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The influence of foreign stakeholders on the
internationalization strategy of a born global in the health
sector.

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1. Abstract

1.1 English

The goal of this dissertation thesis is to fill in the gap in the literature regarding the influence of foreign stakeholders in the definition of the internationalization strategy for the health market, more specifically how they influence the definition of the internationalization strategy of a born global company.

In order to answer the research question proposed we used qualitative research, specifically a case study approach. After presenting the relevant literature regarding this topic we collected primary and secondary data through interviews and archived internal and external documentation.

Through the analyses of the information collected and based upon the theoretical literature, we can conclude that the government is the major stakeholder influencer with regards to the definition of the internationalization strategy of a born global in the health market.

Key words: *internationalization, born globals, stakeholders' influence*

1.2 Portuguese

O propósito desta tese de mestrado é contribuir para o preenchimento da lacuna existente na literatura relativamente à influência dos *stakeholders* estrangeiros, do mercado da saúde, na definição da estratégia de internacionalização das empresas, mais especificamente como estes influenciam a definição da estratégia de internacionalização de uma empresa considerada uma *born global*.

Para responder à *research question* proposta, utilizámos uma abordagem de estudo qualitativo, mais especificamente o método de *case study*. Após revisão da literatura relevante para este tópico, reunimos dados primários e secundários através de entrevistas e análise de documentação interna e externa.

Através da análise da informação recolhida e tendo em conta a literatura teórica podemos concluir que os governos são o principal influenciador na definição de uma estratégia de internacionalização no mercado da saúde.

Palavras-chave: *internacionalização, born globals, influência dos stakeholders*

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3. List of Abbreviations

BC	Blood Count
BENELUX	Belgium, Netherlands and Luxemburg
CE	Conformité Européene
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMO	Chief Marketing Officer
COO	Chief Operations Officer
CRP	C - reactive protein
EFTA	European Free Trade Association
EU	European Union
GDP	Gross Domestic Product
GP	General Practitioners
HbA1c	Glycated Haemoglobin
ICU	Intensive Care Units
INV	International New Venture
PoC	Point of Care
R&D	Research and Development
SME's	Small-medium size enterprises
SRI	Stanford Research Institute
UAE	United Arab Emirates

4. Table of Content

1. ABSTRACT	2
1.1 ENGLISH	2
1.2 PORTUGUESE.....	2
2. ACKNOWLEDGMENTS	3
3. LIST OF ABBREVIATIONS	4
4. TABLE OF CONTENT	5
5. INTRODUCTION	7
6. LITERATURE REVIEW	10
6.1 INTERNATIONALIZATION	10
6.1.1 <i>Concept</i>	10
6.1.2 <i>Uppsala model</i>	11
6.2 BORN GLOBAL	12
6.2.1 <i>Original concept</i>	12
6.2.2 <i>The evolution of the concept</i>	14
6.2.3 <i>Market selection and entry mode</i>	15
6.3 STAKEHOLDERS	16
6.3.1 <i>Concept of stakeholders</i>	16
6.3.2 <i>Types and characteristics of stakeholders</i>	18
6.3.3 <i>Firms' strategy in response to stakeholders' influence</i>	19
6.4 HEALTH SECTOR.....	20
7. METHODOLOGY	25
7.1 QUALITATIVE METHODOLOGY	25
7.2 DATA COLLECTION	26
7.3 DATA ANALYSIS.....	27
8. CASE STUDY	29
8.1 THE COMPANY	29
8.2 THE MARKET	31
8.3 INTERNATIONALIZATION PROCESS	32
8.3.1 <i>Process of Internationalization</i>	32
8.3.2 <i>Results of the internationalization process</i>	35
9. FINDINGS.....	37
9.1 GOVERNMENTS' INFLUENCE.....	37
9.2 CUSTOMERS' INFLUENCE.....	39
10. CONCLUSION, LIMITATIONS & FUTURE RESEARCH	42
10.1 CONCLUSION	42
10.2 LIMITATIONS & FUTURE RESEARCH.....	43
11. APPENDIX.....	44
APPENDIX 1 – THE BASIC MECHANISM OF INTERNATIONALIZATION	44
APPENDIX 2 – COMPANY'S STAKEHOLDERS	45
APPENDIX 3 – RELEVANT SITUATIONS FOR DIFFERENT RESEARCH STRATEGIES	45
APPENDIX 4 – INTERVIEWS CONDUCTED.....	46
APPENDIX 5 – SECONDARY DATA COLLECTED.....	46
APPENDIX 6 – DATA ANALYSIS USING CODING APPROACH.....	47
APPENDIX 7 – GROWTH OF BIOSURFIT' REVENUES SINCE 2014.....	48

APPENDIX 8 – NUMBER OF SPINIT® MACHINES PER COUNTRY, IN OCTOBER 2017	49
12. BIBLIOGRAPHY	50
12.1 ACADEMIC ARTICLES	50
12.2 WEBSITES	52
12.3 PUBLICATIONS	53

5. Introduction

Since 1980, the world has been experienced a great evolution in terms of technology, telecommunications and transportation. The innovations in those fields reduced the difficulties faced with physical distance and people were able to communicate easier and faster in both face-to-face and non-face-to-face way. Companies also benefited from those innovations engaging in a process of increasing their involvement in foreign markets, through the adaptation of its operations, called internationalization (Johanson & Vahlne, 1977; Welch & Luostarinen, 1988; Calof & Beamish, 1995).

Some firms became very successful by initiating their operations in foreign markets after establishing a strong presence in the domestic market, as expected. Whereas other firms were able to start operating successfully abroad before operating in the home market, which was not expected. Those firms that internationalize prior to home country establishment have been called International New Venture (McDougall & Oviatt, 1994) or born globals (Knight & Cavusgil, 1996).

“Born globals are emerging in substantial numbers worldwide, and likely reflect an emergent paradigm, with the potential to become a leading species in the ecosystem of international trade.” (Knight & Cavusgil, 2004, page 137).

With the emergence of considered born global firms, it becomes increasingly important to do research about the phenomenon of this new type of companies.

Despite the differences in terms of strategy, both born globals and traditional companies affect and are affected by some groups or individuals within the society. Literature proposed that those groups or individuals that can affect or are affected by the organization activities and achievements past, present, or future (Freeman, 1984; Clarkson, 1995) are considered stakeholders.

Relevant literature tends to consider only the effect of stakeholders' influence in traditional firms (Freeman & Reed, 1983; Cornell & Shapiro, 1987; Donaldson & Preston, 1995; Clarkson, 1995). Thus, there is a gap in the literature regarding the

influence of stakeholders in particular companies, which do not follow the traditional internationalization process, considered born globals.

To fill in the gap mentioned, this thesis will focus our study on the internationalization strategy of a born global company. Additionally, we will focus specifically on the health sector, which because of its complexity presents more challenges regarding strategy definition and stakeholder identification and management. In this sense, our study will be guided by the following research question:

How foreign stakeholders of the health sector influence the definition of the internationalization strategy of a born global?

In terms of managerial relevance, the importance of the topic proposed relates to the fact that every company deals with stakeholders. The identification of key stakeholders and the management of their influence regarding, in particular, the definition of an appropriate strategy helps improve company overall performance and success. In this sense, through the study of the influence of foreign stakeholders in the definition of internationalization strategy, management can anticipate their impact and appropriately determine the best strategy in order to succeed.

In order to answer the research question purposed and mentioned above, we adopted a qualitative research approach more specifically a case study. We then chose a company suitable to the analysis, with regards to the topic in study – **Biosurfit, SA**. This company is a Portuguese born global tech company that operates within the health market.

This dissertation will be divided into five sections. The **first section** (literature review) aims to present relevant literature on the key topics of this thesis. We will start by the definition of internationalization followed by the introduction of the uppsala model, which aims to explain the process of internationalization. After in contradiction to the process explain by Johanson & Vahlne (1977) in the uppsala model, we will introduce the concept of born globals and their market selection and entry mode characteristics. The next subsection will regard the concept and the

influence of stakeholders upon all society including companies. Finally, as we aim to study specifically the health sector, the last subsection aims to describe the health sector and its specificities. After each subsection, we choose which definition and aspects will be used further in the dissertation.

The **second section** (methodology) aims to describe the type of methodology used and the reasoning behind the choice of a qualitative research method more specifically a Case study. Also, in this section, we will present the primary and secondary data collected and the methods used in their analysis.

In the **third section** (case study) we formulate the case study of Biosurfit, SA starting by the characterization of the company, its market and lastly the description and analysis of its internationalization strategy.

Considering the data collected in the case study section, with regards to the relevant literature presented in the literature review section, we analyse and discuss the information gathered in the **fourth section** (findings).

The last and **fifth section** (conclusion, limitations & further research) aims to present our main conclusions regarding the analysis made in the previous Findings section, as well as the limitations of this study and the suggestion of interesting topics for further research.

6. Literature Review

This section aims to present the theoretical background used as a base of work for this dissertation. Through several papers, this chapter will introduce the key concepts that will be important further in the case study chapter. The focus will be on the Internationalization concept and explanatory model, followed by the concept of born globals, the characterization of the health sector and finally the definition and influence of stakeholders.

6.1 Internationalization

As mentioned above, we will start by introducing the concept of internationalization, followed by a model, which explains its process and its characteristics.

6.1.1 Concept

The concept of internationalization has been extensively researched and several definitions were proposed by renowned authors in academic papers published in important journals.

Johanson & Vahlne (1977) define internationalization as a process in which companies, through a series of incremental decisions, gradually increase their involvement in foreign markets. In the same line of thought, Welch & Luostarinen (1988) also defined internationalization as a process in which a firm increases its involvement in international operations, depending upon six dimensions (operation method, sales objects, target markets, personnel, organizational structure and finance). According to Calof & Beamish (1995), internationalization is “*the process of adapting firms’ operations (strategy, structure, resource, etc.) to international environments*” (Calof & Beamish, 1995, page 116).

Compiling the three definitions above, we can suggest that internationalization is, in fact, a process in which companies increase their presence in foreign markets through

a series of decisions, strategies and consequent adaptation of its operations to new business environments.

In order to better understand the process of internationalization, authors have been trying to suggest a model that explains its characteristics. In the next subsection, we will define and examine the uppsala model, which aims to explain the characteristics of the internationalization process.

6.1.2 Uppsala model

In 1977, the authors Johanson & Vahlne alongside with providing a definition for the concept of internationalization created a model to explain all the steps of the internationalization process of firms. Called The Uppsala Model as it was created at Uppsala University, the model is based on two aspects, state and change, each having two variables each (market commitment and market knowledge, current activities and commitment decisions). All variables influence each other having a very dependent relationship as indicated in Appendix 1. In 2009, the authors revisited the model created in 1977 and changed what they considered the basic mechanism of internationalization. Whereas in 1977 the authors believed that the four variables that affected the internationalization process were the ones mentioned above, in 2009 they added two new concepts (knowledge opportunities and network position) to the basic structure of the model as we can see in Appendix 1.

The Uppsala model assumes an incremental internationalization process based on the continuous acquisition and use of market knowledge as well as market commitment. The model emphasises that a firm starts only with home operations, with no involvement in foreign markets, but will tend to increase gradually throughout the years in incremental stages its presence abroad (Johanson & Vahlne, 1977; Johanson & Vahlne 2009).

6.2 Born global

This subsection aims to present the phenomenon called born globals starting with the origin of the concept followed by the specificities of born global firms captured by further research.

6.2.1 Original concept

In the 1990's world witnessed the emergence of a new type of firms that did not follow an incremental, step by step internationalization process as described by Johanson & Vahln (1977).

In this sense, McDougall & Oviatt (1994) provided a definition and a framework to explain the phenomenon of firms that internationalize from the beginning, for which the previous theory of the Uppsala Model does not apply. The authors created the concept of International New Venture (INV) as “*a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries*” (McDougall & Oviatt, 1994, page 49). They argued that the world's developments in terms of technology (international communication, transportation and lower fixed costs), economy (international funding and networks) and social conditions, lead to the possibility of this raising phenomenon. Besides, in order for INV to exist it is necessary to guarantee that the firm has control over unique resources, advantages in foreign locations, internationalization of some transactions and alternative governance structures (McDougall & Oviatt, 1994).

Similarly, Knight & Cavusgil (1996) in their book “*The Born global Firm: A Challenge to Traditional Internationalization Theory*” characterize that type of firms with the term “born globals”. The authors go beyond the definition of INV and define born globals as firms characterized by:

- Having been created by an entrepreneur or a group of entrepreneurs, emerging as a result of a development in technology;
- Having a management team that considers the world the ideal marketplace for the firm since its foundation;

- Being considered small-medium size enterprises (SME's) with average annual sales of less than 100 million dollars;
- Selling products with substantial added value;
- Exporting one or several products within at least two years of their foundation;
- The fact that the quantity of product exported accounts for, at least, a quarter of the company's total production.

In the same line of thought, the authors also described some factors that they believe to influence and contribute to the emergence and success of born globals. With increasing global competition among big firms, small firms are forced to specialize and supply a global niche of customers (increasing importance of niche markets). Additionally, the constant development of new technologies allows SME's to *“streamline production in ways that make their products highly competitive in the global marketplace”* (Knight & Cavusgil, 1996, page 21). Alongside with the developments in technology, the advances in communications technology enable born globals to communicate all around the world quicker and cheaper than in the past. The fourth factor influencing the success of born globals is the fact that SME's are more flexible and adapt more quickly to situations, thus they respond better and faster to every market characteristic. Lastly, globalization enables companies to access to knowledge, technology, tools, institutions and networks all around the world facilitating cross-board activities.

In 2004, the same authors revised the definition proposed in 1996 and provided the following definition of born globals: *“business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries”* (Knight & Cavusgil, 2004, page 124).

Therefore, all authors state that born globals are firms that despite their relatively small size and lack of experience, benefit from a set of factors and characteristics such as management previous experience, becoming able to internationalize and export a significant part of their products successfully. We will adopt this definition for the rest of this dissertation as considered to be the most complete and better explained.

6.2.2 The evolution of the concept

Madsen & Servais (1997) published an article where they generate “*propositions about the antecedents of as well as the necessary and sufficient conditions for the rise*” (Madsen & Servais, 1997, page 1) of considered born global firms. Based on nine relevant case studies from firms originating from several different countries, the authors propose that the phenomenon of born globals is quite dependent of the degree of internationalization of the market and the size of the domestic market (higher degree of internationalization and smaller size of domestic market enable the appearance of born globals). Also, the bigger the domestic market the bigger tendency for born globals to appear only on high technology sectors. On the other hand, the entrepreneur who started the firm is proven to have a decisive role in its success. His previous experience defines the whole firm’s organization, strategy and processes as well as its geographic locations. In comparison to other internationalized firms, Madsen & Servais (1997) proposed that born globals specialize in niche markets relying strongly on partnerships to access effective Research and Development (R&D), distribution channels and networks.

Another study, by Moen (2002), comparing French and Norwegian firms, shows that born globals, compared to other types of firms, present different characteristics. In terms of competitive advantages, global orientation, export strategy and market conditions, born globals were found to follow a niche focus strategy consistently, to use information technology actively, to score high on international responsiveness and to consider as especially important the market conditions as they find the export markets more attractive than the home markets (Moen, Ø. 2002). Despite the differences in value, the author concluded that different groups of firms tend to have similar characteristics. New and global, (born globals), tend to have similar characteristics to old and global firms, as well as new and local have similar characteristics to old and local firms (Moen, Ø. 2002). Additionally, the author did not find evidence that these firms follow the incremental step-by-step process of internationalization described by the traditional frameworks as Uppsala Model.

Years later, a third study was conducted with a dozen tech companies in Greater Cambridge Area Cluster. The authors saw that the perceived lack of opportunities in the domestic market and the need to serve a global multinational niche customer were key drivers for the internationalization of those companies. All born globals studied rely on distinctive technology and on the knowledge acquired from experienced managers and local networks (Kudina, Yip & Barkema, 2008).

All studies found that born globals specialize in niche markets depending strongly on the entrepreneur's previous experiences and partnerships with other firms. In this sense, the two studies emphasize some characteristics already presented by Knight & Cavusgil (1996) in the previous subsection.

6.2.3 Market selection and entry mode

When considering market selection and entry mode of born globals, we cannot consider traditional literature entirely once the uppsala model is not fully explanatory of the new phenomenon, and the born global theory was formulated in contradiction to it.

Born globals tend to focus on a niche market, having to rely on the innovation aspect of its products. Furthermore, as these firms are relatively new, they strongly depend on other firms' resources to grow and exploit foreign markets' opportunities in the sense that networks are crucial to achieving international presence (Knight & Cavusgil 1996; Madsen & Servais, 1997; Moen, Ø. 2002). Additionally, for born global, the physical distance of foreign markets is not a relevant aspect as in uppsala model. Relying on the previous experience of workers and guided by an opportunity-seeking approach, born globals will choose the market to enter based on its niche opportunities and its networks and partnerships.

Born globals as other firms influence and suffer from the influence of several groups of the society, which affects its operations. In the next subsection, we will analyse the concept of stakeholder as those groups who influence and are influenced by a company.

6.3 Stakeholders

In this subsection, we aim to not only present the concept of stakeholders and their different groups but also to explain their influence upon a company and its activities.

6.3.1 Concept of stakeholders

Society considered the term stockholders as the ones who have interest in the company to earn profits and which enable the company to exist as the ones who provide financing. In this sense, the neoclassic economic theory considers that companies only operate in order to make profits and satisfy the interests of stockholders (Freeman & Reed, 1983). According to academic references, the concept of stakeholder appeared for the first time in 1963, in an internal memorandum of the Stanford Research Institute as *“those groups without whose support the organization would cease to exist”* (Freeman & Reed, 1983, page 89). Despite being a very broad definition, it represents the beginning of the end of the neoclassic model and the birth of a socio-economic theory, which considers the importance of other participants apart from shareholders.

Considering this definition by the authors Freeman & Reed (1983) proposed, in their article in 1983, two, more specific definitions for the same term:

“Any identifiable group or individual who can affect the achievement of an organization’s objectives or who is affected by the achievement of an organization objectives.” (Freeman & Reed, 1983, page 91)

“Any identifiable group or individual on which the organization is dependent for its continued survival.” (Freeman & Reed, 1983, page 91)

Although different, both definitions complement each other. The first definition considers a reciprocal relation of influence between a firm and a specific group or individual which will ultimately lead to a dependence relation in terms of firm’ survival (second definition). In this sense, stakeholders are considered groups or

individuals that suffer influence and influence a firm, regarding the achievement of objectives, and become essential for a firm's survival.

In 1984, Freeman published the book considered essential for stakeholder literature called "*Strategic management: A stakeholder approach*". In his book, the author gives a compiled definition of the concept, similar to the first definition given in 1983, as "*any group or individual who can affect or is affected by the achievement of the organization objectives*" (Freeman, 1984, page 46).

In 1991, Carroll published an article aiming to provide a framework to characterize firms' CSR strategy in order for the management to join both the interests of the shareholders and the other stakeholders. In order to present its framework, the author considered stakeholders as a group or individual with influence in terms of the claim, stake or interest in the operations of an organization (Carroll, 1991).

Besides, Clarkson also gave a more complete definition of stakeholders, in 1995, since it considers a time factor. The author stated that stakeholders are "*persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future*" (Clarkson, 1995, page 106)

In fact, the first notion of the term stakeholder was broad and entirely organizational oriented but throughout time, the concept of stakeholders has consistently been associated with an exchange relationship between groups or individuals and organizations (Freeman & Reed, 1983; Carroll, 1991; Clarkson, 1995). The influence of a firm upon stakeholders and their influence upon a firm make them crucial for the achievement of a firm's objectives and consequently its own survival.

We have seen the evolution of the definition of the term stakeholder and will consider the definition given by Freeman (1984) with the time factor given by Clarkson (1995): stakeholders are any group or individual who can affect or is affected by the organization activities and achievements past, present, or future. Given this definition, we can state that stakeholders range from employees to governments as we can see in Appendix 2.

6.3.2 Types and characteristics of stakeholders

Considering the definition of stakeholders mentioned above (Freeman, 1984; Clarkson, 1995), we can separate them into two groups according to their dependence and importance for the company (Clarkson, 1995). First, we can consider as primary stakeholders, the groups or individuals who are affected or affect an organization and without whom it cannot continue its operations. The high level of dependence between primary stakeholders and the company makes it extremely important to fulfil their expectations. On the other hand, we can distinguish the secondary stakeholders as those groups or individuals who are affected or affect an organization and whom it does not need to survive. The low level of dependence between secondary stakeholders and the company make them capable to cause significant harm to the company but incapable them to end it (Clarkson, 1995).

Additionally, we can distinguish four specific stakeholders' attributes: Power, Legitimacy, Urgency and Saliency (Mitchell, Agle & Wood, 1997).

Stakeholders have power in the sense that they have or can acquire coercive, utilitarian or normative means in order to impose their preferences and desires to the company. Regarding legitimacy, "*socially accepted and expected structures or behaviors*" (Mitchell, Agle & Wood, 1997, page 866), stakeholders have desired, appropriate and expected behaviours within a certain installed system of norms, values and beliefs. Urgency is considered as the "*degree to which stakeholder claims call for immediate attention*" (Mitchell, Agle & Wood, 1997, page 867). It depends not only on the importance of the claim but also on the relationship between the company and the stakeholder. Finally, the attribute of saliency relates with the former attributes described. It is perceived that the greater the stakeholder's power, legitimacy and urgency are, the greater their saliency. Thus, saliency refers to the degree of which the company choose to give priority to claims of some stakeholders over the claims of other, competing, stakeholders (Mitchell, Agle & Wood, 1997; Harrison, & Freeman, 1999).

The combination of the four stakeholders' attributes, "*create different types of stakeholders with different expected behavioral patterns regarding the firm*" (Mitchell, Agle & Wood, 1997, page 863). In this sense, stakeholders' influence upon

a company depends directly on their characteristics. The more power, legitimacy and urgency, the more salient and thus, the more influence will stakeholders have on the company and its management strategies.

6.3.3 Firms' strategy in response to stakeholders' influence

Carroll (1991) used terms as reactive, defensive, accommodative, and proactive to characterize a company' strategy or posture towards its stakeholders according to their influence and how the company reacts. Based on the concepts introduced by Carroll (1991), Clarkson (1995), provided a performance scale in order to “*measure and evaluate the level of responsibility that a company demonstrates in its management of stakeholder relationships and issues*” (Clarkson, 1995, page 109) and the level of stakeholders' satisfaction as follows:

The Reactive-Defensive-Accommodative-Proactive (RDAP) Scale

Rating	Posture or Strategy	Performance
1. Reactive	Deny responsibility	Doing less than required
2. Defensive	Admit responsibility but fight it	Doing the least that is required
3. Accommodative	Accept responsibility	Doing all that is required
4. Proactive	Anticipate responsibility	Doing more than is required

Source: Clarkson, 1995, page 109

In accordance to this framework, the element of rating concerns the classification of a company' strategy based on the way of dealing with the responsibility towards stakeholders issues (Posture or Strategy) and the results of the actions taken regarding those issues (Performance). Thus, stakeholders' issues influence the way companies to deal with them and consequently, their strategies (Clarkson, 1995).

Besides, although Clarkson (1995) characterized the strategy type of a company regarding stakeholder's issues, it is important to also analyse the importance of managing stakeholders' issues. Donaldson & Preston (1995) stated that stakeholders' management affects the company in a three-level way, justified by three different theories: descriptive, instrumental, and normative theory. The descriptive theory is used to explain the relationships between stakeholders and the company observed in the external world. Hence, descriptive theory relates to the explanation of specific behaviours of the company in accordance to its characteristics, regarding the

conditions under which management consider certain groups as stakeholders (Donaldson & Preston, 1995; Mitchell, Agle & Wood, 1997). For instance, the nature of the firm, the corporate way of thinking about company's interests and management decisions. The instrumental theory relates to the condition that certain practices carried out, lead to certain results will be obtained. This theory enables the identification of connections between stakeholders' management and company results. Finally, the most internal way is the normative theory, which "*presumes that managers and other agents act as if all stakeholders' interests have intrinsic value*" (Donaldson & Preston, 1995, page 74). In this sense, the theory supports values and morals guidelines behind the management of the company with regards to its actions.

Compiling descriptive accuracy, instrumental power, and normative validity of the three theories, the authors concluded that the three aspects of stakeholder theory complement each other.

6.4 Health Sector

The health sector presents distinct characteristics from other sectors of the economy. We will use this subsection to characterize the sector and its specificities.

*"Health care means health services provided by health professionals to patients to assess, maintain or restore their state of health, including the prescription, dispensation and provision of medicinal products and medical devices"*¹ (Directive 2011/24/EU, article 3a, page 55)

We can separate distinguish several businesses that belong to the health sector. We can consider, for example, businesses such as pharmaceutical companies (and pharmacies), health insurance companies and medical supply providers are part of the healthcare sector (The 10 Biggest Health Care Companies in the Fortune 500²).

Regarding management literature, it is very difficult to find renowned academic articles regarding the overall characteristics of the health sector. In this sense, we will

¹ From Directive 2011/24/EU of the European Parliament and of the Council of 9 March 2011, article 3a, page 55

² From <http://fortune.com/2015/06/20/fortune-500-biggest-healthcare-companies/>

have to use medical academic articles and very specific management articles to try to describe this sector the best way we can.

Besides, health care does not concern only the services for illnesses' treatment but also services in terms of diagnosis, prevention, education, research and outreach (Omachonu & Einspruch, 2010). This sector deals with several different dimensions at the same time, which increases its complexity level. The necessity to manage the operations not only to face treatment of a wide spectrum of illnesses but also to provide the other services makes the health sector one of the most costly sectors.

In the health care sector, quality and client satisfaction are very difficult to measure. For instance, quality can be divided into technical and functional quality in the sense that “*Technical health care quality (THQ) can be defined primarily as the degree of adherence to established technical norms and procedures, whereas functional health care quality (FHQ) is the manner in which the health care services are delivered*” (Ward, Rolland & Patterson, 2005, page 362). The authors realized that, through a study with outpatients' surveys, the four dimensions of Interaction & Communications, Access, Tangibles and Outcome are the greater influencers in patient-perceived quality. In this sector, interpersonal interactions are as valued as the technology and physical resources (Zhang, *et al.* 2017) unlike in most of the other sectors.

In order to cope with the fast pace of the health sector, new technology is always being developed. Health care innovation can be found either through product innovation (e.g. new drug) or through process innovation (e.g. new surgery technique). According to the authors Omachonu & Einspruch (2010) “*Healthcare innovation can be defined as the introduction of a new concept, idea, service, process, or product aimed at improving treatment, diagnosis, education, outreach, prevention and research, and with the long term goals of improving quality, safety, outcomes, efficiency and costs.*” (Omachonu & Einspruch, 2010, page 5). The constant search for new innovations and technologies is another factor that leads to an increase in the sector's cost.

Regarding the government involvement, the authors Thuohy & Glied (2011) proposed that governments intervene in the health sector in four different ways. First, governments are distributors of health care in the sense that, to maintain equity among citizens, they implement policies to redistribute resources. Health care resources are also encompassed in the redistributive policies adopted.

The second way is related to information gaps. Despite being a sector that provides services, the information gap between professionals and patients leads them to “*dependent on the advice of medical experts to tell them what and how much health care to “consume” (which) means that patients do not purchase services in a conventional sense*” (European Commission- Health & Consumer Protection Directorate-General, 2001, page 7). In fact, governments try to guarantee the minimal quality standards and patient safety by product and procedure regulations as well as regulations of health care related professions (Thuohy & Glied, 2011).

Thirdly, governments make a direct and indirect investment in the health care sector through for example the construction and/or improvement of health care facilities, the education of health care professionals, the sponsoring of health care related R&D activities and the concession of grants (Thuohy & Glied, 2011).

Finally, the authors considered that governments are also involved in this sector through “*the regulation and taxation of goods and behaviors that generate externalities*” (Thuohy & Glied, 2011, page 61). Extra taxes can be applied to the sale of cigarette packages in order to avoid their consumption and minimize negative externalities such as respiratory diseases.

In fact, the health sector is one of the most regulated sectors of the economy. Although each country has its own specific health sector regulations, there are some common directives for health products, services and patients along groups such as the EU. For instance, products need to be CE marked in order to be able to be commercialized within the EU territory and medical products for human and veterinary use need also to be approved and authorized by the European Medicines Agency.

As the health sector can be divided into primary, secondary and tertiary health care we will analyse each element separately.

Primary health care is considered the core of the health care sector that represents the first point of contact between service users (patients) and health care professionals. This stage involves a wide scope of health care services performed by general health care professionals not only to treat illnesses but also to improve the overall health of all citizens.

The Alma-Ata Declaration established that primary health care should rely on five essential pillars namely universality, quality, equity, efficiency and sustainability (World Health Organization, 2003). Universality regards to the fact that every person should have access to the same set of primary health care services and quality to the fact that *“primary health care services should be socially and culturally acceptable and in line with standards of scientific and clinical practice, and at a level that will be perceived as adequate by beneficiaries”* (World Health Organization, 2003, page 1). The pillar of equity is based on the fact that everybody should have access to primary care services independently from their willingness and capacity to pay for them. In addition, sustainability and efficiency relate to the fact that there should be enough resources to provide primary health care service in the short and long run and that those resources should be managed in a cost-efficient way, respectively. Primary health care professionals refer patients to secondary and tertiary health care professionals according to the characteristics of the pathology presented.

The next level is the secondary health care that relates to the treatment of non-very complex illnesses by more specialized health care professionals. Secondary health care professionals often specialize either in a specific system of the body, or a specific illness (e.g. dermatologists). Despite their degree of specialization, secondary health care professional need to refer the patient to tertiary health care professionals for the treatment of some illnesses. In this sense, tertiary health care represents the treatment, with specialized equipment, by specialist professional, of serious illnesses (e.g. cardiac surgery).

The health sector is thus, one of the more complex sectors of the economy. Not only in the sense that involves all the uncertainty concerning life and strong personal

interaction but also in the sense that implies high costs and a large number of regulations.

In the next section, we will describe the methodology used in this dissertation and the methods considered for data collection and analysis.

7. Methodology

This chapter aims to present and explain the type of methodology and procedures used for data collection and analysis that made possible the chapters of findings and conclusion.

7.1 Qualitative methodology

In order to answer the research question mentioned previously, the methodology used was qualitative research.

According to Mack et al. (2005), qualitative research is a type of research which aims to answer a question and solve a research problem through predefined procedures and evidence collected, in order to produce findings that were not only already determined but that also go beyond the boundaries of the specific study. Considering the topic of this dissertation, the most appropriate research approach is qualitative research since it is a dynamic phenomenon that can hardly be explained by quantitative methods.

Furthermore, Yin (2009) developed a framework in order to provide a way for researchers to select the best qualitative research method, based on three conditions. First of all, it is important to consider the type of research question posed, the extent to which the researcher can control the behavioural events and, finally, the preference for focusing on current events as opposed to historical events. After defining the three conditions mentioned above, the author proposes five possible research strategies as shown in Appendix 3. Given the research question defined in this dissertation, the fact that we do not have control of the behavioural situations and the focus on current events rather than historical ones, Yin's Framework suggests that the most appropriate qualitative research method is a Case study. According to Yin (2009), a case study is "*an empirical inquiry that investigates a contemporary phenomenon within its real-life context*" (Yin, 2009, page 13).

Hence, in this dissertation, we will use the Case study research method. We chose **Biosurfit, SA**, as the company suitable to be the subject of a case study, as it is a portuguese company which stated by commercializing its products in foreign markets

instead of in the Portuguese market (born global), and operates in the health care sector, selling a fully automated diagnostics machine to perform blood tests. The company is influenced strongly by stakeholders of foreign markets in the definition of its internationalization strategy.

7.2 Data collection

Data can be separated into primary data, which is the data collected by the researcher himself for the first time and secondary data, which is the data collected by a third person and later used by the researcher. In fact, each Case study can have its data collection made by several methods including archives, interviews, questionnaires and observation, which can provide also quantitative and qualitative data (Eisenhardt, 1989). Besides, according to Yin (2009), the more sources of data collection used, the more convincing and assertive are the findings. In this sense, it is important to use at least one type of data triangulation: investigator, theory, and method or data source triangulation in order to mitigate possible bias of information.

In this dissertation, in order to use Data Source and Method Triangulation, we collected primary data through meetings and interviews, with more than one key informant, and secondary data through archived records and documentation. We conducted three interviews with different company employees, in order to not only triangulate data and cross-validate the information given, but also to avoid information bias. The interviews were conducted with Dr Joao Fonseca, Dr Daniel Neves, Dr Luis Lopes and Dra Sofia Ribeiro as we can see in the figure below.

Interviewee	Position	Date	Time
Dr João Fonseca	CEO	03.11.2017	30 min
Dr Daniel Neves	CMO and CFO	06.12.2017	30 min
Dra Sofia Ribeiro Dr Luis Lopes	Marketing Manager Business Development Manager	06.12.2017	30 min

The first interview with the CEO was used to discuss broad topics such as an overall view of the company and its history. Besides we discussed, as well, the internationalization process and the arrangements for further interviews and information access. The second interview, with Dr Daniel Neves, enabled to go deeper into the characterization of the company, its internationalization process and

further plans for expansion. In addition, we discussed the importance of stakeholders in market selection and entry mode of Biosurfit. Lastly, the topics covered in the joint interview with Dra Sofia Ribeiro and Dr Luis Lopes were the path of internationalization, the importance of international fairs and of stakeholders in market selection and entry mode of the company, the barriers and difficulties of expansion and the next steps of internationalization (See Appendix 4).

The secondary data can be divided into internal documentation, which was given by the company itself and external documentation, which was collected from other sources outside the organization. The internal documentation collected ranges from Company's internal reports to shareholders' presentations whereas external documentation was mainly collected from websites. (See Appendix 5)

7.3 Data analysis

For the data analysis, we used a coding approach, (see Appendix 6), where we separated the data collected into groups according to key concepts. Additionally, the process of coding the data into a table allowed us to preserve information in the actual terms used by the key informants' interviews. For example, we coded as *market* the following quote of Dr Daniel Neves “*Not in terms of medical decisions but in terms of personal preferences (...) patients are willing or not to pay more for a quick result and not having to go to the doctors' office a second time*” because it concerns the patients' preferences which is one of the aspects considered in the firms' approach to **market** selection of a foreign market.

All data fostered a deeper understanding of the company, its internationalization process and the way foreign stakeholders influence the definition of the company's internationalization strategy. We were able to use the data collected in order to present a case study (chapter 8) and consequently the findings and conclusion sections (chapter 9 and 10).

The Case study section will be divided into three subsections. The first subsection aims to present an overall view of the company subject to study, followed by a view

of the market in which it operates (overall health market and PoC market). Finally, we will describe and analyse the internationalization process and strategy used and consequently its results.

8. Case study

This section aims to present the Case study of this dissertation. We will start by describing the company, its market and lastly its internationalization strategy and the results of the approach used.

8.1 The Company

This subsection aims to present the company Biosurfit as the firm subject to the Case study.

After going to the hospital with his sick three-year-old son, Dr João Fonseca considered it unacceptable to have to wait several days for the results of the blood tests to define the treatment suitable to the child's illness. In this sense, the current CEO started its own company to address this health system problem.

Biosurfit, SA was founded in Lisbon, Portugal, in 2006 by Dr João Fonseca to develop a fast and reliable technology for in-vitro diagnostic testing.

“At biosurfit we are working to shape the future of in-vitro diagnostic testing.

We want health providers to have all the necessary information to make the best possible diagnostic and treatment decision when they are with their patients.”³

With a very experienced board composed by Dr João Fonseca (CEO), Dr Nuno Reis (COO), Dr Ian Gilham (Chairman since 2013) and Dr Daniel Neves (CMO and CFO since 2009), the company has been systematically growing through the years. Nowadays, the Biosurfit counts with more than 100 employees in its headquarters and semi-automated manufacturing line located both in the city of Lisbon.

In order to perform a blood test, with the current conventional system, patients are normally referred to specialized blood-draw clinics, having to wait for several days until receiving the tests result. Besides, from the point of view of the institutions, it can be necessary to use several equipment in order to do a unique blood test which require different storage place, technicians training, maintenance requirements, power

³ From <http://biosurfit.com/company/>

supply, quality control and procedures, printers, sample collection material, logistics and ordering and finally the connection between results.

Biosurfit commercializes a fully automated diagnostics machine, designed to deliver blood analysis information in minutes under the brand spinit®. This machine is a point-of-care diagnostic system capable of performing the three major blood tests (haematology, immunoassays and clinical chemistry) on the same instrument. In order to enable the performance of specific tests, the company also sells the disposable discs on CD/DVD format (spinit® CRP, spinit® BC and spinit® HbA1c). Also, depending on the type of test, the results are shown on the screen after a maximum of ten minutes with the same accuracy as a laboratory test.

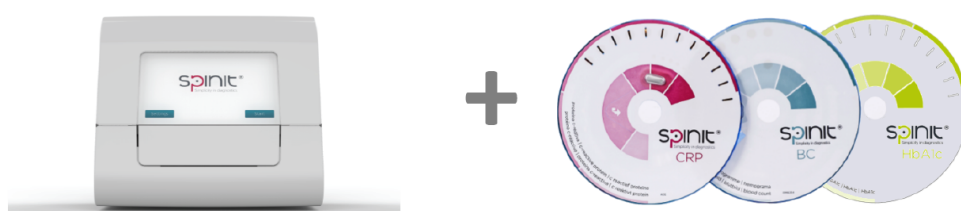


Figure 1 - spinit® diagnostics machine and disposable discs (Source: Shareholder presentation, 2017)

It is essential for any company operating within the health sector, in the EU, to have its products CE marked and ISO 9001 and ISO 13485 certifications before being allowed to operate. In 2009, the company received both ISO certifications and, throughout the years, all tests launched by Biosurfit and the machine itself are CE marked, which means they comply with the essential requirements of European health, safety and environmental protection legislation and can legally be placed in the market, ensuring the free movement of the product within EFTA and EU market.

Furthermore, the company achieved IFCC (International Federation of Clinical Chemistry and Laboratory Medicine) certification and NGSP (National Glycohemoglobin Standardization Program) certification, acknowledging the compliance with international laboratory standards.

Throughout the years, Biosurfit has received several awards namely Biggest Healthcare Innovation Award, in World Innovation Summit 2011, Barcelona and “Start-Up of the year” award by Portugal Ventures in 2013 and in 2015 and the distinction of “Born from Knowledge” at the National Meeting of Innovation

COTEC-ANI in 2017. Besides, the company has also been awarded grants from the European Commission, IAPMEI and Horizon 2020.

8.2 The market

In order to analyse the market for Biosurfit's products, it is important to first understand the global health market in Europe for the past years and then focus on the target market of the company.

According to data by The World Bank, the public health expenditure as a percentage of the GDP, for the European Union, has increased significantly since 2006 to 2014. Statistics show that, in 2006, the EU countries registered a public health expenditure of 7.09%⁴ of GDP compared to 7.82%⁴ in 2014. Considering the increase of European Union's total GDP from 15.389⁵ Trillion USD to 18.588⁵ Trillion USD in 2014, we can see that the amount registered for health expenditures increased 3.199 Trillion USD since 2006. Additionally, Eurostat shows that in the majority of EU members, hospitals are the main providers where health care expenditures range from 29.5%⁶ of the total health care expenditures in Germany to 47.9%⁶ in Estonia in 2014.

Additionally, both Eurostat and The World Bank, state that direct out-of-pocket spending (health services directly paid by the patient) has grown more rapidly than public spending.

There are several factors contributing to the increase of health care expenditures showed by the statistics. First of all, the growth of world's population, the increase of life expectancy, the better access to health care and the increase of the number of lifestyle-related diseases, contribute to the increase of the number of health care system users and thus, to the necessity of a greater amount of health care provider institutions. Besides, with the constant evolution of R&D, there are more treatments, exams and techniques employed in the health care system which can ultimately lead to the growth of health care expenditures.

⁴ From <https://data.worldbank.org/indicator/SH.XPD.PUBL.ZS?locations=EU&view=chart>

⁵ From <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=EU&view=chart>

⁶ From http://ec.europa.eu/eurostat/statistics-explained/index.php/Healthcare_expenditure_statistics#Healthcare_expenditure

Biosurfit does not intend to serve the whole health care market, instead, the company focus its products on primary health care, more specifically on the Point of Care Diagnostics Market (PoC market). The global market value for PoC diagnostics (accounting for self-testing and professional PoC segments) was 17⁷ billion USD in 2014 and spinit® target segment, considering doctors' offices and hospitals (primary care), accounted for 4.76 billion USD (28% of the global market).

Regarding competition, Roche, Alere, Abbott, and Siemens are considered the largest companies in point of care diagnostics in terms of revenues. Despite the existence of several competitor companies that commercialize similar systems to spinit®, none of them is able to perform the same number of different tests and none of them is commercialized at the same low price range.

8.3 Internationalization process

Biosurfit started by commercializing its products outside its country of origin which means, the company started exporting before domestic market selling. First, it is important to analyse the process itself, considering the strategy used and then the outcomes.

8.3.1 Process of Internationalization

After all the approvals needed, in 2013, Biosurfit was ready to commercialize its product abroad. The company started by (and continues) attending several international health care fairs like MEDICA (*“The world's leading trade fair for the medical industry”*⁸) in order to expand its network and acquire further knowledge.

“At international fairs, we (Biosurfit) talk to many people from many different countries and many different types of companies. (...) We end up being able to extract some valuable information about markets which facilitates the choice of a market to enter in and furthermore, we end up expanding our already existing network. (...)

⁷ From <https://www.kaloramainformation.com/Point-Care-POC-10616559/>

⁸ From <https://www.medica-tradefair.com/>

Thus, international fairs are, in fact, a big investment made by us (Biosurfit) in terms of internationalization”⁹

Regarding the market presence of the company, Biosurfit adopted a special approach in order to choose a new market to enter into. The approach used considers four key principles as mentioned below:

- PoC market - National Health care system
- Reimbursement policy
- Physicians preferences
- Patient preferences

In order to evaluate the PoC market, it is important to consider if the National Health care System is centralized or decentralized. Thus, the important aspect is not the size of the market per se but the way it is organized. In a decentralized system, a patient needs to go first to a doctors’ office and then, only if referenced, to the hospital. Whereas in a centralized system, a patient can go directly to the hospital. As hospitals have a central laboratory to support them, the more decentralized the National Health care System the greater likelihood for a doctors’ office to acquire spinit® products.

Additionally, the reimbursement policy in each country affects the possible success of the commercialization of spinit® products. The National Health care Systems and insurance companies reimburse certain medical expenses which can cover or not Biosurfit’s tests. In this sense, the reimbursement policy affects the prices being that for doctors the reimbursement represents receiving the price asked and for the patient represents paying less.

Thirdly, the doctors’ preferences in terms of treatments, products and decision making. In different countries, doctors’ can prefer for example traditional blood testing over the testing solution provided by Biosurfit. Besides, in order to decide the same treatment, different doctors can prefer the analysis of different types of test.

⁹ From the interview with Dra Sofia Ribeiro on 06.12.2017

Moreover, the last aspect considered by Biosurfit is patient's preferences in the country. On one hand, populations can really dislike the traditional method of taking blood or can feel indifferent about it. On the other hand, patients can or not be willing to pay an extra for the fact that they only need one, longer appointment instead of one to request the blood tests and one to show the blood tests' results to the doctor.

Considering the four-key-aspect approach, Biosurfit defined Belgium, Netherlands and Luxemburg as the most attractive countries to enter in since they easily accept innovations of health care, have a decentralized National Health care Systems and a reimbursement system well defined.

Additionally, the company defined that, considering its characteristics and the target market, the best entry mode would be only through distribution agreements. Biosurfit is a relatively small company with limited resources, and the fastest and most efficient way to guarantee the commercialization of spinit® products in doctors' offices and primary care institutions in foreign markets, is to partner with a local distributor and sign distribution agreements. In order to choose the most appropriate partner, the company evaluates not only the distributors' capacity of investment (there is a requirement of an initial investment in spinit® products) but also their offer of other products (the distributor cannot sell two or more similar products to spinit®).

Considering the BENELUX region and the entry mode, Biosurfit took advantage of the fact that the major competitor in the region was bought and thus, the local distributor for the Netherlands would no longer be able to sell the product. In fact, in 2013, Biosurfit signed its first distribution agreement and in 2014, the Netherlands became the first country to commercialize spinit® products. After a while, the company entered into negotiation with a company, created by former employees of the competitor, in order to sign a distribution agreement for Norway, Finland, Sweden and Denmark.

The entrance in the Nordic group was followed by the signature of distribution agreements for UK, Austria, EU Eastern Countries (e.g. Slovakia, Croatia), Romania and finally Swiss.

After the success in European countries, the company decided to enter the Middle East namely United Arab Emirates, Kuwait, Qatar, and Saudi Arabia.

The internationalization strategy for the Middle Eastern countries was very similar to the one followed in order to enter the European markets. However, Biosurfit had to adapt to certain cultural characteristics of those Arab societies. For instance, face-to-face communication is much more valued in Arab culture than in Europe which forced the company to regularly send Dr Luis Lopes to those countries in order to establish a personal relationship with all parts of interest.

“Arab population like to meet and deal with people face-to-face (...) and we saw more progress and achieved more results after visiting the country than through months of non-face-to-face negotiation.”¹⁰

The relationship with local companies that can become Biosurfit’s local distributors is thus, very important for the company. Nowadays, Axon Lab AG, an independent European distributor, focusing on medical diagnostics, life science and software solutions for the health care sector is one of the major partners of the company. Through the establishment of distribution agreements, Axonlab has the rights to promote, market, and sell the spinit® instrument and associated discs to hospitals, doctors, clinics, private laboratories and research institutions in all EU Eastern Countries where Biosurfit is currently present.

8.3.2 Results of the internationalization process

Following the strategy described above, Biosurfit has, currently, a commercial presence and sells its products in over twenty European countries and four Middle Eastern countries, with plans to expand to the United States and Asia.

¹⁰ From the interview with Dr Luis Lopes on 06.12.2017

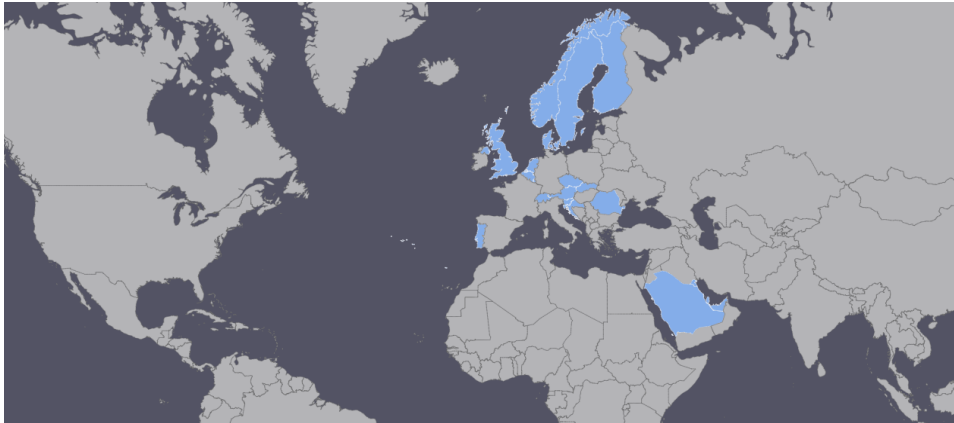


Figure 2 – Biosurfit's presence worldwide (Source: adapted from internal presentation 2017)

Since 2006, the company has substantially increased its overall operations not only in terms of sales but also in terms of international presence. Nowadays, Biosurfit sells its products in European countries such as The Netherlands, England, Norway and Switzerland and in Middle Eastern countries such as Qatar and UAE.

Regarding sales, Biosurfit's overall sale revenue increased over sixteen times from 56.070 Euros in 2014 to 940.147 Euros in October 2017 (see Appendix 7). Considering sales of individual products, the company was only able to retrieve information until 2016. spinit® machines represent the core of the company's revenues in comparison to the dispensable discs, 306.019 Euros comparing to 68.081 Euros in 2016. Over a total number of 640 machines in the market by October 2017, Austria and Czech Republic are shown to be two of the most important markets with a total of 299 machines commercialized. Nonetheless, the market of the Netherlands is also very significant as it alone accounts for 183 equipments, representing 29% of the total number of spinit® machines around the world (see Appendix 8).

The expansion and increased volume of transactions lead to the need for a greater production capacity and more workforce. In this sense, the number of employees as been increasing throughout the years, from four in 2006 to seventy-seven in 2014, and currently, in 2017, to 122 employees. Besides, Biosurfit initiated and finished the construction of a new 4.500 m² semi-automated production facility in Azambuja, with a production plant, R&D labs and its office headquarters.

9. Findings

This chapter aims to answer the research question proposed of *“How foreign stakeholders of the health market influence the definition of the internationalization strategy of a born global?”* based on the information gathered in the case study section (chapter 8) and the frameworks in the literature review section (chapter 6). The first step was to identify key stakeholders of the company, based on the four key approach followed in other to do market selection. We will perform our analysis separating different stakeholders, such as governments and customers, based on their higher degree of influence upon a company and its internationalization strategy.

9.1 Governments' influence

The nature of the market makes it imperative to have government participation in all activities, trough not only the construction of medical facilities but also the establishment of a national health care systems and regulations. In this sense, governments are one of the most influent stakeholders of this market.

In this regard, Biosurfit was greatly influenced by the market conditions created by government actions.

In one hand the company needed to get specific certifications in order to comply with certain directives and being able to commercialize its products in each country and across the EU. Those certifications delay the entrance of the company in the market as they need to be prior obtained to allow the commercialization of the products. Besides, the company needs to incur certain expenses in order to obtain those certifications. As a result, the necessity to comply with the regulations not only lead Biosurfit to start developing its products in 2006 but to start selling them only in 2014 but also to spend extra money. A market with more specific regulations required in order for a company to enter becomes less attractive when considered in the market selection as imply many certifications and extra-expenses.

"The minimum requirements in order for us to sell our products are CE marking, which allows us to sell within the EU; ISO 9001 and ISO 13485."¹¹

On the other hand, as we have seen, the National Health care System is very important to Biosurfit. Governments are responsible for the way the health care system is organized and the interconnection of health care facilities. The level of centralization of the system impacts both market selection and entry mode of a company. On one hand, it influences the possibility to reach a significant number of private doctors' offices and primary care units in the sense that great decentralization results in a great possibility to reach the target market. On the other hand, the necessity to satisfy a decentralized market requires the definition of an appropriate way to enter the market and reach every customer. In this sense, a country with a decentralized health care system is more attractive to Biosurfit than a country with a centralized health care system, since, with the right entry mode, it is more probable to reach a greater number of target customers.

"If the National Healthcare System encourages the realization of blood tests near the patient, it becomes attractive to us."¹²

On top of that, the reimbursement policy defined by the government is also very important for market selection as it impacts the prices that can be practised by the target market and thus, the acceptance level and the number of Biosurfit's products commercialized. The better established and the more reimbursement available for tests offered by Biosurfit, the more attractive becomes the market. The greater the reimbursement policy for specific tests, the higher the prices that doctors can practice without losing patients since they will get the refund. If patients have support from the system they will not be averse to go to a doctor's office and perform the required analysis even if they have to pay more for the consultation or the exams. The reimbursement policy will, thus, ultimately influence doctors to acquire Biosurfit's products once they can practice higher prices and consequently invest in new technologies.

¹¹ From the interview with Dr Daniel Neves on 06.12.2017

¹² From the interview with Dr Daniel Neves on 06.12.2017

“Other important factor is the reimbursement policy which can turn attractive or not to commercialization of our products in that country.”¹³

Additionally, it is important to consider the type of political system in each country. A country with a closed political system is less likely to accept foreign products thus, it will not be considered as an option from market selection. Besides, a system that strongly promotes internal R&D will tend to impose strict regulations regarding foreign technology. On the other hand, a government that searches for innovation, even if it comes from foreign countries, will tend to influence market conditions in order to increase the country’s level of attractiveness for technology innovations.

In this sense, the governments’ influence upon market conditions, through regulations and established policies, leads the company to choose or not a country in the market selection part of the internationalization strategy.

9.2 Customers’ influence

As we have seen, customers are considered stakeholders as they influence and are influenced by the company’s actions and achievements past, present and future. In this sense, born global customers are not an exception. Biosurfit’s customers are not only its distributors but also the patients and doctors that use the spinit® products.

The distributors are crucial for the company as Biosurfit is a born global with limited resources. The company does not have enough capacity to self-distribute products in each country thus, the existence of experienced and well-positioned distributors, which comply with the requirements of the company, is the only way to expand to foreign markets. Local distributors that already have networks, knowledge and operations set up in place represent a foreign advantage for the company as it can benefitiate from those partnerships, not having to carry all functions each time they enter a different country. Without the signature of agreements with local established distributors, it would be impossible to sell spinit® products thus, Biosurfit is only able to be present in more than twenty countries because of the distribution agreements

¹³ From the interview with Dra Sofia Ribeiro on 06.12.2017

signed with more than five different distributors. In this sense, distributors become key stakeholders in the internationalization of Biosurfit since the best entry mode to reach the greatest number of customers is to lean on local partnerships which, consequently, enable products' sales.

"We have decided to have an indirect channel of distribution, we will not sell directly in each country as our target is GP offices and primary care units."¹⁴

Likewise, patients and doctors are also very important for Biosurfit as they affect international responsiveness. As a born global, the company specializes in a niche market, being crucial to have a significant degree of approval in order to enter a specific foreign market. Citizens' preferences in each country define the extent of approval and use of the products in the sense that established culture influences people's willingness to adopt this new technology.

First, it is important to consider doctor's preferences in terms of treatment as they influence the type of exams performed. A preference for the tests available will lead to a greater acceptance and willingness to use spinit® range of products in GP offices. Additionally, as we have seen in the previous subsection, depending on the reimbursement policy, doctors can be more willing to invest in new technologies such as Biosurfit's. In this sense, doctors' preferences are crucial in the choice of a specific country, being more probable to select a country to enter into (market selection), where doctors are willing to invest in purchasing Biosurfit's products and give preference the available tests.

Regarding patients, their level of aversion to traditional blood tests defines their desire to resort to simpler and less painful methods. Additionally, patients need to be willing to probably pay an extra amount in order to perform blood tests in the doctor's office instead of going to a central laboratory. The more averse to traditional methods and the greater willingness to pay more for a doctor's appointment will lead to higher demand of spinit® products. Hence, patients' preferences are linked to the acceptance of Biosurfit's products and will consequently lead doctors to acquire them.

¹⁴ From the interview with Dr Daniel Neves on 06.12.2017

“Not in terms of medical decisions but in terms of personal preferences. If patients are or not averse to take blood from the vein or prefer procedure to take blood from a finger. If patients are willing or not to pay more for a quick result and not having to go to the doctors’ office a second time”¹⁵

Market attractiveness resulting from favourable foreign patient and doctor’s preferences impacts market selection as Biosurfit chooses the country to expand into based on the higher probability of success in that specific country. In fact, the case of Biosurfit proves that stakeholders such as foreign governments and customers are decisive in order to define an internationalization strategy of the company.

Previous research was done considering the influence of stakeholders upon traditional firms (Freeman, 1984; Calof & Beamish, 1995; Mitchell, Agle & Wood, 1997) which start by commercializing its products or services within the domestic market and, only after achieving a certain level of success, initiate its internationalization to foreign markets. Regarding internationalization, those firms follow a step by step, incremental process which allows them to gain knowledge and experience in order to internationalize successfully. Traditional firms depend on domestic market conditions for success, especially on the influence of local regulatory and financial institutions, costumers, communities, suppliers among others. Only after being successful in the home market will traditional firms expand their operations into foreign markets. In this sense, foreign stakeholders are important only as they influence foreign market conditions and consequently the success of the company in that new country, they are not key to a company’s survival in the home market.

¹⁵ From the interview with Dr Daniel Neves on 06.12.2017

10. Conclusion, Limitations & Future Research

10.1 Conclusion

The purpose of this dissertation is to fill in the gap in the literature regarding the influence of foreign stakeholders of the health market in the definition of the internationalization strategy of a born global firm.

Stakeholders are important for every company but the interest of this study is to understand their impact specifically on the internationalization strategy of a born global firm operating in the health market, which shows different characteristics from the other markets.

In order to answer the research question, and fill in the gap found in the literature, we used a qualitative approach through a case study method with data collection from primary (interviews) and secondary (internal and external documentation) sources. We chose as subject to a case study a Portuguese healthcare tech company focusing on its internationalization strategy not only for European countries but also to Middle Eastern countries.

We have seen and in accordance with the literature, a born global starts selling its products abroad, relying on partnerships to obtain success. Besides, we saw that stakeholders are crucial to the definition of every firms' internationalization strategy and, after the findings section (chapter 9), we can conclude that governments are particularly decisive regarding the internationalization of a company in the health sector. Their presence in all activities from the construction of healthcare facilities to the definition of Healthcare System and policies make them the principal definer of the internationalization strategy of a healthcare tech born global.

In conclusion, despite the importance of all stakeholders, governments have such influence upon the health sector that they almost define the strategy used to enter international markets.

10.2 Limitations & Future research

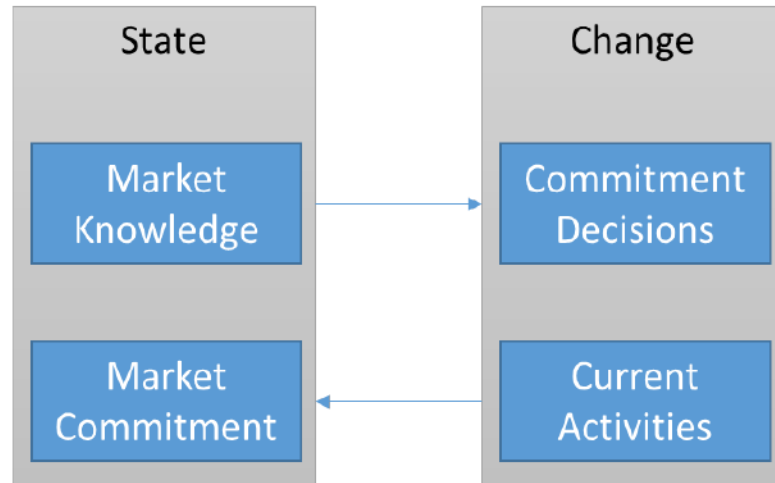
This dissertation has some limitations that have to be mentioned and may be considered for future research purposes. The first limitation arises from the fact that we considered the case of one Portuguese born global in the health market. As the study was conducted for only one company in a very specific market, the conclusions cannot be generalized either for all born global companies neither for all born globals operating in the health sector. A second limitation is the fact that there is a deadline for the preparation of this thesis of four months and therefore, it is not possible to deepen all aspects of the study.

Further research should be conducted in a more extensive way, through qualitative and quantitative studies, not only with born globals operating in the health market but also with born globals operating in other markets, so that a more general conclusion about the influence of foreign stakeholders in the internationalization strategy can be made.

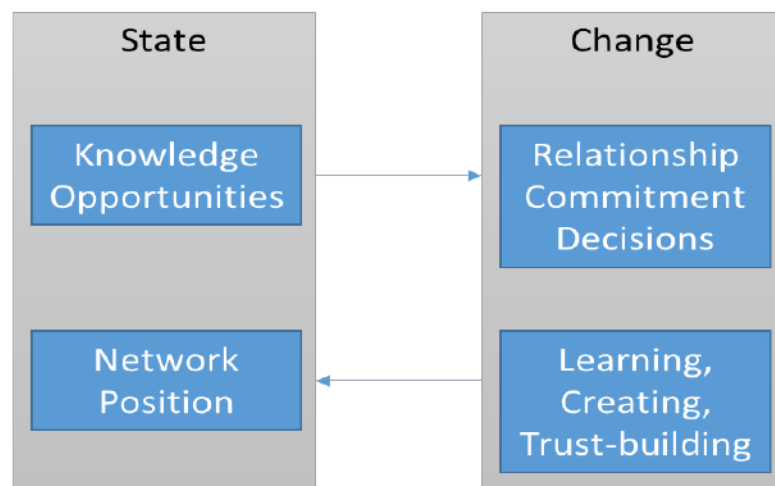
Additionally, it is also interesting for further research to investigate if health sector operating born globals tend to follow the same strategy of internationalization or which strategy is proven to be the most effective regarding market specificities.

11. Appendix

Appendix 1 – The basic mechanism of internationalization

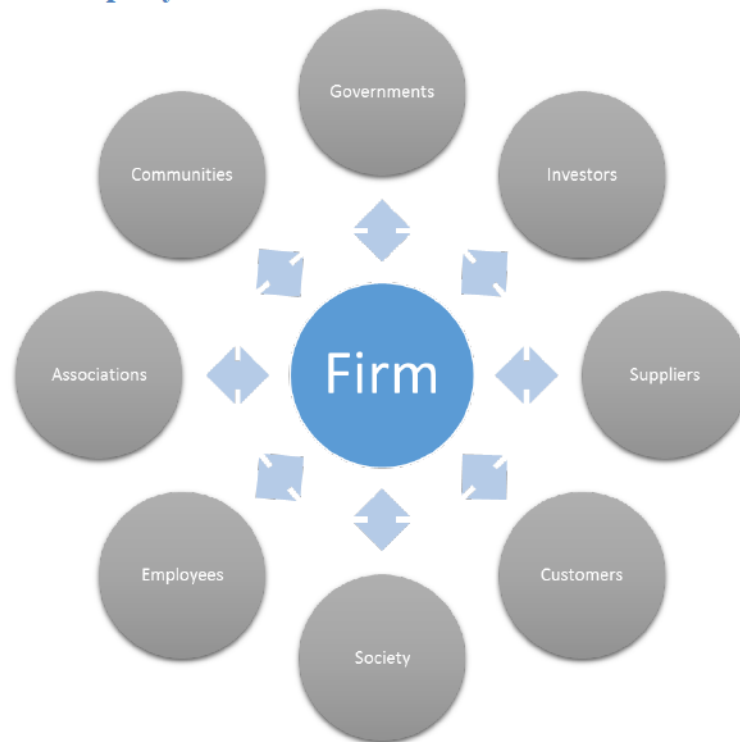


Source: Adapted from Johanson & Vahlne (1977), page 26



Source: Adapted from Johanson & Vahlne (2009), page 1424

Appendix 2 – Company’s stakeholders



Source: Created by the author 2017

Appendix 3 – Relevant situations for different research strategies

Conditions Strategies	Form of Research Question	Requires Control Over Behavioral Events?	Focuses on contemporary events?
Experiment	How, Why	Yes	Yes
Survey	Who, What, Where, How many, How much	No	Yes
Archival Analysis	Who, What, Where, How many, How much	No	Yes/No
History	How, Why	No	No
Case Study	How, Why	No	Yes

Source: Adapted from Yin (2009), page 6

Appendix 4 – Interviews conducted

Interviewee	Position	Date	Time	Interesting Topics
Dr João Fonseca	CEO	03.11.2017	30 min	Overall idea of the company: - the history; the product; internationalization process - further interviews
Dr Daniel Neves	CMO & CFO	06.12.2017	30 min	Overall idea of the company Internationalization process: - market selection and entry mode; stakeholders importance - further expansion
Dra Sofia Ribeiro Dr Luis Lopes	Marketing Manager Business Development Manager	06.12.2017	30 min	Internationalization process - market selection and entry mode; stakeholders importance; difficulties and barriers to internationalization - importance of international fairs - further expansion

Appendix 5 – Secondary data collected

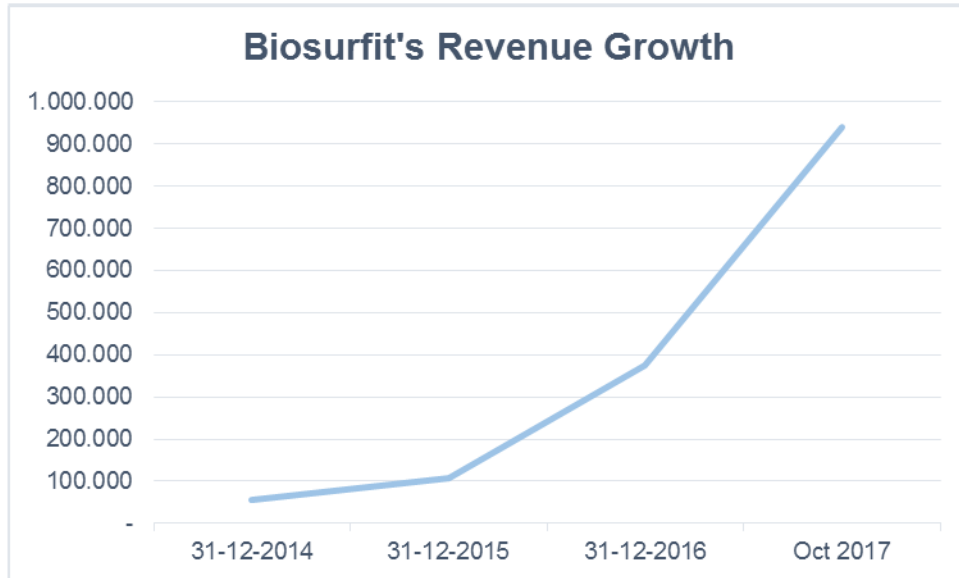
Nature of Documentation	Type of Documentation	Date	Interesting Topics	Source
Internal documentation	Shareholders' presentation	2017	Description of the company; Description of the product; Market data	Biosurfit
	Internal presentation	2017	Worldwide presence; Chronological expansion; Main distributors	Biosurfit
	Emails	2017	Performance measures; statistical information about company; worldwide presence	Biosurfit
External Documentation	Corporate Websites	N/A	Statistical information about health market	https://data.worldbank.org http://ec.europa.eu/eurostat https://www.kaloramainformation.com
	Corporate Websites	N/A	Description of the company, products, awards and grants	http://biosurfit.com
	Corporate Websites	N/A	Description of MEDICA fair	https://www.medicatradefair.com

Appendix 6 – Data Analysis using coding approach

Topic	Author	Representative Quotations
Customers	Dr Luis Lopes	<i>"Arab population like to meet and deal with people face-to-face (...) and we saw more progress and achieved more results after visiting the country than through months of non-face-to-face negotiation."</i>
Distributors	Dr Daniel Neves	<i>"We have decided to have an indirect channel of distribution, we will not sell directly in each country as our target is GP offices and primary care units."</i>
		<i>"The distributor chosen cannot be selling other products with the same end use (...) need to be in a situation where they can make an initial investment in our (Biosurfit) products."</i>
Fairs	Dr Daniel Neves	<i>"We started by going to the principal international fairs of our sector (...) focusing on the discovery distributors of medical devices that have interest in selling our product and after maybe sign a distribution agreement."</i>
	Dr Luis Lopes	<i>"The knowledge acquired in fairs enables us to adapt our internationalization strategy to each geographical area (...) based on the defined approach."</i>
	Dra Sofia Ribeiro	<i>"At international fairs, we (Biosurfit) talk to many people from many different countries and many different types of companies. (...) We end up being able to extract some valuable information about markets which facilitates the choice of a market to enter in and furthermore we end up expanding our already existing network. (...) Thus, international fairs are, in fact, a big investment made by us (Biosurfit) in terms of internationalization."</i>
Governments	Dr Daniel Neves	<i>"The minimum requirements in order for us to sell our products are CE marking, which allows us to sell within the EU; ISO 9001 and ISO 13485."</i>
		<i>"Governments decide which blood tests will be included in the reimbursement policy (...) also because of the doctors' preferences on deciding each treatment to apply."</i>
Market	Dr Daniel Neves	<i>"Each country has its own market specificities/barriers that influence us: National Healthcare System and market access; Reimbursement policies and different preferences."</i>
		<i>"Not in terms of medical decisions but in terms of personal preferences. If patients are or not averse to take blood from the vein or prefer procedure to take blood from finger. If patients are willing or not to pay more for a quick result and not having to go to the doctors' office a second time."</i>
		<i>"We started by BENELUX namely the Netherlands. The Netherlands' market was very attractive as it already had a reimbursement scheme well defined (...) and a system where patients need to first go to a doctors' office and only then to the hospital."</i>
	Dr João Fonseca	<i>"If the National Healthcare System encourages the realization of blood tests near the patient it becomes attractive to us."</i>
	Dr João Fonseca	<i>"We have followed an approach in which priorities are defined taking into account the following elements: Regulatory approvals (...) the value of reimbursement, depending on the existence of"</i>

	<i>specific reimbursement for point of care, the level of use of the available tests according to preferences and the size of the market."</i>
Dr Luis Lopes	<i>"In general we (Biosurfit) search for countries with a strong point of care market, independently of its size (...) it is also important the type of tests preferred in each country."</i>
	<i>"For example we learnt that markets that seem attractive like Germany are not attractive to us (Biosurfit) because it doesn't have an interesting point of care market (...) markets such as Romania became interesting at a pharmacy level."</i>
Dra Sofia Ribeiro	<i>"To explain how Biosurfit chooses the markets, we start by studying each country to understand how the point of care market is. Other important factor is the reimbursement policy which can turn attractive or not to commercialization of our products in that country."</i>

Appendix 7 – Growth of Biosurfit’ revenues since 2014



Source: Adapted from informational email sent by company 20.12.2017

Appendix 8 – Number of spinit® machines per country, in October 2017

Countries	N° spinit®	% Total spinit®
Austria & Czech Republic	299	46,7%
Netherlands	183	28,6%
Switzerland	50	7,8%
Romania	30	4,7%
England	26	4,1%
Norway	26	4,1%
Others	20	3,1%
Portugal	2	0,3%
Kuwait	2	0,3%
QATAR	1	0,2%
UAE	1	0,2%
Total	640	100,0%

Source: Adapted from informational email sent by company 20.12.2017

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