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# **Internationalisation patterns of Born Globals in the Music and Fashion industries.**

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## **Abstract.**

This paper deals with Born Globals (BG), i.e. companies which internationalise at an early stage and view the whole world as their activity field. The internationalisation concerns both the inward such as procurement as well as the outward (such as sales) in microbusinesses from two experience based, or so called creative, industries, Swedish Music and Fashion, seldom subject to internationalisation studies. The project investigates in which countries/markets these firms have international activities, why these countries/markets were selected and identifies direct or indirect connections between the inward and outward activities. The research provides a better understanding of the driving forces in internationalization at the micro-level, and gives help for the formulation of new EU export promoting policies.

**Key words:** Inward-outward connection, international entrepreneurship, export mode, born globals, microbusinesses, creative industries, procurement/marketing.

## 1. Introduction.

This paper deals with Born Globals (BG), i.e. companies which internationalise at an early stage and view the whole world as their activity field. The internationalisation concerns both the inward such as procurement as well as the outward aspects such as sales, in microbusinesses from two experience based, or so called creative, industries, Swedish Music and Fashion, seldom subject to internationalisation studies. We will investigate in which countries/markets these firms have international activities, why these countries/markets were selected and look for any direct or indirect connections between the inward and outward activities. To our help we will develop a framework of fundamental forces in international entrepreneurship based two internationalization models.

## 2. Definitions.

The word Born Globals, with earlier users such as Arenius and Autio, 2002 and McNaughton 2003 has been used interchangeably with words such as : International New Ventures (e.g. Oviatt and McDougall, 1994 , McDougall, Oviatt and Schrader, R.C., 2003), Global Startups (e.g. Jolly, Alahuhta, and Jeannet, 1992), New High Potential Firms (e.g. Almedia and Bloodgood, 1996), Technology-Based New Firms (e.g. Yli-Renko, Autio and Tontti, 2002.), Instant Internationals (McAuley, A., 1999) , Knowledge-Intensive SMEs (e.g. Almor and Hashai, 2002) and Early-stage technology-based firms (e.g. Preece, Miles and Beatz 1998).

The definition we will use in this paper is taken from Oviatt & McDougall (1994) for what they call an INV= International Venture firm, i.e a *Born Global*

*“ is a firm that from its inception derives competitive advantages from the use of resources and the sales of outputs in multiple countries. ”*

An interesting variation of this definition is that of Andersson, Gabrielsson & Wictor, (2003) with the amendment of a minimum level of internationalisation of 25 %. Since that is not well specified as to measuring on the inward or the outward side, we think at this stage this is an unnecessary amendment but will revert to this issue later on in the paper.

One important characteristic of this definition is that it covers both the inward and outward aspects of international business. Although this is widely acknowledged, research is very

seldom devoted to the inward aspects. One notable exception to this is made by Welch and Luostarinen (1993).

The phenomenon of firms entering into global markets from an early age has attracted attention from researchers from a variety of fields including strategic management (e.g. Feeser and Willard, 1990), international business (e.g. Moen, 2002), marketing (Burgel and Murray, 2000) and marketing strategy (Knight, 2000) and entrepreneurship (e.g. Westhead, Wright and Ucbasaran, 2001). We will select the combination of entrepreneurship and international business, proposed by McDougall and Oviatt (2005), described as follows:

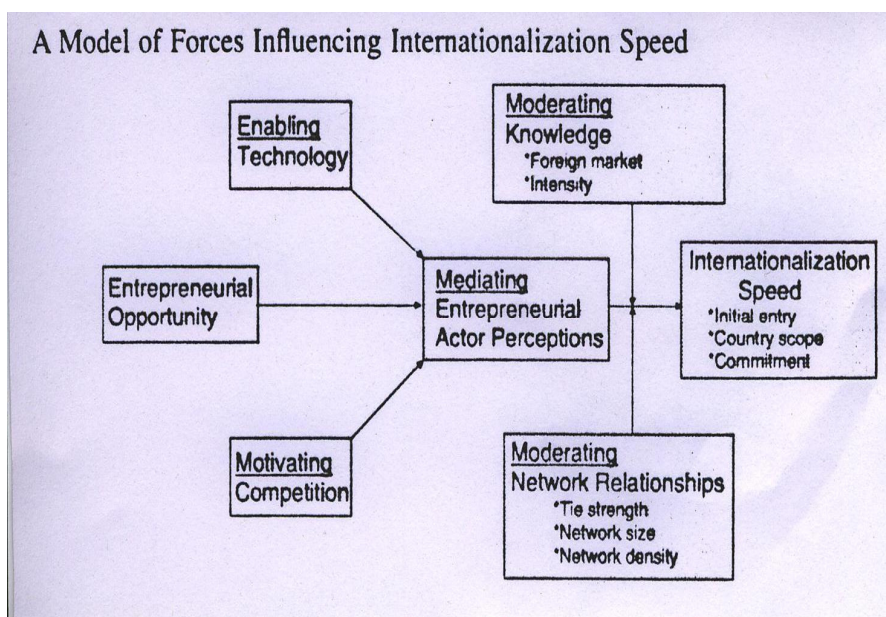
*“International entrepreneurship is the discovery, enactment, evaluation and exploitation of opportunities – across national borders – to create future goods and services”*

Within this range of fields the phenomenon has also been investigated from a number of theoretical perspectives – see for instance Kjellman, Sundnäs, Ramström, and Elo (2004) for an overview - including Dunning’s eclectic paradigm (Almor and Hashai, 2002), the resource-based view of the firm (Westhead, Wright and Ucbasaran 2001, Williams and Hall 2005), knowledge-based theory (Autio, Sapienza and Almedia, 2000), social capital theory (Madsen and Neergard, 2005) and the network perspective (Ripollés, Menguzzato, and Iborra 2002, Madsen and Neergard, 2005). Since the firms studied in this research are very small and simply do not have the resources to contemplate foreign investments, Dunning’s theory only has limited use in this research.

### **3. Selected model/framework**

In what follows we will elaborate on a model on international entrepreneurship for born global small firms with particular emphasis on both inward and outward aspects. The basic model is borrowed from McDougall and Oviatt (2005), with its roots in Oviatt and McDougall (1994), as shown in figure 1 below. Although this model was developed for studying the speed of internationalization, it is equally useful for our purposes. See also Aspelund (2005) for an interesting discussion on this model. Other related models have been proposed by McAuley (1999) and Pulkinen (2005).

**Figure 1.** Forces in international entrepreneurship.



We will now describe the model further. “Entrepreneurial opportunity” is considered to be the ignition in the form of an invention or better innovation to a process that could lead to an internationalization of a venture. The forces that will cause the subsequent internationalization are grouped into enabling, motivating, mediating and moderating forces. Enabling forces are in the authors view factors resulting from overriding technology forces in the new economy enhancing rapid and cheap communication, transportation of goods and services etc. Motivating forces concerns motivation caused by competitors actions, forcing the focal company to sometimes initiate pre-emptive actions because of expected actions of competitors. Both competitors and the focal company are affected by technology factors, but the presence of the competitors increases the urgency to the focal company to act. Mediating forces are seen as emanating from the entrepreneur that discovers and enacts upon an opportunity, driven by his/her personality in terms of international experience, risk-taking propensity etc. Knowledge intensity is one of the moderating kind of forces influencing internationalisation covering knowledge content of the product and service offered together with market knowledge. In very small companies it is concentrated in the entrepreneur-founder and his/her team, and affected by their absorptive capacity and learning propensity. The other moderating kind of force is the “Network relationships” available, covering the entrepreneurs own networks, but also accessible networks from for instance related incubators and business development agencies. These networks function is to help the entrepreneur

identify international opportunities, establish credibility and help develop alliances with foreign partners. Important properties of the networks are their strength, size and density, and of course their cross-border coverage.

Another model in international entrepreneurship focuses the connection between inward and outward aspects of internationalization. It was presented by Welch and Luostarinen in 1993. It pertains to explore the relationships between the input and output activities of a firm, with roots in the old Europe-Far East trading with spices and metal products as performed for instance by the East-Asiatic Company, to modern times of countertrade and offset requirements in typically military equipment sales. It does interestingly not bring up the common outsourcing phenomena of modern times, nor the global sourcing or procurement strategies of MNCs so prevalent in today's business. The authors make a distinction between two kind of situations as to the connections between the two contrary flows: direct and indirect relationships. In the former category they place countertrade, and a more obvious and easily understandable connection between the inward and the outward aspects is difficult to imagine with the often one-to-one balance that is required in this form of trade. Other forms of direct relationships are cooperation deals, strategic alliances, local manufacturing, offset deals, cross licensing, international subcontracting and typical MNC operations in a network of global sourcing with sub-suppliers and own subsidiaries. What is typical for these direct linkages is that they are often contractual in nature involving large organizations as MNCs and national defence agencies. The inward and outward activities are strongly linked, often with a slight time-separation between the flows. In local manufacturing for instance, a common arrangement is for the local government to offer import protection and subsidies to an MNC in a developing country in exchange for gradual increase in the local content of the manufactured product and the related development of indigenous manufacturing capabilities involving technology and knowledge transfer from the MNC central offices to the local entity.

Indirect relationships are characterised by a fuzzier, more uncertain relationship between inward and outward activities. The connections are separated in time, and it is often not fully clear in the outset what will develop later. For instance, presently many manufacturing firms in Sweden – some already from the early 90-ties, have outsourced high labour-content parts and components of their product to firms in the Baltic countries and Poland to benefit from the considerable lower labour costs – see Gullander and Söderman (1992). This could involve transfer of complete manufacturing installations together with instructors in a starting up

phase. Soon afterwards the manufacturing starts up, and the complete output is exported to Sweden, where the final product is assembled out of imported and Swedish components. One long-term objective to the Swedish firm is to get a foothold and presence in the local markets in these areas, and along with the development of their purchasing power, and local need for the products in question, be involved also in sales in the same areas. This strategy might take a decennium or so to implement and many external developments might offer opportunities and threats to the initial plans.

For completeness we need to add that of course there are situations where there are no connections between inward and outward activities in international transactions – actually these are probably the most common – in other words arms-length transactions, typical for standardised parts and components in highly competitive industries.

The two models – the basic McDougall and Oviatt (2005) model and the Welch and Luostarinen (1993) model of connections relate to each former – the latter can be seen as a complement to the other, and provides a strong reinforcement of the its forces of internationalization.

#### **4. The Chosen Industries**

The two industries that we are focusing on in this project are the music industry and the fashion industry. Earlier research with a similar focus to this project is scarce. An exception is the study by McAuley (1999) relating to microbusinesses in the Scottish arts and crafts sector, comprising some firms in the fashion industry. McAuley notes that even what might be regarded sleepy industries are very international. The key influences of internationalization identified from his research are related to the product, personal and psychological, industry and cognitive.

Both of these industries are part of the so called Experience Economy which, in 2002, accounted for 4.7 per cent of Sweden's GNP. Out of these 4.7 per cent, the fashion industry represents 12 per cent and the music industry 3 per cent. A short presentation of these industries follows below.

#### **4.1 The Music Industry**

The music industry is rather complex as it contains a lot of different subdivisions, some of which are; composers, lyric writers, artists, recording studios, music publishers, record companies, law, styling, PR & management, distributors, concert and tour organisers and CD-printers. (Lundqvist 2004) In this project we have mainly focused on record companies, but some of the other subdivisions are also present in the empirical data.

Sweden is widely known for its great music culture and even though it is a small country a lot of great artists originate from it. It is believed this is due to the well-established public music school that enables all children in Sweden to start to play an instrument at a young age at a very low cost. (Öhlund, 2005)

The music industry generates export-incomes through selling products and services and through generating royalties. In 2002, the music industry in Sweden produced a value added of 3 billion SEK. (Music Business Independent Network, 2005 and Statistiska centralbyrån, 2005). Sweden has the third largest income from royalties per capita, in the world. Only USA and Great Britain are ahead. Even though Sweden holds a great position in the music world there has been a small but recently stagnant development in royalty income around a level of 6.5 billion SEK.

Recent development of information technology has helped the music industry to spread. This has enabled Swedish artists/music companies to expand over the whole globe. Internet forums, such as Fanzines (a fan club publication put out by amateurs), play a great role in this process. (Öhlund, 2005)

#### **4.2 The Fashion Industry**

Exports of Swedish fashion products increased dramatically during the 1990's. In 2004 the value of Swedish fashion exports was 7.2 billion SEK. Today, the value of the Swedish fashion exports has surpassed the value of Swedish music exports. (Aronsson, 2005) The total amount of value added in the fashion industry in Sweden was in 2002 13.5 billion SEK. (Lönroth, 2005)

Swedish fashion companies have resorted to moving their production overseas. There are few companies who offer production in Sweden and the ones that do so sell expensive products.

Many designers produce in the Baltic countries and in China but Portugal, Italy and Turkey are common too. The production location depends on ordersize and material.

The early internationalisation process (production abroad) of Swedish fashion companies has enabled the companies to develop other skills such as new product inventions, design, marketing and logistics. Swedish fashion companies are also good at building strong trademarks (Andersson, Olsson & Zupanic, 2005). Recent years have seen an explosion of development amongst young, jeans based fashion companies in Sweden. (Aronsson, 2005)

The Swedish fashion industry is considered mature and very competitive. Indeed, it has been called the most competitive industry in Sweden two years in a row by Svenskt Näringsliv. There are no import restrictions or other rules to protect domestic production and compared to other industries, the import percentage is high. (Svenskt Näringsliv, 2005)

## **5. Methodology and participating firms.**

### **5.1. Methodology.**

The research was performed in a first step by a telephone survey covering ten companies from each industry, and in a succeeding stage through in-depth interviews with two companies from each industry selected from the first step sample. The telephone survey focused the question of which countries/markets these firms have international activities in, while the interviews concentrated on the explanatory factors why these countries/markets were selected and possible connections between the inward and outward activities.

### **5.2 Summary profile of the music and fashion firms**

All ten Music companies are younger than 15 years. Six out of ten companies started within the past three years. All companies had foreign sales in their start-up year except for two companies whom had international sales during their second year of business. Average foreign sales are around 60 per cent, although one company had a smaller percentage.

All Fashion companies that were interviewed by telephone have been trading for less than ten years. Indeed, most companies started up in the 21<sup>st</sup> century. Seven out of the ten companies had sales abroad in their first year and the remainder within their first two years. Average foreign sales are around 40 per cent, but with large variations between the individual firms.

## 6. Results.

The results from the contacts with the selected 20 companies are below accounted for in relation to the three main questions investigated in the research.

*Question one: Which countries/markets do the Swedish Born Globals trade in, input and output?*

In the music business, the largest output markets are Germany, the U.S., Japan and England. More than 50 per cent of the companies participating in the survey have sales there. On the input side, the most common markets are England/UK, the U.S. and Germany. It is interesting to note that three out of four of the largest markets for output are also represented in the largest markets for input.

In the fashion business, the most common markets for output are Denmark, Norway, Finland, Germany, England/UK, Greece and Japan. More than 50 per cent of the participating companies have sales there. The largest markets for input are Portugal, Italy and China.

*Question two: Why have the companies entered these countries/markets?*

Many of the reasons for entering countries are the same for music and fashion, though some are specific for each industry.

The music companies put forward a number of reasons for the most common output markets. The German market was approached due to its openness to new music and its large market potential. The U.S. was entered solely because of its huge market potential. When it comes to Japan, the large market potential and its openness to new music were the main reasons for expansion. Contacts were also used to enter Japan. England is viewed as a “springboard” to other markets and was targeted partly for this reason. Other explanations for entering England were its geographical closeness, openness, similar music style and large market potential. Additional reasons mentioned by the music companies for expanding to other markets were: outspoken demand, similar culture, to get a foothold and coincidences.

Only a few companies had some input from abroad, mainly in the form of licensed artists. The most common markets were England, the U.S. and Germany.

The fashion companies gave a number of reasons for entering the most common output markets. The Scandinavian market was approached due to its proximity both geographically and culturally and sometimes through networks. One specific reason for going into Norway

and Finland was that their fashion styles were similar to the Swedish. Germany was entered through networks, which is also the case for England and Japan.

On the input side, the fashion companies presented a number of reasons for entering the most common markets. Portugal was targeted because of their long history in textile manufacturing, as well as their flexibility and quality. It was entered through contacts and networks and one time by coincidence. Italy was approached because of its good reputation and high quality. A way of entering Italy was through networks. China, on the other hand, has been entered since it is a low cost production country.

Other reasons and ways mentioned by the fashion companies of expanding to the entered markets were to get a foothold and by nagging.

*Question three: Does culture influence the decision of which countries/markets to go into?*

Culture influences a companies' decision concerning which countries to enter. Sometimes the cultural influences are outspoken but at other times more intangible. Countries have even been withdrawn from because of cultural differences.

## **7. Analysis of results.**

Applying to start with the McDougall and Oviatt (2005), we find that in both industries communication and transportation technology is facilitating internationalisation. In music, modern IT technology makes the transfer and effectuate distribution of the resulting music much easier, and artists can be transported with other supporting creators and officials faster and cheaper than in the past to other locations. In fashion transfer of design patterns and communication around these in the development phase is similarly very much helped by modern IT-technology. The physical transportation of the sewed products from the production area to the country of consumption can in Europe be done within a few days by efficient lorry transportation companies, and for more expensive goods by airborne parcel posts. Even as distant production locations as China can be acceptable, in order to benefit from the low production costs. For both industries we see a strong European focus, with the exception of the US as export market for the music industry which can be explained by the size and similarity in taste of this market.

The motivating factors caused through competition, are strong in both industries with their global character both in inward and outward aspects. The mediating effects originating from

the entrepreneurs interest to develop his/her company was very noticeable from the enthusiasm and effortful attitude of the founders-entrepreneurs.

The moderating forces were very much present in the cases studied – the interviewee gave a very professional impression in the assessment of their offered product and service and the available market. The personal networks had played an important role in the international expansion.

We will now also apply the Welch and Luostarinen (1993) model relationship between inward and outward aspects of internationalization. For the music industry we noted that the inward and outward markets were principally the same, Germany, the U.S., Japan and England – thereby leaving Japan as an export market out. One reason for this is that artists were sourced from the same countries as where the product would be sold. This relates to this industry's product of Anglo-Saxon culture with songs in English etc, and where artists of distant culture would have difficulty to receive approval by the consumer. Swedish artists belong to the same culture, and import is thus not necessary to the same extent, explaining at least partly the lower import content of the music industry compared to the fashion industry. Japan's role in this situation can be related to the possibility that the Japanese consumers belonging to a subculture and are in fact supporters of this foreign culture.

For the fashion industry, we note the completely opposite situation – there is no relationship between the inward and outward internationalization. We explain this situation to result from the extremely high pressure to focus labour-cost in the fashion industry, a major cost factor in the total production cost of the final product, forcing the firms to source abroad. This foreign sourcing is moreover not very apparent to the final fashion consumer and not to the same extent as the music consumer, so the focal firm is quite free in selecting supplier from cost considerations alone. Still, the manufacturers have to be professional and offer high quality; the selected countries Portugal, Italy and China are known for their long tradition in textile manufacturing.

One could furthermore for the fashion industry inquire of the potential indirect relationships that could exist vis-à-vis the inward countries in terms of future sales to these same countries. The moderating factors market knowledge and networks would speak for an opportunity for the focal firm to exploit these possibilities in the sourcing countries also for sales in the future,

while in the meantime the low-cost sourcing provides sufficient advantages. In the music industry this potential is exploited from the outset.

When we study the results we further note that the most important export markets for the two industries are the same or Germany, the U.S., England, which together with the Nordic countries could be considered countries being psychic close to Sweden, due to cultural and geographical proximity etc. The typical Swedish entrepreneur is more likely to possess market knowledge and network contacts created from travelling, studies etc. with these selected countries rather than with Far East or South American countries.

One aspect touched upon above concerned the extent to which the final consumer would detect or note the non-Swedish origin in the final product. We think this can also be linked to the importance of also consider branding and image effects in the sourcing of products and components. Both opportunities and threats are present. For instance, the tradition of textile manufacturing in Portugal could positively enhance the image of high quality of the final product. Even though cost advantages could be even higher for an alternative sourcing country, if this country would be known to have no similar tradition, and/or maybe be known to produce low quality products and possess a bad reputation, this sourcing country would have rightly lower chances of selection. To generalize, inward and outward connections are influenced both positively and negatively by branding issues as well.

If we take a European perspective, the two internationalization models indicate the strength of the European Union in offering within its borders both access to diversity in cost of resources for production of goods and services enabling competitive production, as well as proximity in psychic distance which enhances export within the union.

From our results we found for both industries that the reasons for entering the selected countries – both inward and outward, was due to market size, geographical proximity, openness and similar music style. We see this as representative for the presence of the moderating forces market knowledge and networks and their matching with the offered product according to the McDougall and Oviatt (2005) model. The “springboard” argument in the music industry is a new idea that shows the advantage of getting access to a big market at a lower cost through the springboard and entry via a smaller country. When these markets have strong couplings, this “backdoor” mode of entry is both feasible and advantageous. This

is also related to the effect of the size of the market which appears to be due to the entrance barrier present in the case of entry to any country, and where thus the entrance to a large market is prioritised to a smaller.

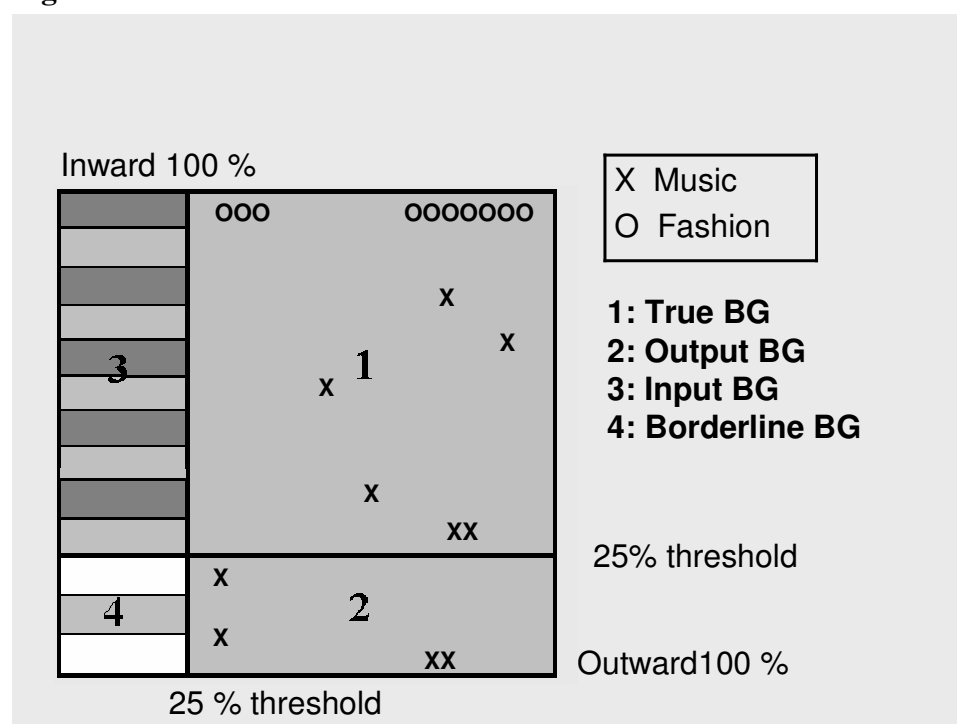
We conclude from the results that culture influences which markets firms enter but also which countries they abstain from. Given the standardisation of technologies and the watering down of culture around the world, cultural differences, in our opinion, will have a decreased role in preventing international business in the future.

## 8. Elaboration on the inward-outward relationships.

In what follows we will try to elaborate the inward-outward relationships in internationalisation.

In figure 2 we have positioned each of the participating firms in the two industries. The figure has two axes – the horizontal showing the outward internationalization and the vertical the inward internationalization. There is a marked threshold line for each of the axes, relating to the 25% barrier of internationalization, used by many earlier researchers (Andersson et al 2003).

**Figure 2.** Internationalization in inward and outward dimension



As a result the figure contains four fields describing the different kinds of BG depending upon the degree of the two kinds of internationalization – the inward and the outward. In field number one, termed “True Born Globals”, companies have international input and output which account for more than 25 % and up to 100% of total purchases and sales. Field number two labeled “Output Born Global” houses companies defined by an output percentage higher than 25 % and input level lower than 25 %. In field number three, “Input Born Globals”, are companies characterised by an international input level that exceeds 25 % and at the same time have less than 25 % output. The fourth field named “Borderline Born Globals” represents companies with both international input and output inferior to 25 %.

In a rather common definition of BGs, a requirement is that international output has to go beyond 25 % after three years in business, implying that field number three and four would not be incorporated in the BG definition. From our research we find using the model frameworks from McDougall and Oviatt (2005) that it has equal applicability to inwards as well as outward internationalization. This implies that a definition of the internationalization of a firm cannot one-sidedly be done by only considering one kind of internationalization – commonly inward. As a point of departure in understanding internationalization, one could instead position each firm two-dimensionally in the figure according to its inward and outward internationalisation.

The results are shown in the figure. We see that the pattern of the two groups of industries are different. For the fashion industry, the firms are all located in the upper part of the figure, mirroring the high inward characteristic of this industry. For the music industry, there is a large spread of the firms, with a centre of gravity in the lower right hand part. With the definition used above, we find that the majority of the firms belong to the “True Born Globals” category, and a few music firms to “Output Born Globals”.

Reverting to the definition of internationalisation, we would like to elaborate the arguments further. If we accept the two kinds of internationalization, is there any way by which we could measure in a single dimension a firm’s degree of internationalisation? One could imagine different ways of doing this. A simplistic way is to look at both kinds of internationalization as additive, and for instance add the inward internationalisation, measured for instance as input content in relation to sales in %, to the outward internationalization measured for instance as export in % of sales. For firms located in the upper right and upward parts of the

figure, we would then get a sum of over 100 %, with a maximum of 200%. Is this a meaningful measurement? One criticism could relate to the fact that the measurement of each kind of internationalization, is in itself an agglomerated figure, where we do not take into consideration how many markets are affected, their degree of heterogeneity, how many products are concerned etc. in the way one should do according to the framework of McDougall and Oviatt (2005). We do not intend to continue this arguing further, but leaves to the reader to come up with different suggestions. Maybe we can also leave this figure with an impression that the further away a firm is departed from the figure's locus, the more international it is.

However, we do mean, that the two-dimensional way of characterizing a BG is a superior way to the traditional way of only considering either the inward or the outward internationalisation. This also covers our opinion that characterizing different clusters of international firms according to this figure can be meaningful in developing an understanding of internationalisation.

## **9. Discussion of results**

While purchasing in fashion is influenced by cost-minimisation through appropriate low-cost country-selection, in music it is affected by the final customer preferences/taste and is thus marketing-related. In fashion the inward decision can be delegated to the purchasing department, while in music it is more functionally integrated. In addition fashion is more affected by regulatory changes in for instance the form of importquotas while in the music-industry trade can be performed in a more liberal context due to the intangible nature of these product making them less vulnerable to trade regulations. In both industries the resource dependency to existing procurement sources is much less than the dependency in traditional export performed by multinational firms with considerable foreign direct investment in a global procurement system. Music and fashion industries are thus more volatile in their inward trade behaviour – they can rather easily switch procurement source in response to cost-changes and/or preferences in taste.

The research provides interesting insights into the applicability of the recent McDougall and Oviatt (2005) internationalization model, with the added feature of inward and outward aspects from Welch and Luostarinen, (1993). We see an important role for simultaneous

connected inward activities in procurement and outward activities in marketing of goods and services, within a common strategic framework. We claim to have enriched the former model and put the inward/outward arguments into a modern setting, and moreover in the framework of the creative industries, industries with an increasing role of importance in the new economy. The fundamental forces for internationalization have been identified for this kind of industry.

Within the European context we could note that the majority of the countries involved in inward and outward international business, as well as the volume, in this research takes place within Europe. European trade has a competitive advantage originating from relative cultural similarities, people within Europe are more familiar with other Europeans than others, networks are more common and dense and there are few trade regulations. Moreover Europe is strong in the creative industries – and there is further potential to be exploited (read creative article) by looking a in more detail into country patterns in different industry subsectors and promote accordingly.

## **10. Conclusions.**

By elaboration of the international entrepreneurship model from McDougall and Oviatt (2005) with added inward and outward aspects, applied to the growingly important hitherto largely underestimated creative industry in Europe, we have created a better foundation on which to further strengthen Europe's position. It is founded on an understanding of the micro-level forces of internationalization. We have identified crucial causations effects between inward and outward activities, that can be exploited in public policy measures in promotion measures to Swedish firms in this industry. For instance, the long term indirect effects of inward procurement, can be exploited in future export developments.

The research has questioned the prevalent measuring of internationalization, primarily by outward activities, and proposed an alternative two-dimensional classification of firms in internationalization.

The research has strong implications in the teaching of entrepreneurship education where the global holistic framework is a necessity, comprehending both the fields of procurement and marketing within a strategic context.

We like to make a call for further research in this little researched area. A natural development from this research is to extend it with a larger sample of firms, a couple of case studies and a longitudinal focus showing the different activities of BGs clarifying that they are not just plainly exporting arms-length.

## **11. Acknowledgements.**

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