resources in the literature. Here, we refer to research by Putnam (1993) about public social capital and argue that by being located in a dense network economy, born global firms can gain advantages usually associated with personal social networks.

The founders of BG or INV firms in both countries, Finland and Israel, had a key role in shaping the global vision of the companies since inception. A proactive managerial push is significant for beginning international market activities in high-technology firms within the first year (Roberts and Senturia, 1996). Compared to international experience, which has also been viewed as a key to international success (Oviatt and McDougall, 1995; Madsen and Servais, 1997; Harveston, Kedia, and Davis 2000), we find founder's vision to be more important in developing the firms' studied.

We find interesting country-level differences in terms of the importance of social capital and networks. Contrary to earlier BG research few founders had international work experience. Our data suggests that for the Israel case firms, international experience of the founders and prior connections to international networks were less important than the founders' characteristics and global vision. Among the Finnish firms, personal social capital was very important, in contrast to the Israeli firms. We found that the ICT industrial cluster in Israel is more developed and comprehensive and hence the internationalizing ventures need not to resort to social relations for resources. In Finland, on the contrary, it is more difficult for technology firms to acquire necessary resources and hence, they rely on social capital to provide cheaper and timelier access to resources. However, all case firms took advantage of the rapidly changing ICT industry with its opportunities for new entrants.

The study found similarities and differences between Israeli and Finnish technology-intensive Born Global ventures. Both Israeli and Finnish firms differ in their globalization process from traditional manufacturing firms. The firms introduce new innovations and/ or focus on a niche segment. They start with non-investment operation (export or agent) modes and then advance to direct-investment operation modes (sales or manufacturing subsidiaries). The

availability of venture capital and international venture capitalist firms in Israel clearly supports the rapid and early globalization of Israeli technology-intensive start-ups. The availability of sufficient venture capital combined with this knowledge and experience is part of Israel's country characteristics, which are behind the early rapid globalization process of Israeli technology-intensive Born Globals. Israeli technology-intensive Born Globals seem to differ from the Finnish technology-intensive ones in terms of speed of globalization -Israeli firms tend to globalize more rapidly than Finnish similar firms. Israeli firms use more acquisitions as part of their global growth strategies, than Finnish firms. Israeli technology-intensive start-ups aim at a foreign IPO since inception – and succeed in listings (Almor & Sperling, 2008)- while only a few Finnish similar firms use IPO at all and in that case OMX H in Helsinki. These differences in market patterns and financing can be explained by differences in Meso (country) and Milli-micro (founders) factors.

This paper raise issues for future research on both the country- and the firm level. Firstly, the lack of importance of personal relationships for the Israeli firms, compared to the importance of them for the Finnish firms. Research on BG for INV firms located in dense and/ or sparse area networks could shed a light on this. Can location have an impact on firm strategy? Moreover research into personal characteristics of BG firm founders is called for. The fact that the Israeli firms followed a much more rapid globalization strategy compared to the Finnish firms is an area of research that can shed new lights on fragmented BG literature. Is this only due to financial considerations or are there strategic factors involved? Both Israeli and Finnish firms used first non-investment international operations before moving to direct-investment operations. This area of research is most interesting because there is a void between traditional international business research and born global research.

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