

The Journey is the Reward: Internationalization as a Strategy for the Development of Startup Support Organizations

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Abstract

Increasing startup activity in all parts of the world triggered a simultaneous growth of a new industry: startup support. Startup support organizations (SSOs) offer a range of support services for new ventures such as flexible co-working space and shared equipment as well as assistance in developing business, marketing and communication strategies or raising capital. Startup programs are not only developed in one specific geography, the same SSO brand often opens multiple locations across the globe. While research is continuously observing the developments of SSOs per se, the lack of research on the impact of internationalization within this domain motivated this thesis.

With SSOs evolving and expanding, this study describes a new form of governance that emerges within the SSO industry. For the balance of operational excellence and a continuous learning progress, the division between a global and a local layer of the same SSO brand is a crucial starting point. While the global entity solely ensures the transfer and documentation of knowledge, branding guidelines and core values of the SSO brand, local entities represent the interface between SSO brand and external stakeholders such as startups, corporate partners, and mentors. The global entity is disconnected from operational tasks and exclusively caters to all local entities globally. The study is a qualitative approach to identifying best practices of different SSO brands, which restructured their organizations as a result of their internationalization processes. It contributes to an ongoing analysis of contemporary SSO developments. The study also contains important managerial implications for SSO managers who are in the process of internationalizing their organization.

Keywords startup support, incubation, acceleration, internationalization process, governance

Table of Contents

| | |
|---|------------|
| Acknowledgements | iii |
| 1 Introduction | 1 |
| 1.1 Background | 1 |
| 1.2 Research Gap and Research Question | 2 |
| 1.3 Definition of Key Terms | 4 |
| 2 Literature Review | 5 |
| 2.1 Startup Support Organizations | 6 |
| 2.1.1 The Development of the Startup Support Organization Industry | 6 |
| 2.1.2 Goals of Startup Support Programs | 8 |
| 2.1.3 Startup Support Typologies | 9 |
| 2.1.4 Organizational Setup of Startup Support Organizations | 15 |
| 2.1.5 Performance of Startup Support Organizations | 16 |
| 2.2 International Expansion via Replication | 21 |
| 2.2.1 Replication Theory | 22 |
| 2.2.2 Flexible Replication | 24 |
| 2.2.3 Transfer of Knowledge | 25 |
| 2.2.4 Network Theory | 27 |
| 2.3 The Internationalization of Startup Support Organizations | 30 |
| 3 Methodology | 34 |
| 3.1 Research Design | 34 |
| 3.2 Data Collection | 35 |
| 3.2.1 Sample | 35 |
| 3.2.2 Interview Process | 37 |
| 3.2.3 Interview Topics | 37 |
| 3.3 Data Analysis | 38 |
| 3.3.1 Transcription Process | 38 |
| 3.3.2 Analyzing Process | 39 |
| 3.3.3 Coding Scheme | 41 |
| 3.4 Evaluation of Study | 42 |
| 4 Findings | 44 |
| 4.1 Understanding of the Internationalization Processes of SSOs | 44 |
| 4.1.1 Demand-driven Internationalization Process | 44 |
| 4.1.2 Strategy-driven Internationalization Process | 48 |
| 4.1.3 Influential Characteristics of Internationalization Strategies | 53 |
| 4.2 Emerging Structural Framework for Internationalizing SSOs | 59 |
| 5 Discussion | 64 |
| 5.1 The Need for a Dynamic Governance – The “Glocal” Structure | 66 |
| 5.2 The Entrepreneur at the Heart of The SSO - The Role of SSO Managers | 69 |
| 6 Conclusion | 72 |

| | |
|--|-----------|
| 6.1 Implications for SSO Managers | 73 |
| 6.2 Future Research | 74 |
| 7 Bibliography | 75 |
| 7 Appendix | 85 |
| Appendix A: Interview Guide | 85 |

List of Tables

| | |
|---|----|
| Table 1: Goals of SSO Programs | 9 |
| Table 2: Overview of Startup Support Organizations..... | 14 |
| Table 3: Performance Indicators of Incubation Programs | 20 |
| Table 4: List of Interviews..... | 36 |
| Table 5: Data Structure | 41 |
| Table 6: Characteristics of Internationalization Strategies | 53 |
| Table 7: Characteristics of SSO Management Team..... | 63 |

List of Figures

| | |
|---|----|
| Figure 1: Evolution of SSO Industry: | 8 |
| Figure 2: Life Cycle of Startup Support Organization..... | 32 |
| Figure 3: Summary of Literature Review | 33 |
| Figure 4: Setting up an SSO Following a Demand-driven Internationalization Process..... | 45 |
| Figure 5: Process of Setting up an SSO through a Strategy-driven Internationalization..... | 48 |
| Figure 6: The Emerging Structural Framework for Internationalizing SSOs: The ‘Glocal’ Structure..... | 60 |
| Figure 7: The Emerging Glocal Governance Structure and Its Functions..... | 68 |

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Lisa Schröder

1 Introduction

1.1 Background

The development of the business incubation industry has produced a vast landscape of startup support organizations (SSOs). Y Combinator (YC) is considered the first accelerator of its kind and many globally recognized organizations followed such as TechStars, Startup500, or Seedcamp.¹ Following the pioneering organization's success, more than 2.100 accelerators or incubators support startups around the globe (Groeneveld, 2016). Not only the service offerings of those organizations have changed over the past 15 years since the term business incubation has been defined (Hackett & Dilts, 2004), but also, their geographic expansion has shaped the nature of support organizations. As a result, the research paths of international business and business incubation have already intersected and will probably do so with increasing frequency.

Accelerators, incubators, innovation labs, or generators have all fought for their *raison d'être*. Fostering an entrepreneurial culture via new venture advisory, funding opportunities, shared office spaces or other startup support tools stimulated an active progress in the startup incubation industry. Each concept was evaluating new processes and methods for creating efficient deal flow of startups, developing startup programs and investing in those accelerated ventures (O'Connell, 2017). Differentiation from competitors while ensuring to deliver value to startups and other stakeholders in the ecosystem is highly prioritized when designing an acceleration or incubation program (Grimaldi & Grandi, 2005). Adding new program formats, focusing on specific industries or expanding globally are only a few of many strategies to differentiate from competitors within the startup support organization industry. While YC stayed in the Silicon Valley and shifted their business model from acceleration to seed funding, TechStars started partnering with large corporations like Nike, Sephora and Google to expand their portfolio and supports startups within different industries (Groeneveld, 2016). The most prominent European examples for the global

¹ Y Combinator, or YC, is a Silicon Valley based incubator that iterated to be a VC investing into seed stage startups. TechStars, Startup500 and Seedcamp are all globally active acceleration programs with multiple locations.

expansion of SSOs are Impact Hub² and Startupbootcamp³. Within two years after the launch of its first hub, Startupbootcamp expanded from Copenhagen to Amsterdam, Berlin, Dublin, London and Madrid (Hendriks, 2011). Also the Impact Hub community experienced an exponential growth; founded in 2005 in Islington, UK, already three years later, Impact Hub was represented on three continents with nine hubs and counts more than 100 Impact Hubs today (Network, 2018). Affected by this rapid growth, both concepts underwent crucial organizational change overtime.

Startup support organizations have gained a general legitimacy and are considered valuable support systems for fostering entrepreneurship. Riley (2017) found that three main reasons are contributing to the validity of accelerators. First, SSOs seek to create powerful ventures. Second, they generate purposeful impact, and lastly, they enable startups to do both from where ever they are based. Acceleration of new ventures knows no boundaries, neither with regards to their solutions improving and disrupting current processes and industries, nor regarding geographic expansion.

As global networks with similar sets of values – like startup or entrepreneur support, fostering local innovation processes, startup-corporate collaboration and economic growth (Al-Murabaki & Busler, 2013), - all globally active startup support organizations needed incremental organizational restructuring in order to continue and deliver value to all their stakeholder groups such as startups, corporate partners, investors, academia and regulators. Voronov et al (2013) are among the academic frontrunners who address the need to balance pressures for global conformity while respecting local distinctiveness. The challenge is to manage both extremes simultaneously.

1.2 Research Gap and Research Question

The internationalization process affecting the business incubation development is a fairly new phenomenon and has thus not clearly been embedded in recent literature. Business incubation has been subject to research (see Hackett & Dilts, 2004; Bergek & Norrman,

² A co-working space, originally from the UK, with over 100 locations globally today. <https://impacthub.net/>

³ An acceleration program with different verticals and over 15 locations globally

2008; Dee et al., 2013), but is relatively fragmented as scholars focus on different aspects of business incubation in the first place. Often studies refer to only one specific startup support organization or they compare only single aspects across multiple organizations. In addition, business incubation is evolving in a fast-paced environment and even the most recent reports only provide a glimpse at the latest trends in startup support (GAN, 2018). The growing shift from engaging in traditional businesses towards entrepreneurial business activities – either via creating new ventures, or creating a business around supporting those new ventures, - is significant. An increasing curiosity among entrepreneurs, managers, regulators and students for starting their own ventures as their career paths rouses likewise interest in academia (Bhatli, et al., 2015).

Shedding light on the internationalization element requires discourses of traditional international business literature (Szulanski, et al., 2000; Jonsson & Foss, 2011) as very little research exists on internationalization strategies of startups and even less on the startup support industry. It therefore becomes necessary to evaluate the significance of extending research on recent developments in entrepreneurial business activities. In order to bridge the research gap, the main research question that will be addressed in this thesis is:

How do internationalization strategies influence the development of startup support organizations?

For gaining a better understanding of the development of SSOs, the following sub-questions will be part of the study:

- a) Which opportunities exist for systemizing the processes and practices of SSOs?
- b) What role do SSO managers play in the development of SSOs?

Of particular interest are the factors and characteristics which affect the systematic development of both original and new SSO hubs. The interaction between single SSO hubs across borders as well as the constant adaptation to local particularities need to be managed in order to remain a unified global brand. Therefore, the team dynamics within and across the same SSO brand gains greater attention as all SSO managers drive the development of their respective organization.

1.3 Definition of Key Terms

Startup Support Organization (or SSO) is used to summarize the different types of concepts evolving around business incubation. Accelerators, incubators, small business development centers, innovation labs or science parks all address the topic of fostering entrepreneurial activities by supporting new ventures in developing new services or products within a specific industry and scaling that business.

The **glocal structure** is a type of governance identified among international SSOs. It refers to the act of both striving for local embeddedness and building a global network of like-minded or industry-related communities. Typically, a global management team supports all locally active entities of the same SSO brand.

2 Literature Review

Incubators, accelerators or other startup support environments often operate multiple entities and cross borders for providing their services to international startups. With this in mind, the topic of the international setup of startup support organizations, literature, theory and concepts from two specific areas of business management are considered: business incubation and acceleration, and international expansion via replication.

Business Incubation research examines the phenomenon of startup support environments. The focus within this field of research will be two-fold: First, the evolution of the startup support industry including the goals of startup support programs and the different types of startup support programs, like incubators, accelerators, and co-working spaces only to list a few (Allen & McCluskey, 1990; Hackett & Dilts, 2004). Second, the measurement of the support organizations' performance, and the outcome of those programs (Al-Murabaki et al., 2015).

Then, an overview of replication theory is presented with focus on the replication as an internationalization strategy and the importance of knowledge transfer and networks. Theories of replication gain increasing attention in the context of internationalization. Replication is a growth strategy applied to internationalization of new ventures (Winter & Szulanski, 2001). As startup support organizations often function and behave like new ventures themselves, entrepreneurship researchers start paying attention to the development of such support systems in an international context (Hochberg, 2016). Replication via franchise models is becoming a common practice for business incubators and accelerators. Furthermore, researchers find knowledge transfer and network models increasingly suitable for analyzing contemporary business expansion models and will thus be included as well (Zahra, 2005).

The topic of internationalization of incubators, accelerators and co-working spaces is fairly new and rarely discussed in research, but the vast amount of globally acting entrepreneurial support organizations should be subject to research in the future. This is another step towards

identifying literature that is relevant for the intersection of internationalization via replication and business incubation.

2.1 Startup Support Organizations

“A founder-first mindset”

- Gan (2018)

2.1.1 The Development of the Startup Support Organization Industry

The phenomenon of startup support organizations (SSOs) has developed over the past 60 years into various directions, both geographically and conceptually. Originally, researchers talked about business incubation, but the terminology has extended to various concepts and are thus summarized as startup support organizations (SSOs) in this paper. The service offering of SSO programs to startups is a broad portfolio: it can range from co-working spaces, including shared equipment, over business support services and access to business networks to financial resources and intangible advantages (Bergek & Norrman, 2008). The general definition that has been adopted by business incubation researchers stems from Hackett and Dilts:

“[...] a shared office-space facility that seeks to provide its incubates (i.e. “portfolio” or “client” or “tenant-companies”) with a strategic, value-adding intervention system (i.e. business incubation) of monitoring and business assistance. This system controls and links resources with the objective of facilitating the successful new venture development in the incubates while simultaneously containing the cost of their potential failure.” (Hackett & Dilts, 2004, p. 57)

Based on this definition, four main categories are intensely discussed and analyzed by business incubation theorists. First, shared office space, or co-working space, which can be rented by incubatees for an affordable cost. This can include administrative services, like office supplies, meeting rooms, a staffed reception, a digital infrastructure in the building including high-speed internet. Often the space is designed in a way for tenants to actively engage with peer tenants in visible and accessible spaces like common rooms or cafeterias (UKBI, 2009; Dee et al. 2013). Second, an array of support services (Allen & McCluskey,

1990) is provided such as coaching via mentors or subject matter experts. For example, expertise in developing business or marketing plans, preparing investment pitches for receiving capital, or support with regulatory issues can be offered to meet each startup's individual need. This can range from strategic to operational topics depending on the entrepreneurial process of the startup. Access to media or tech partners is also perceived as beneficial for new ventures (Hackett and Dilts, 2004; Grimaldi and Grandi, 2005). The degree of quality of the coaching or mentoring services delivered to startups may vary (Rice, 2002). Third, entrepreneurial networks are relevant for the development and growth of a new venture. Access to networks is offered via the physical proximity of startups sitting in the space of an SSO as well as via existing ties to the local business environment of the SSO. The startup may get access to public grants, programs, universities or other public entities (Bergek & Norrman, 2008). The fourth aspect is intangible advantages, in other words, the credibility and legitimacy of an SSO is projected on the incubatee (Bhidé, 2000). Already the SSO's location can be of help as the SSO's commercial address is considered valuable, for example, when the location is in a prime commercial district. The positive association with the district is projected on the businesses based in that location (UKBI, 2009).

The service offerings are a result of the SSO industry evolution especially throughout the past 30 years as can be seen in Figure 1. In the first phase, tangible assets like shared co-working space, shared facilities and the emphasis on job creation are a means to support young startups. The second wave of SSOs included intangible services such as business advisory and access to valuable investor and business partner networks. In the third and last wave in today's literature increasing involvement of SSOs in the creation of new businesses via mentoring and coaching can be identified.

Acceleration programs belong to the 3rd generation as focus shifts on more hands-on support for startups. In fact, in the SSO industry multiple support environments with differing degrees of support structures, content and focus have emerged for new ventures, spin-offs, and corporate startups. Especially this "new breed of incubators" (Hausberg & Korreck, 2018, p. 10) are increasingly focused on providing direct access to capital and offering more customized services to startups in order to accelerate their time-to-market. At the same time,

startups are thus integrated into the SSO's network with contains both technological and commercial big players (Grimaldi & Grandi, 2005).

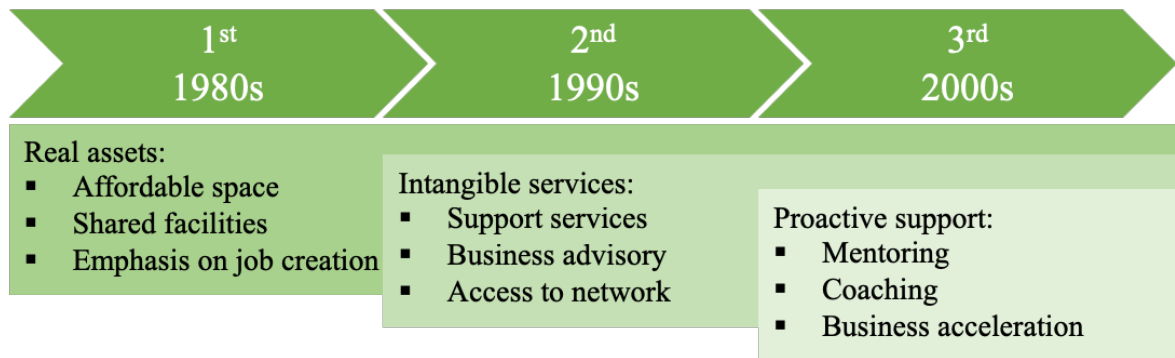


Figure 1: Evolution of SSO Industry: Three Generations of Startup Support Services and Their Additions to SSO Content (adapted from Isabelle & Mika (2016))

Despite the different formats, all programs have the same underlying goals: to establish a supportive environment for generating and developing new ventures (Chan & Lau, 2005; Lindholm-Dahlstrand & Klofsten, 2002; Lyons & Li, 2003). Before we dive into the different typologies of startup support organizations, an overview of common goals of SSOs is presented.

2.1.2 Goals of Startup Support Programs

SSO programs are often considered as a means to accelerate the growth and success of young startup firms, mainly technology-based entrepreneurial companies, through offering a set of business support resources, tools and services (Mielach, 2013). They have produced and accelerated highly successful startups so that policy makers on both national and local levels have developed a strong interest in utilizing incubation concepts as a vehicle for economic growth and fostering innovation (Bergek & Norrman, 2008). A comprehensive list of goals that SSO programs pursue is provided in Table 1. It displays four main categorizations; The general aim of SSOs is to support economic growth, foster entrepreneurship, create jobs and commercialize as well as transfer technology. The list is based on a summary of findings by Al-Mubarak and Busler (2012).

Table 1: Goals of SSO Programs

| Categories | Details |
|---|---|
| Economic growth | Economic development |
| | Increase new firm formation |
| | Acceleration of business growth/development of fast-track companies |
| | Reduction in the failure rate of new enterprises |
| Fostering entrepreneurship | Development of an entrepreneurial culture |
| | Innovation |
| | Empowerment/opportunities for specific groups of entrepreneurs |
| | Venture creation |
| | Creating value for stakeholders |
| Job creation | Creation of new and sustainable growth jobs |
| Technology commercialization and transfer | Technology transfer |
| | Technology commercialization |

Source: adapted from Al-Mubarak and Busler (2012)

SSOs are motivated by the same underlying purpose, namely, to support startups. Each program then focusses on different aspects of the overall common goals which results in distinct program setups. The SSO industry is a growing and diversifying phenomenon, therefore, a better understanding of the various concepts of startup support typologies is provided next.

2.1.3 Startup Support Typologies

Startup support has become an industry of its own: different forms of startup support organizations developed over time often experimenting with new incubation business models (Hausberg & Korreck, 2018). Until today, practitioners and scholars have not yet come up with one universal definition of startup support organizations which results in them using similar concepts interchangeably.

“Adding to the confusion, many concepts evolved before and during the development of the incubator concept and exhibit sometimes a considerable overlap and proximity.” (Hausberg & Korreck, 2018, p. 10)

While scholars like Carayannis and Zedtwitz (2005) and Grimaldi and Grandi (2005) have identified five archetypes of incubators, non-academic research centers like the InBIA (International Business Innovation Association) compiled a list of eight classifications of startup support organizations in 2018. The increase in number of innovation characterizations between Grimaldi and Grandi’s (2005) and Carayannis and von Zedtwitz’s (2005) list and InBIAs recent classification demonstrates the speed of entrepreneurship and developments within this domain.

Various terms for similar concepts may rouse confusion, for example, the terms small business incubator, innovation lab, and business technology center can be used in the same context but ignore the distinction between concepts that support new ventures in general – an organization supports multiple verticals⁴, - and the more specialized incubators with a focus on one industry, e.g. organization supports FinTech⁵ startups in the Financial Services sector (Isabelle & Mika, 2016). Two additional terms circulate when talking about business incubation; clusters and science parks. Researchers thereupon debate about the exact definition of incubators as they are ambivalent whether incubators are a specific organization or a more general environment for entrepreneurs (Hackett and Dilts, 2004; Phan et al. 2005; Swierczek, 1992). On the one hand, the term ‘incubator’ represents a wide spectrum of organizations for entrepreneurs with supportive services to help them set up and grow their new ventures (CSES, 2002). In a broader definition science parks, small business innovation centers, innovation labs, (seed) accelerators, super hubs and a range of similar models fall also under the umbrella of startup support organizations (Dee et al., 2013). The original concept of incubation (see Hackett & Dilts, 2004) is continually adapted to startup needs, which results in many similar types of startup support systems. For example, due to the highly competitive landscape with all industries, innovation remains high on the list of

⁴ In the incubation business industry, a “vertical” refers to the respective industry focus of an SSO. For example, the vertical InsurTech refers to startups developing solutions for and within the insurance industry.

⁵ Financial (Fin) Technology (Tech) is a phenomenon that aims to disrupt the Financial Services sector.

priorities of large established companies. Nevertheless, they struggle with fostering disruptive innovation because of their existing organizational norms and structures. Corporate incubators and accelerators are thus one approach to innovation via collaboration with startups. Such corporate incubators similarly provide services and programs like traditional incubation programs and thereupon motivate their employees to create new products, services or businesses that may be re-integrated into the existing business unit or spun-off. This phenomenon of corporate incubation adds to the diversification of incubation processes and shows yet again the granularity of incubation concepts.

The latest academic work has funneled the most common existing SSOs into two basic concepts: As a result of their systematic literature review, Hausberg and Korreck (2018) offer an adapted definition extending the one from Hackett and Dilts (2004). On the one hand they describe recent startup support systems as business-incubating organizations and refer to a broader sense, on the other hand they use a narrower definition, namely, business incubators.

Business-incubating organizations (in the broader sense) are those that support the foundation and/or growth of new businesses as a central element of their organizational goal. *Business incubators* (in the narrower sense) are business-incubating organizations that support the establishment and growth of new businesses with tangible (e.g. space, shared equipment and administrative services) and intangible (e.g. knowledge, network access) resources during a flexible period and are funded by a sponsor (e.g. government or corporation) and/or fund themselves taking rent (or less frequently equity) from incubates. (Hausberg & Korreck, 2018, p. 13)

Nevertheless, today there are still circulating more than two terms for describing SSOs: The development of the incubation concept led to various startup support systems that are often overlapping and similar to one another. For this reason, an overview of the most commonly used concepts is provided Table 2.

The emergence of a more recent type of startup support system is the (seed) accelerator. It differs from incubators in the way that acceleration usually has a distinctive framework as it is a fixed term, based on cohort structure with elements of educational features like coaching

and mentorship. It is often referred to as a “boot camp” for startups (Hochberg, 2016). Although the phenomenon is not fully explored by scholars yet, some practitioners have already started moving away from using the term or applying the concept to their organization or interchanged it with the original model of incubation. This development shows again how fast the area of startup support system changes and evolves.

Clusters or science parks usually share tangible assets like public infrastructures and services, as well as intangible features like a common reputation (Hanna, 2017). Typical examples include the high-tech cluster in Silicon Valley (US) or digital media in Seoul (South Korea).

Despite cohort vs. non-cohort-based programs, another useful distinction of the different startup support organizations is the target group: incubators often provide their services to early stage startups, whereas science parks and accelerators rather support more mature ventures (Bergek & Norrman, 2008).

Co-working spaces are open-spaced and shared offices usually with a community building purpose. They often offer additional services like coaching or mentoring and introduce a program for their residents after firmly establishing the co-working space as a go-to place for local and international entrepreneurs (Fost, 2008). Prominent examples include Impact Hub, WeWork and Spaces.

Innovation Labs are a semi-autonomous instrument for corporations or larger networks. They foster open collaboration within corporations where employees are invited to experiment with new business ideas and technology (Gryszkiewicz, et al., 2016).

A special type of incubators are generator programs. The aim of those programs is incubating people not ideas. It is a short-term support for individuals with high-level education. The goal of those programs is to tap into unused potential and build highly-profitable technology-based companies (Cheok, 2018). Three programs occupy the generator space: Antler, Entrepreneur First and Platform E. They all operate internationally and have multiple locations across the globe.

Table 2: Overview of Startup Support Organizations

| Type | Definition | Indicators | Example |
|-------------------------------------|--|--|---|
| Accelerator/ Seed Accelerator | Specific focus on accelerating technology startups in a fast-test validation of their business idea. Often a for-profit business model to bring a return on investment to their sponsors. Graduation event at the end of program in front of potential investors and other stakeholders (from Isabelle, 2013, 2014; Isabelle & Mika, 2016; Knopp, 2012) | <ul style="list-style-type: none"> - Fast acceleration of startups within fixed duration (3-12 months) - With industry focus - Usually take equity - Highly selective cohort format - Focus on services (mentoring, etc.) over physical space | Startupbootcamp , MassChallenge , |
| Clusters/ Science Park | Concentration of complementary resources that benefits a region driven by leading research universities, or low cost or highly trained labor, and creates inter-firm networks, institutional networks between clustered firms, research and/or financial institutions, governments and other supportive entities. (from Bagnasco, 1999; Ratti, Bramanti, & Gordon, 1997; Maskell & Lorenzen, 2004; Hanna, 2017) | <ul style="list-style-type: none"> - Shared public infrastructures and services - Facilitation of tacit knowledge transfer - Collective activities - Common reputation | High Tech in Silicon Valley, Automotive around Detroit, Digital Media in Seoul |
| Coworking Space Generator | Physical, open-spaced and shared office, often with with community building purpose. (from Fost, 2008) Special type of incubator: Incubating people not ideas. Short-term support of individuals with high-level education to build new businesses. Goal is to build highly-profitable technology-based companies. (from Cheok, 2018) | <ul style="list-style-type: none"> - Shared office space and services - Access to community - Short-term incubation (2-3 months) of talent - Cohort format - Takes equity in generated startups | Impact Hub , Spaces , WeWork Antler , Entrepreneur First , Platform E |
| Incubator | Support Organization that helps new ventures and startups grow their business by providing management training and shared office space in exchange for monthly program or membership fees. Incubator types include: university incubators (usually not-for-profit), non-profit development corporations, for-profit venture capital firms and a combination of all mentioned before. Startups usually join incubators on a rolling basis (non-cohort format) and stay 1-3 years. Graduation policies are typically based the achievement of pre-agreed milestones. (from InBIA, 2017) | <ul style="list-style-type: none"> - Long term, open-ended support (1-3 years) - Usually do not take equity, but fees - Non-cohort format - Focus on physical space over services | Plug and Play , YCombinator , 500 Startups , 1776 |
| Innovation Lab | Semi-autonomous instrument for corporations or larger networks. Introduce innovation topic or theme in top-down manner. Pursuit of radical innovations and development of out-of-the-box solutions with the application of innovation toolbox (method and tools used to stimulate creativity). (from Gryzskiewicz et al., 2016) | <ul style="list-style-type: none"> - Targeted and open collaboration - Experimentation with new business ideas and technology - Long-term focus | Finance Innovation Lab , Nestlé , Sifra |
| SBDC | Small business development center are cooperative service-based centers that are usually subsidized by the government. Entrepreneurs and small businesses participate in program on rolling basis and are usually not charged for the service. Goal is to foster local and regional economic development by supporting small business growth (from InBIA, 2017) | <ul style="list-style-type: none"> - Cooperative service-based centers - Government driven - Fostering of economic development | Swissnex |
| Super Hub | Blends several models of entrepreneurial growth into a single location, supporting entrepreneurs with a wide range of critical services. (from InBIA, 2017) | <ul style="list-style-type: none"> - Meta-accelerator/incubator - Integrative support services for startups | Station F , 1776 |

Small business and development centers (SBDCs) are cooperative service-based centers that are usually subsidized by the government and foster local and regional economic development (InBIA, 2018). For example, swissnex operates international satellite entities that serve as a launchpad for Swiss startups abroad.

Super Hubs blend several models of startup support organizations into one single location and are thus a type of meta-incubator/accelerator. The most famous startup campus in Europe is Station F in France (InBIA, 2017).

For my research, I will adopt the concepts of Accelerator, Coworking Space, Generator, Incubator and Small Business Development Center (SBDC) as these are the most common support organizations globally (InBIA, 2018) and my interview partners each represent one of those of those five concepts.

2.1.4 Organizational Setup of Startup Support Organizations

In addition to the content provided by startup support systems, organizational aspects of the business incubators are important to consider. SSOs are different from traditional organizations as they combine two aspects: First, they are so-called hybrids because they are organizations that help other organizations grow their businesses. Second, they are flexibly organized and maintain flat to no organizational hierarchies.

Hybrid theory is relevant in the context of incubation because it seeks to “explain the formation-functioning” (Ahmad & Thornberry, 2016) and implications of incubators and accelerators. Jolink and Niesten (2012) define hybrid organizations as “collaborations between independent organizations that exchange and co-develop goods and services to create value, reduce agency and transaction costs and allocate residual claims, by combining resources, organizing information, and safeguarding contractual hazards and property rights,” (Jolink & Niesten, 2012, p.4) which perfectly applies to the nature of startup support organizations. Also, Bollingtoft and Ulhoi (2005) already considered business incubators as hybrid network-based organizational systems.

Insights of hybrid organizations have thus helped to examine the organizational implications of business incubation which have been neglected in business incubation research. The recent study by Ahmad and Thornberry (2016) sheds some light on the structural properties of business incubators: They observed that structural de-coupling allows incubators focus on their core business: incubating. De-coupling refers to the practice that employees of the incubator are not constantly reporting and measuring their activities, instead the management of the SSO allows internal flexibility. This internal flexibility and social responsibility of holding up the spirit of incubation reflects on external relations: SSOs are perceived as competent, trustworthy and legitimate. Ahmad and Thornberry (2016) found that it is trust and confidence from SSO managers towards their team members that can increase commitment of the team and other stakeholders. They even propose that

“the personal leadership style, personality and behavioral traits of the IM [incubator manager] have tremendous bearing on the overall quality, levels and intensity of developmental assistance activity at an incubator organization.” (Ahmad & Thornberry, 2016, p. 1207)

With this observation, they imply that SSOs are sustainable organizational constructs that co-created their environment around themselves that allows future adaptation in response to changing external factors.

This reasoning of flexibility as a result of disconnection from organizational control structures opposes the research stream dealing with performance measuring of SSOs. Nevertheless, a number of scholars and innovation networks continuously come up with metrics to quantify the performance of SSOs as presented in the next subchapter.

2.1.5 Performance of Startup Support Organizations

A topic that gains more and more attention in SSO research is the measurement of performance and outcomes of startup support programs (Dee et al., 2013). The assessment of SSOs themselves as well as the effect on their graduated startups and on the local or regional economy still remains a challenge for contemporary research. A few studies shall

illustrate the fragmented research on the assessment of SSO performance, as well as the assessment of their impact on organizational- and macro-level.

Research on business incubation is still fragmented with a few independent studies (Dee et al., 2013). The scholars criticize the inconsistency of methodologies used by researchers in this field. General indicators for measuring the performance of SSOs are missing. Either academic studies focus on single geographic markets, like Abetti's (2004) research on Helsinki based incubators, Chen's (2009) study of Taiwanese incubators and Tengeh and Choto's (2015) paper on the relevance and challenges of business incubators in South Africa. Or researchers use a single incubator as a basis for their study like Rothaermel and Thursby (2005), which then prevents generalizability. Or scholars simply use different indicators for the performance measurement of business incubators. For example, Scillitoe and Chakrabarti (2010) analyze the interaction of incubators with their incubatees, whereas Aerts et al. (2007) are more interested in indicators for failure rates of startups in an startup support program. The variety of indicators to measure performance of incubators disallow a holistic view on performance measurement for business incubation in academic literature. They merely serve as approaches for performance measurement as the number of studies today is still comparably small in addition to the dissimilarity of such. Furthermore, scholars rather focused on key factors that indicate business incubations' success, while industry data compiles information of best practices of incubators and accelerators (Isabelle & Mika, 2016). However, the success factors mentioned by several researchers in agreement include

- the management of business incubators, (Berell & Xi, 2009; Theodorakopoulos et al., 2014; Abetti, 2004; Hackett & Dilts, 2004; Lalkaka, 2002; Löfsten & Lindelof, 2002)
- clear objectives and economic development strategy (Al-Mubarak & Busler, 2012b),
- the nature and quality of incubation services, tenant selection criteria, network partners (Isabelle, 2013; von Zedtwitz & Grimaldi, 2006),
- as well as incubator location and employment creation (Al-Mubarak & Busler, 2012b).

Correspondingly, advice from SSOs for startups considering applying for their program is offered as well (RocketSpace, 2018). Selection criteria for startups to pick a program are a way to display the performance of SSOs in practice. The selection criteria are presented in four aspects: First, startups should consider the location of an incubator or accelerator and the entailing opportunity costs in case of relocation of the team. Second, startups should check the curriculum and program in terms of whether it covers their needs and expectations. For example, industry-specific programs might increase the startup's development and networking effect compared to more generic programs. The third aspect to consider for startups is the experience, authenticity and network of the managing directors, mentors and investors of the incubator or accelerator. The last matter is the outcome of the program. For example, either the organization focuses on revenue generation of their incubatees or amount of funding achieved.

The outcomes of such programs or support systems can often not be tracked or evaluated within a short period of time (1-2 years), making it difficult for scholars and managers to understand the value of such supportive entrepreneurial ecosystems. Not only scholars but also innovation networks and associations regularly assess the outcome of incubation programs:

- InBIA (global network of incubators, accelerators and other entrepreneurial support organizations),
- EBN (an innovation network for SMEs), and
- GAN (global accelerator network).

Important to mention is the fact that the reports of networks and associations are usually more likely to be up-to-date whereas reviews of researchers might not give the latest performance status of SSOs. One of the reasons being the longitudinal study of SSO results in academia and the closeness of networks to the operations managers of SSOs.

The performance indicators recognized by researchers are all evolving around the question of how effectively SSOs help to grow viable new ventures; occupancy of provided office space, cost effectiveness of business activities of the incubator, number and survival of

graduated companies and number of jobs created are only a few of those mainstream indicators (Abetti, 2004; Theodorakopoulos et al., 2014). What is interesting to observe is the outcome of different studies. Several studies demonstrate opposing results: One study finds incubatees are more likely to survive and succeed than non-incubated ventures (Amezcuca, 2010a,b; Löfsten & Lindelof, 2002). Another identifies the survival rate of incubated firms has not been significantly higher than non-incubated ones (Schwartz, 2013; Schwartz & Blesse, 2013), or were even lower for incubated firms compared to non-incubated ventures (Schwartz 2013; Scillitoe & Chakrabarti, 2010). Some researchers even question the extent of added value of startup support programs (Brunueel et al., 2012). A pragmatic summary of challenges with these studies is provided by Theodorakopoulos et al. (2014). They identified the lack of a jointly agreed on definition of success of SSOs, the underestimated impact of local conditions, the small sample size that hinders generalizability, and finally the lack of empirical studies and control groups.

The latest study on SSO performance indicators was conducted by Al-Mubaraki and Busler (2017) that included their previous studies on incubator effectiveness measurement (Al-Murabaki & Schrödl, 2011), implementation and outcome (Al-Murabaki et al., 2015), and result of successful adaptation of startup support programs (Al-Murabaki & Busler, 2013). For measuring the effectiveness of SSOs, Al-Murabaki and Busler (2011) identified four crucial dimensions; First, the number of ventures incubated over a period of time. Second, the number of graduated ventures that are still operating over a period of time. Third, the number of jobs created by the incubated ventures. Fourth, the salaries paid by the incubated ventures. With their latest quantitative research study, Al-Murabaki and Busler (2017) revised their model and found there are three dimensions that play a significant role in assessing an incubator's success: incubator characteristics, its outcomes and its financials. The independent accelerator network GAN found in their annual data report of 2018 that their members use similar indications for success of their incubation and acceleration programs. Their members track four types of KPI metrics: First, the amount of funding raised by their incubated startups. Second, the number of jobs created by their startups. Third, the average of monthly or annual recurring revenue for their startups. Fourth, the number of

startups that are still operational after the incubation program. An overview of the performance indicators is presented in Table 3.

Table 3: Performance Indicators of Incubation Programs

| Industry Reports | Academic Reports | Analogy |
|--|------------------------------|-----------|
| 1. Amount of Funding raised by incubated startups 2. Average of monthly or annual recurring revenue | 1. Incubator financials | Similar |
| 3. Number of jobs created | 2. Incubator outcome | Similar |
| 4. Number of startups still operational | 3. Incubator characteristics | Different |

Source: based on Gan (2018) and Al-Murabaki and Busler (2017)

From a macro-economic perspective, SSOs are likely to play a significant role in regional development. Few data exists today, but Hochberg (2016) derives her conclusion from Fehder and Hochberg’s (2015) analysis on funding events post-accelerator arrival and state that the presence of an accelerator positively affects the region. They thus suggest including regional effects into the performance of SSOs instead of merely focusing on startup-specific metrics. One reason could be to attract the attention and support from policy makers. Hochberg (2016) finds that the presence of startup support environments, like incubators and accelerators, enhances the local activity of a region and draws the attention of VCs or other funding systems to a certain region. Exploring this effect could be subject to further research as only little data exists today. The correlation of entrepreneurial activity and increase in entrepreneurial funding activity evoked by the presence of an SSO has not been established with certainty. Yet, recent industry reports show the increase of entrepreneurial and funding activity are mutually beneficial. While startups left Switzerland in search of funding elsewhere before 2017, VC investments reached a record in 2018 which creates a more and more startup friendly environment in the alpine country (Allen, 2019).

Academic and industry research are still differing in their focus of research, but contemplating both research results provides thus a holistic overview of SSO performance. For the most part, both types of research show the fruitful development of startup support

programs and therefore confirm the relevance of conducting further research on the development of SSOs. For example, it is important to gain further insights of what influences the development of SSOs.

Business incubation is a research area that can be further explored in the future as the development of programs on national and international level, as well as in different industries, provides an increasing amount of data ready to be gathered and analyzed, both qualitatively and quantitatively. Before diving into the topic of international development of startup support organizations, I will give an overview of relevant literature on replication as a strategy for internationalization.

2.2 International Expansion via Replication

The “McDonalds approach” across industries.

- Winter & Szulanski, 2001

For understanding the processes and practices of internationally operating SSOs, a general introduction to internationalization strategies and underlying practices like knowledge transfer and network theories are presented (see Winter & Szulanski, 2001; Jonsson & Foss, 2011; Szulanski et al., 2000; Coviello, 2006). The concepts and theories discussed refer to either traditional businesses or international new ventures, but none exist about the internationalization of SSOs. Therefore, traditional internationalization strategies shall serve as a starting point to gain insights into the international expansion of SSOs.

Both replication theory and flexible replication are concepts with which scholars seek to explain organizational behavior in international contexts. Transfer of knowledge is a means of replicating businesses internationally, which is often directly associated with the implications of professional and personal networks to transmit intellectual assets (Zahra, 2005). All theories and concepts discussed in the following are true for SSOs in practice already. For example, both Impact Hub and Startupbootcamp followed a franchise approach to replicate their organizations internationally.

2.2.1 Replication Theory

With new types of companies appearing and even international new ventures (INVs) and small and medium enterprises (SMEs) expanding internationally, new theories and models for international strategy emerge. International Business (IB) scholars have intensely examined and revised the Uppsala model⁶ by Johanson and Vahlne (1977), but alternative theories around the core process of internationalization are arising. Theories of replication gain increasing attention in the context of internationalization (Winter & Szulanski, 2001). Furthermore, researchers find knowledge transfer and network models increasingly suitable for analyzing contemporary businesses (Zahra, 2005). Replication has been applied across industries and can even be found in entrepreneurship ecosystems; incubators, co-working spaces and accelerators like TechStars or Impact Hub expanded their organizations globally via franchise models. Although all concepts mentioned in the following usually refer to traditional firms, they can easily be translated to the world of startup support. Replication has thus entered the domain of innovation and starts to gain attention in entrepreneurship research.

The traditional stage model, or Uppsala model, (Johanson & Vahlne, 1977) describes a gradual expansion to foreign markets: At the beginning, companies should enter geographically and psychically close markets and acquire local market knowledge. By learning experientially, the company can increase their foreign market engagement and finally enter more distant markets as well (Zahra, 2005). But even Johanson & Vahlne (2003) acknowledged the recent developments in international business and revised their original model by including elements of relationship and network theory. In their work of 2009, they add the aspect of knowledge management. This aspect is also a central element of replication theory.

Replication theory is a stage process like the Uppsala model (Winter & Szulanski, 2001). The key elements of replication theory are two-fold: On the one hand, it explores the scope of knowledge transfer, on the other, it examines the role of the central organization.

⁶ The Uppsala model is a traditional stage model that describes a company's gradual expansion to foreign markets.

Essentially, replication theory describes the process of expanding a business in the horizontal dimension, in other words, it is a growth strategy. Replication originates in the food industry where a large number of stores are created to provide a product or service in the same manner. Therefore, it is sometimes referred to as the “Starbucks or McDonalds approach” (Watson, 1997; Schultz & Yang, 1999) as both concepts were imitated in various locations across the world. Other food chains spread in the same fashion and opened shops with the same layout to convey their ambience universally. Today, this expansion strategy is likewise applied in other industries (e.g. IKEA in the furniture industry, or Impact Hub in the co-working space business) and has become a prevalent organizational model. When replication is used as a strategy, this process occurs in two stages: First, the business model of the original is explored, and the core is specified by a phase of exploration, only then this business model is replicated at large-scale. To put it differently, the setup of multiple imitations of the original business is usually perceived as the copy of a template. In this case, the template or formula is a fixed concept that the imitating unit is utterly familiar with and reproduces systematically in the same manner (Winter & Szulanski, 2001). It is often assumed that the template itself is a rigid formula that provides useful insights into customer needs. A point often overlooked is that it does require more effort to reproduce the template and maintain the ongoing business activities. By ignoring the aspect of exploring the original unit constantly, replicators solely implement the existing template and miss the opportunity to refine the business model (March, 1991). However, for long-term success, a balanced exploitation and exploration of the original template is necessary.

A selection of suitable sites and human resources to operate the new replication is as crucial as the continuous exchange of knowledge to routinize its transfer. The knowledge that is exchanged is referred to as the “Arrow core” (Winter & Szulanski, 2001, p.731), which is a fixed format that was decided upon before being replicated (Levinthal & March, 1993; Lewin et al., 1999; March, 1991; Winter & Szulanski, 2001). With this in mind, replication can be attributed with the following key attributes: replication requires effort and a stable business model, takes time to discover the Arrow core, usually occurs at large-scale by implementing the replication of the fixed Arrow core, and entails a continuing challenge of knowledge transfer.

2.2.2 Flexible Replication

Based on the inability of replication-as-a-strategy to acknowledge constant developments in economy, researchers identified an updated version: the flexible replication (Jonsson & Foss, 2011). While the replication of a fixed template benefits from the economies of scale and brand recognition (Winter & Szulanski, 2001), other aspects like local adaptation are increasingly important when applying replication to an international context (Jonsson & Foss, 2011). In flexible replication theory, inspired by the integration-responsiveness framework (Barlett & Ghoshal, 1989; Devinney et al., 2000; Prahalad & Doz, 1987), the border between the exploitation and exploration phases is more fluid and includes the local context of the replicated unit. The interplay of replication and adaptation becomes a defining organizational attribute because an iterative learning process is incremental and systematically coordinated. As an illustration, Jonsson and Foss's (2011) case study of IKEA's replication strategy distinguishes between "lower-level features" (Jonsson & Foss, 2011, p. 2), like marketing efforts or pricing, and "higher-level features" (ibid.). The latter is subject to being replicated across countries, as it represents the core values of the company, while the first can be adapted according to different market-demands. The concept of templates refers to business activities embedded in organizational routines and serves as an example for replication. They include aspects of business specific patterns of how certain jobs get done, in what frequency and which order, and how different subcomponents are interrelated (Nelson & Winter, 1982). Little international business research covers the systematic replication of international businesses (only a few case studies exist, for example Watson, 1997; Quinn, 1998; and Schultz & Yang, 1999), henceforth no profound theories around the replicable aspects of a business model for international expansion are available. In particular, the intensity of local adaptation and the process of internal modification of organizational structure remains to be explored. General IB research only suggests not to insist on applying a template too accurately as it could decrease the effectiveness of replication (Barlett & Goshal, 1989; Prahalad & Doz, 1987) and lead to an increase in resistance by the existing local environment (Kostova, 1999). Jonsson & Foss (2011) seek to provide a first attempt and offer a set of requirements for the successful application of

flexible replication as a strategy for international expansion: strong management, committed organizational entities, and a unified corporate culture.

Mathews and Zander (2007) also accentuate process models and dynamics and thus move away from traditional internationalization models that they consider too static and too much focused-on transaction costs. The international entrepreneurial dynamics framework serves as a leading example for the inclusion of the combination of entrepreneurial and international dimensions. The aim is three-fold: The framework includes issues such as opportunity recognition, the placement of adequate resources when exploiting these opportunities, and the impact of interaction with competitors. Nevertheless, entrepreneurial internationalization represents also a greater uncertainty and risk for a firm as internationalization processes entail the adaptation of internal routines to the new environment. This is especially resource-intensive and can offset a firm's performance (Mudambi & Zahra, 2007; Sapienza et al., 2006). Although this may be true, Schwens et al. (2017) believe that valuable resources contribute to a firm's greater efficiency when pursuing internationalization strategies. This is when the knowledge-based view (KBV) by Grant (1996) becomes valid again; knowledge is an organization's most sacred resource. Based on the organization's knowledge, the organization can consolidate and strengthen its competitive advantage as long as this knowledge preserves its value (Eisenhardt & Santos, 2002). Correspondingly, internationalization enables entrepreneurial firms to gain additional insights into foreign markets and thus accumulate valuable knowledge. At the same time, it is crucial to impede the dissemination of important internal knowledge (Oviatt & McDougall, 1994). Following this line of thought, firms increasingly benefit from scaling their scope of internationalization through the exploitation of knowledge acquisition in several countries (Zahra & George, 2002). The question remains how those firms acquire the relevant knowledge.

2.2.3 Transfer of Knowledge

The transfer of knowledge is a central feature of both replication theory and flexible replication as it is supposed to bridge internal efficiency gaps and thus avoid recreating the business model and operations time and again.

The basic concept of knowledge transfer is simple: through regular exchanges between units, synergies shall be recognized and thus improve a firm's overall performance⁷ (Dixon, 2000; O'Dell et al., 1998; Pfeffer & Sutton, 2000). During this iterative process the goal for the source organization and its replicator is to effectively reproduce the original template, therefore regular interaction shall increase the accuracy of replication of a detailed formula (Szulanski et al., 2000). This evokes a legitimate development of the role of the headquarters from the prevailing source of the organization's intelligence to one source among many. For this reason, the importance of subsidiaries as acquirers of knowledge is increasing in order to compete in a progressively global environment (see Forst & Zhou, 2000; Gupta & Govindarajan, 2000; Holm & Sharma, 2006). As knowledge is considered one of the most valuable resources of an organization, not only organizational research scholars, but also international business researchers are analyzing transfer methods and effectiveness of knowledge exchange (Argote et al., 2003). Knowledge is transferred either electronically or physically via workshops and meetings (Darr & Argote, 1995), databases and codified documents (Haas & Hansen, 2005), audiovisual and electronic communication (Almeida et al., 2002; Doz et al., 2001), or task forces, visits and personnel transfer (Almeida & Kogut, 1999; Gupta & Govindarajan, 2000). For flexible replication strategy, knowledge transfer is a continuous exchange process maintained by both the source organization and the replicated unit (Szulanski et al., 2000). Research on knowledge transfer found the use of templates as one of the most effective methods for replication strategies. In fact, sets of organizational routines contain the most valuable knowledge assets (Teece & Pisano, 1997; Nelson & Winter, 1982) and shall thus be subject to replication as reusing existing and validated routines is considered more efficient than creating new routines in each new site (Nelson & Winter, 1982; Teece & Pisano, 1997; Rivkin, 2000) - ideally before competition does.

Replication and imitation are too close a concept to be ignored (Rivkin, 2001). Both scenarios pose challenges: On the one hand, extreme complexity of tacit knowledge hinders easy imitation by competitors, but also complicates a smooth replication for the replicating company. On the other hand, extreme simplicity of productive routines offers an easy target

⁷ The usage of terms "firm", "entrepreneurial firm", or "organization" shall by no means limit the appliance of the concept to traditional businesses. It shall rather represent businesses and organizations in general, including startups, international new ventures, incubators and accelerators.

for copycats (Nelson & Winter, 1982). Rivkin (2001) explains that templates at moderate complexity support a competitive advantage provided the replicator has access to superior information than the imitator.

Winter & Szulanski (2001) suggest four reasons why a replication strategy based on knowledge transfer might indeed be successful: First, the replicator has better access to the template. Second, the replicator learns while replicating the template which facilitates the replication process as he can make targeted and suitable investment decisions for the replicated unit. Third, additional first-mover advantages like site-selection or acquisition enhance the replication process as the replicator acquires additional market-insights. Fourth, besides knowledge-based advantages, replicators also benefit from conventional sources of advantages like a strong brand that is protected from imitation. This raises the question of how to overcome this challenge of a perfect balance between too detailed vs. too complex knowledge.

2.2.4 Network Theory

Network theory is the answer in the context of knowledge transfer. Network theory evolves around professional and personal relationships. The latter gains increasing relevance in business context as borders between professional and personal networks begin to blur. The strength of an entrepreneur's network both influences his or her ability to seize opportunities and the selection of a business location. All aspects are considered relevant for international replication in the field of startup support as it can be directly translated from the studies on international new ventures.

Coviello (2006) explores the network dynamics of international new ventures (INVs). In her paper she acknowledges the opposing statements of Larson and Starr (1993) who explain the importance of economic network ties from an early stage onwards, and Hite and Hesterly (2001), who believe in the development of economic ties at a later stage of a firm's establishment. Correspondingly, Larson and Starr (1993) argue for an intentional development process that is managed by a firm in order to build and expand their network. In addition, they expect the network's intensity to increase, in other words, the ties of

network partners become stronger and more reliable. In contrast, Hite and Hesterly (2001) observe the opposite and assume the ties of a network to gradually become less cohesive. To balance both radical views, a third study simply explains that an INV's network will simply change overtime (Coviello & Munro, 1997). For the analysis of startup support networks, all three theories are taken into consideration based on the argument that relationships are used for the conceptualization of internationalization strategies already pre-internationalization. Concept generation, development and execution are relevant for internationalization strategies; therefore, the different stages of network building and retention are included in Coviello's (2006) network theory building. She agrees with Welch and Welch (1996) as well as Johanson and Vahlne (2003) who both observed that network relationships grant a fundamental basis for future growth. In fact, they all consider this network to be more important than the process of internationalization itself. With this in mind, I would like to dive deeper into one specific element of network theory.

The aspect of social ties or personal elements in contrast to pure business relations is highlighted by Ellis (2000), Ellis and Pecotich (2001) and Harris and Wheeler (2005). All three explain that social ties play a major role in firm's network relationships. However, research is constantly debating the role and development of social ties in network relationships as both phenomena seem valid. On the one hand, "organizational needs become more complex and necessitate non-social relationships" (Coviello, 2006, p. 717), so the network relationship is increasingly dominated by business connections. On the other, business-based ties seem to dominate initial network relationships that are replaced by an increasingly important focus on social connections (Chetty & Wilson, 2003). Ellis (2011) later clarifies the difference between social and business networks. According to him, they are primarily distinguished by the level of connection. Specifically, a social network refers to relationships connecting one person with another, while in a business network one firm is linked with another. He emphasizes this distinction because the general assumption by entrepreneurship researchers is that individuals recognize opportunities, not firms. His argument for focusing on interpersonal or social connections in entrepreneurial settings is indeed more appropriate when studying the knowledge exchange between potential (business) partners.

As a matter of fact, opportunity recognition is less restrictive when entrepreneurs make use of their social network which is not necessarily limited to the business ties of their firm that is active in a certain number of countries. More information is communicated through an entrepreneur's personal network because it includes both business and social aspects. Information is thus not limited to inter-firm network exchanges which individual entrepreneurs are part of. One reason is the subjectivity of opportunity recognition – a process that has been already mentioned by Venkataraman (1997). According to his research, opportunity recognition is a process that is considerably shaped by each entrepreneur's unique experience and stock of knowledge. This aspect differentiates INVs from traditional firms going international. As opposed to traditional internationalization strategies, INVs already have a global focus from their inception phase and dedicate time and resources into internationalization activities, and they actively engage with their already existing networks to speed up their internationalization (Oviatt & McDougall, 1994; Coviello & Munro, 1997).

The ability of entrepreneurs to spot international business opportunities derives from their capability to fruitfully engage with their social and business networks (McDougall et al., 1994), prior knowledge and international experience to choose international expansion from the outset (Zahra, 2005), and their observation of the business environment (Mathews & Zander, 2007). The decision to pick a certain country for internationalization is equally a 'pull' as it is a 'push' effect. Selecting the market entry country consequently often depends on the founder's personal connection to his or her local ties rather than on non-network-related aspects (McDougall & Oviatt, 2003). Through those business networks, entrepreneurs not only acquire local market insights even prior to the foundation of their new ventures, but also receive support from their social networks. This again highlights the importance of agile and fast knowledge transfer via established networks, which Zahra (2005) describes as organic structures of INVs through which they can spread information rapidly and apply it directly to their operational activities. In this case, "exploratory and exploitative learning" (March, 1991) is key for accelerated internationalization through early opportunity recognition. During exploration, entrepreneurs acquire additional knowledge, and during exploitation, entrepreneurs utilize and improve their existing knowledge. Again,

knowledge is considered the most valuable asset of a startup, or firms and organizations in general (McDougall & Oviatt, 2003).

Replication as a means for international expansion has been increasingly explored by scholars of traditional businesses in different sectors, mainly food or furniture. Nevertheless, other forms of organizations, like incubators and accelerators, the most common forms of startup support organizations, strategize using replication and enter new markets globally. Especially the underlying concept of network theory, including business and social ties, play a crucial part in the international setup of startups. As SSOs often act as startups in their way of doing business, replication and network theory, as well as knowledge transfer can be translated to the industry of startup support organizations. This fairly new development should attract more attention among international business, international entrepreneurship, business incubation and replication researchers.

2.3 The Internationalization of Startup Support Organizations

“Think global, act local”

- Patrick Geddes, Scottish town planner and social activist

Current developments in entrepreneurship go beyond the mere creation of new businesses. Supportive structures arise in the context of new venture creations such as incubation and acceleration programs, entrepreneurial communities or startup hubs, as well as venture capital and business angel networks. Those supportive structures do not only grow within certain regions but expand across borders.

The industry of startup support organizations (SSOs) is a constantly evolving environment. As this new category of business acceleration and incubation is still emerging, entrants to this new domain seek to explore what is possible within this environment (Younger & Fisher, 2018). With new challenges and opportunities within this business domain, there are no limits to this emerging category and the aspirations to “think big” or “think global, act local” equally shape this development.

International startup ecosystems have not gained much attention in research yet and are thereupon subject to this paper. Hochberg (2016) mentioned the phenomenon of networks and franchising in the context of accelerators but did not elaborate in detail on the latter. She also remarks the lack of empirical evidence for the choice of location for incubators or accelerators. Internationalization strategies influence the dynamics, organizational structure and internal processes of the new business category. How and to what extent internationalization impacts SSOs remains a fairly untouched subject in today's research.

Internationalization already plays a role in the context of traditional businesses as well as international new ventures, but how incubators, accelerators and alike are expanding has not been further explored yet. SSOs act as startups themselves and are opportunity-driven, but research has neglected the internal processes of why and how SSOs expand at all, or what impact these strategies have on the core development and structure of them. Initially a startup-focused undertaking, SSOs become increasingly competitive for attracting the best talent and startups. One reason to tackle the issue of outdoing competition is actively tapping into foreign markets. The reason for doing so is two-fold. First, encouraging hidden talent to dive into the risky adventure of starting up a new company by offering the necessary supportive structures. Second, existing startups abroad shall become part of the ecosystem that an SSO has built in one specific location. Both scenarios require active scouting outside the existing ecosystem of any SSO. Ergo, SSOs consider expanding their ecosystem beyond borders and known territory for justifying their existence.

In this thesis, I thus address the phenomenon of internationalization of SSOs: I am interested in exploring the question of "How do internationalization strategies impact the development of SSOs?" As entrepreneurs are the main drivers for continuous development of the support organizations, I would like to help understand the internal developments and mechanisms behind the scenes. Just as startups, SSOs maintain flat hierarchies that allow for fast movements, yet a certain underlying structure keeps the overall organization in line with its core purpose. The influence of internationalization on the governance of SSOs will be highlighted especially. Furthermore, the development of SSOs is an ongoing field of interest, as is internationalization, but the combination of the two fields has not gained a lot of attention yet.

A life cycle of startup support programs is usually presented in four phases: First, no SSO, during which common needs of stakeholders are identified and needed resources are compiled. Second, during the SSO establishment stakeholders are increasingly engaged and the commitment of financial and human resources are defined and approved by the organizing party. Third, embedding the SSO into the ecosystem creates an increased demand for an SSO which on the one hand gains more attention among a broader audience and on the other receives greater support by the ecosystem. Fourth, SSOs mature, which indicates that the demand for startup support exceeds the supply and the SSO can be considered an integral part of the entrepreneurial activity. I argue for adding a fifth phase, namely, the expansion of startup support organizations as shown in Figure 2. There are two possibilities to expand the SSO business; international expansion or expanding the program across verticals.

The main focus of this thesis is how the expansion on a global scale, or internationalization, is affecting the internal processes, practices and organizational structure of SSOs and vice versa. The demand for an international presence is both driven by internal aspirations to act globally as well as external influences. As a result, SSOs plan expansions on a horizontal scale to attract international startups on the one hand and support accelerated startups after graduation with their international scaleup on the other.

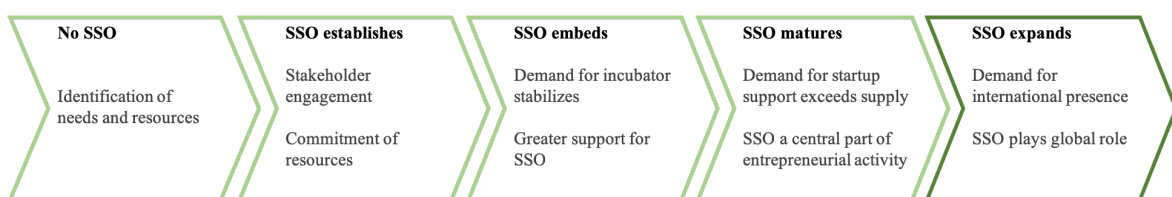


Figure 2: Life Cycle of Startup Support Organization (adapted from Dee et al., 2011)

After the review of existing literature within two large research fields – startup support and replication theory, including their sub-topics, – only a small number of scholars have identified the gap of addressing internationalization of startup support organizations in research (Hochberg, 2016). The international expansion of SSOs is only one of a number of other developments of SSOs, but given the circumference of a master thesis, only the internationalization aspect shall be subject to this research paper. A summary of the literature

review can be found in Figure 3. Whether the internationalization of SSOs is imbedded in either of the two chosen fields of research – startup support and replication research, - or in an intersection of the two should be debated by future research.

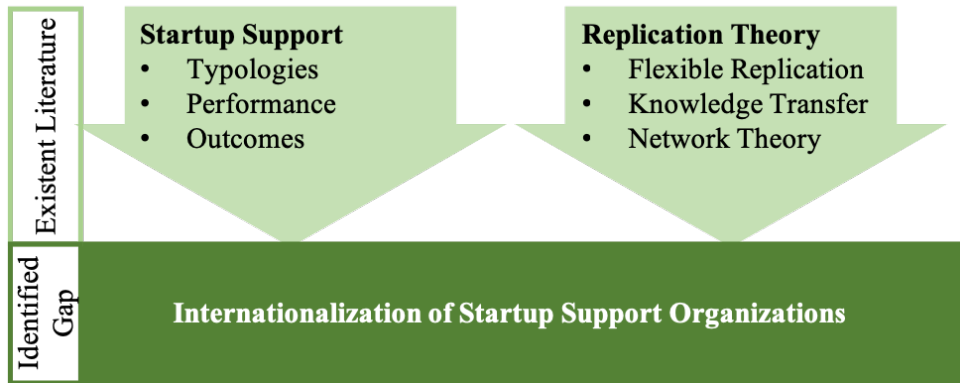


Figure 3: Summary of Literature Review (Own collection)

3 Methodology

With this study I aim to identify aspects that influence the development of startup support organizations that undergo internationalization. For the exploratory nature of this study qualitative research via grounded theory and thematic analysis is considered a suitable option (Eriksson & Kovalainen, 2008).

The underlying methodology will be presented in four parts: In the research design subchapter I explain the two methods that helped me structure my research process. Then the data collection process will be illustrated including the type of data, the selection criteria for interview partners and the interviewing process and topics. Third, the data analysis part will give insights about the procedure of transcribing the interviews, organizing, describing and identifying themes within the collected data. Finally, I point out my limitations and concerns regarding the validity of the collected primary data.

3.1 Research Design

For understanding the phenomenon of internationalizing supportive entrepreneurship organizations, I used qualitative research methods; Grounded Theory and Thematic Analysis (Eriksson & Kovalainen, 2008; Braun & Clarke, 2006). Qualitative research is a means to generate new theories about – in this case, – startup support organization and replication studies, and helps move the field(s) forward (Doz, 2011).

In one step, I chose to conduct interviews with individuals, who were actively driving the internationalization strategy of their organization, in order to explore the contemporary development of such entrepreneurship supporting organizations. In another, I familiarized myself with existent literature on international entrepreneurship, business incubation and replication. Both steps were by no means successive but overlapped strongly in this research phase. The iterative process of diving deeper into the literature while interviewing the first representatives of two different startup support organizations is an exemplary part of applying grounded theory. In addition, I found supplementary information online, namely,

on the organizations' websites, blogs or websites of startup associations (Eriksson & Kovalainen, 2008).

This three-fold research phase can hardly be separated from the analysis process during which I systematically analyzed my collected data. The thematic analysis by Braun and Clarke (2006) was a useful method as it provided a simple, step-by-step approach. Their six phase-model is no linear process, but rather recursive that emphasizes the necessity to make the act of writing an integral part of the analysis. This might have been a time-consuming process, but for an academic novice it was a systematic yet enlightening procedure to approach unstructured data. In combination with the grounded theory, I was able to efficiently organize and analyze my data sets.

3.2 Data Collection

As I explore the international setup of incubators, accelerators and other startup support organizations within its real-life context, I considered three main sources of data: primary data from interviews and observational field notes, as well as secondary data from online material like the organizations' websites, blogs and articles. In the following I will present my data sample, the interview process and the topics covered during the interviews.

3.2.1 Sample

The main data source for my research are semi-structured interviews. I conducted them with individuals who played an active role in expanding their respective organizations internationally. The selection criteria for choosing suitable interview partners were two-fold:

- 1) I was only considering startup support organizations with locations in multiple countries. These organizations could be incubating or accelerating individual entrepreneurs (as generator programs do), or startups (as incubators or accelerators do), or both (as SBDCs do).
- 2) I selected interview partners based on their involvement in the internationalization process of their organization. This ranged from co-founding a new entity, being the

first employee of a new entity, or driving the roll-out of the new setup regardless of the title (e.g. Marketing Manager, Community Manager, etc.).

A full list of my interview partners including the type of SSO they were or are involved in, the country of their placement, as well as their function is presented in Table 4.

Table 4: List of Interviews

| Interview | Typology | Country | Role of Interview Partner | Interview Details |
|-----------|------------------|-----------------------|--|-------------------|
| IP1 | Accelerator | Singapore | Co-Founder & Managing Director | 14.08.18, 40min |
| IP2 | Co-Working Space | Singapore/Switzerland | Community Manager | 14.08.18, 35min |
| IP3 | Generator | Norway | Co-Founder & Managing Director | 05.09.18, 19min |
| IP4 | Generator | Singapore | Business Developer, 1 st employee | 11.10.18, 32min |
| IP5 | Incubator | US | Community Manager, 1 st employee | 17.10.18, 41min |
| IP6 | SBDC | US | Program Manager | 24.10.18, 28min |
| IP7 | Co-Working Space | Germany | Co-Founder | 31.10.18, 15min |
| IP8 | Accelerator | Netherlands | Managing Director | 06.11.18, 43min |
| IP9 | Accelerator | Singapore | Marketing Manager | 07.11.18, 32min |
| IP10 | Accelerator | UK | Community Manager | 13.11.18, E-Mail |
| IP11 | Co-Working Space | Austria | Co-Founder & Managing Director | 20.11.18, 37min |
| IP12 | Accelerator | UK | 1 st employee | 01.02.19, 33min |

Arranging all interviews was a challenging undertaking despite, or because, I work in the startup support industry. I seized several opportunities and reached out to potential interview partners via my personal and professional network through which I was able to set up six interviews. The remaining six interviews were arranged after I cold contacted individuals via their company websites or via LinkedIn. Only three of the interviewees are currently employed by the SSO I interviewed them about. The remaining nine had already long or just recently left the organization but all remain in the startup support ecosystem. Some of them built their own support organization, founded a venture fund or moved within the organization from the local to the global level.

3.2.2 Interview Process

The course of each interview followed similar in structure: I conducted eleven semi-structured, discussion-based interviews with little to no pre-defined structure over a 3-month period (Jennings, 2005). Between Mid-August and Mid-November of 2018, I interviewed two individuals face to face, eight via video chat (Skype or Zoom) and one via E-Mail because the internet connection made a video chat impossible. An additional 12th interview was spontaneously arranged in February 2019, when I realized that one of my co-workers used to work for one of the SSOs I already interviewed and could thus provide further insights. The semi-structured dialogues sometimes allowed unforeseen topics to arise during the interview that were not included in the predefined interview guide (Adams, 2015). All interviews were conducted in English and have been recorded upon consent with each interviewee.

For each interview I would first set the scene and explain the reason for conducting the interview: As I work in SSO with only one location, but that considers expanding internationally, I was curious to learn about the expansion processes of different SSOs. The combination of personal and professional interest, as well as my openness about why I research this topic seemed to positively surprise most of my interviewees. As a result, they were often easily conversing with me in a way that it felt less like an interview and more like a casual chat between professionals.

This open-mindedness was also reflected at the end of the interviews; as soon as I would stop recording the interview, my interlocutors and I would keep discussing topics that had either risen during the interview, but were unrelated to my core topic, or we would start talking business and explore potential collaboration opportunities.

3.2.3 Interview Topics

After each interview, I would adapt my questions slightly, but kept the overall themes I was initially interested in:

- General information about the interviewee (professional background and previous experience with internationalization and/or startup support organizations),
- internationalization of SSO (involvement in internationalization process, familiarity with market pre-internationalization, duration of implementation),
- organizational structure (division of tasks within the team, interaction between different entities),
- context (interaction with local startup ecosystem, government relation), and
- reflection (influence of key elements on internationalization).

Not only did each interview help refine the interview guide, but also the transcription phase continuously influenced the update of the guide. The last version of my interview guide can be found in Appendix A: Interview Guide. I kept the interview rather casual to maintain a conversational style of interaction. This allowed interviewees to speak freely and provide insights themselves that were not directly asked for. Only when the interviewee tended to get too far off topic, I would mildly intervene and circle back with the help of my interview guide. On average, the interviews lasted 32 minutes. Most of my interview partners asked for anonymity and since the details of each organization or the employees themselves are not relevant for my study, I present the data on a high level. Again, an overview of the interview partners can be found in Table 4.

3.3 Data Analysis

The data analysis process was no linear one. It was rather an iteration of transcribing my interviews, engaging with my literature review, coding my primary data and grouping the generated codes. For a better overview of the process I illustrate the three main aspects as follows: First, I explain my transcription process. Second, I present further detail about my analyzing process. Finally, I introduce my coding scheme.

3.3.1 Transcription Process

All interviews conducted either face to face or via video chat were recorded with QuickTime upon consent by each individual. For transcribing the interviews, I used an online software

(Sonix⁸) for the first recording. But after receiving a poor-quality document that I had to revise manually, I decided to transcribe all interviews myself. In doing so, I made the transcription part of the analysis process as I took notes on the side and highlighted passages that struck me as relevant for my more thorough analysis in the later course of the process. As a manual transcription is a time-consuming process, I employed another online tool (oTranscribe⁹) that facilitated and accelerated my transcription process as I could increase the speed of the audio recording, stop, and resume the recording without having to switch between QuickTime and Word. The ten remaining interviews have been turned into written material this way, except the one via E-mail which was already in a written format.

Due to the nature of human dialogues, the recordings were marked with several breaks and incomplete phrases by the interviewee. Therefore, I applied Hammersley's (2010) "natural transcription" which is a confluence of strict transcription and description to produce a readable written document. In doing so, I willfully neglected sounds like laughter or other emotional expressions as I chose to focus on the content provided with verbal expressions rather than analyze the phonetic or non-verbal aspects of the conversation. The transcription of the recordings is thus a more coherent display of the primary data.

3.3.2 Analyzing Process

The analyzing process was supported by two methods: I applied both thematic analysis and grounded theory. Thematic analysis is a method for identifying, analyzing, and reporting patterns (or themes) within data (Braun & Clarke, 2006). As for grounded theory, I followed Eriksson and Kovalainen's (2008) theory building approach of performing a constant interaction between data collection and analysis phases. By applying both methods, I aimed for producing logical and valid relationships between underlying patterns that I identified in my data sets. For grounding my theory in the data, I ensured the "closeness" to my data throughout the research process by doing several iterative rounds. Not only the moving back and forth between the data and the existing literature but also applying two methods

⁸ https://sonix.ai/accounts/sign_up

⁹ <https://otranscribe.com/>

supported me in my theory building process. The six phases of thematic analysis enabled me to keep a certain structure during the mostly complex research process:

Phase 1: I transcribed and actively (re-)read the transcriptions of my interviews, as well as both highlighted interesting paragraphs and took notes on the side. This allowed me to get familiar with my data. This step is similar to Glaser and Strauss' (1967) open coding in which they suggest highlighting key words and phrases in the data.

Phase 2: For generating initial codes I worked with the software atlas.ti¹⁰, which helped me gain an overview of the 84 different codes I generated after the first round of coding the data.

Phase 3: Having the overview of single codes in one place facilitated searching for common themes and grouping the codes according to similarities. Finding interrelation between the codes is also part of grounded theory, namely, the axial coding that strives for theory construction (Glaser & Strauss, 1967). Another useful advice stems from Eriksson and Kovalainen (2008) when they pointed out to find aspects that are related to each other in a non-apparent way.

Phase 4: While reviewing my initial themes, I cross-referenced these with the secondary data I gathered from websites and blogs. By finding supporting quotes from my primary data sets, I was able to refine and re-group codes into more logical themes. During this process I identified nine groups: challenges, glass ceiling corporate structure, stakeholder management/balance, hyper speed across areas, market factors, marketing/spread the word, SSO content, motivation, and SSO structure.

Phase 5: The selective coding is the counterpart in grounded theory during which I integrated and refined my analysis. From nine groups, I finally distracted five themes; governance, timing, strategy- and demand-driven process, motives, and key people.

Phase 6: During this phase Braun and Clarke (2006) suggested to produce the report. But I already started the writing process during Phase 4 as writing down my thoughts and

¹⁰ <https://atlasti.com/>

gathering facts helped identifying and defining emerging themes from the initial first layer of codes.

Applying both methods helped me analyze my unstructured data in a systematic manner. It was thus indeed an efficient process of moving away from description towards conceptualizing my findings (Eriksson & Kovalainen, 2008).

3.3.3 Coding Scheme

The trickiest part of the analysis was the grouping of codes to formulate themes while grounding those in my primary data. Based on multiple iterations of coding, reviewing codes and cross-referencing the 12 interviews with secondary data a total of 84 codes emerged that I subsequently clustered in nine groups. Eventually, I identified five thematic categories which formed the basis of my analysis; Demand- or Strategy-driven Process, Governance, Timing, Motives, and Key People. An overview can be found in Table 4.

Table 5: Data Structure

| Layer 1: Quotes / References | Layer 1: Codes (examples) | Layer 2: Groups | Layer 3: Categories |
|--|---------------------------------|------------------------------------|-----------------------------------|
| "Because it's a franchise, keeping that quality control is tough." (IP8) | Frustration | Challenges | Governance |
| "We actually had to sign an agreement that we cannot work with another bank or issuer." (IP1) | Exclusivity with Sponsors | Glass Ceiling/ Corporate Structure | |
| "We made sure of getting the right decision makers of the corporates in the room with startups." (IP10) | Collaboration Corporate-Startup | Stakeholder management / Balance | |
| "In 2015, the term FinTech was a relatively new term in Asia. [SSO] was the first FinTech accelerator in Asia." (IP9) "There was nothing that exists now." (IP11) | Newness | Hyper speed across areas | Timing |
| "When we want to understand the temperature of the ecosystem, we organize leadership type of events, round tables, to understand the appetite." (IP9) | Market Factors | Market Exploration | Demand- / Strategy-driven Process |
| "We had a good launch event with 200 people": (IP1) | Launch event | Spread the word | |

| | | | |
|--|----------------------|---------------|------------|
| "DC is very, very different now than it was when we first launched in 2013. Which is great for the startup community. It is important to constantly understand what is our place, how can we bring in the most value." (IP4) | Dynamic development | SSO Content | Key People |
| "I was involved in the setup of the offices, and the different programs that we were launching and I was also described as the "eyes and ears" of [SSO] FinTech." (IP12) | Employee roles | SSO Structure | |
| "We wanted to optimize the model we had and make sure we do the right program" (IP8) | Intrinsic motivation | Motivation | Motives |

3.4 Evaluation of Study

For evaluating the study, I would like to highlight two important aspects. First, the chosen category of qualitative research and then the data sample. Both conditions will have an influence on the outcome of this study but could serve as a source of inspiration for future research on the topic of SSO development.

As the topic of the study is a relatively recent phenomenon and the development of startup support organizations is still on-going, this qualitative approach might only provide a glimpse of the current situation. The topic will certainly benefit from further deep dives both qualitatively and quantitatively. Especially a longitudinal research that observes the process of exploring the possibilities within the SSO category might shed greater light on the overall development of the SSO industry.

The samples used for this qualitative study were chosen opportunistically, and therefore the frame of my study was strongly influenced by the interviewees I was able to reach. The access to potential interview partners was affected by three factors. First, my professional involvement in the SSO industry. I am employed by an accelerator and was thus sometimes rejected because of competitive constraints. Second, the limited capacity of my target interviewees, such as co-founders of SSOs. Often, they were not willing to give an interview because of time constraints. Third, the responsive rate of my target study objects was extremely low. Of over 100 LinkedIn messages or e-mails sent, I received about 20 responses which eventually led to 12 interviews. Therefore, I was choosing my interview

partners based on their availability and willingness to participate in my study. This resulted in interviewing representatives of five different SSOs. As my interviewees worked at different types of SSOs they were thus giving my research a more holistic approach than simply diving into one specific case. On the one hand this allowed me to stay on a meta level when learning about the startup support organization industry as a whole, on the other hand it posed several challenges in regard to choosing the level of comparison or distinction between the different SSOs. The mix of interview partners might influence the outcome of this study in the way that it restricts transferability to specific contexts.

4 Findings

“The journey is the reward”

- Steve Jobs, former CEO of Apple

In the following paragraphs I will give an overview of my findings with the emphasis on two aspects. First, I will present the two internationalization strategies employed by a number of globally acting SSOs. One strategy principally follows the strategy-driven process while the other builds primarily on the demand-driven process. Regardless of the strategy, both internationalization approaches are characterized by specific features that affect SSOs: Influencing/success factors, motives, and challenges. In the second part, I will sketch the emerging concept of the international setup as a result of SSOs expanding across borders.

4.1 Understanding of the Internationalization Processes of SSOs

4.1.1 Demand-driven Internationalization Process

When an SSO follows the demand-driven process to expand to foreign markets, the SSO explores and exploits opportunities during a five-phase process as can be seen in Figure 4. Not all phases are linear, they rather overlap. Important to highlight is the fact that this process solely refers to the period of setting up the new entity. This usually spans over an 8- to 20-month period.

“I think from intention until opening, like soft opening, around 1,5 years.” (IP11)

The overall lifecycle of an SSO might look different. Only the particular phase of going international is in focus here. How the SSO develops overtime after the first program was run, shall not be subject of this research.

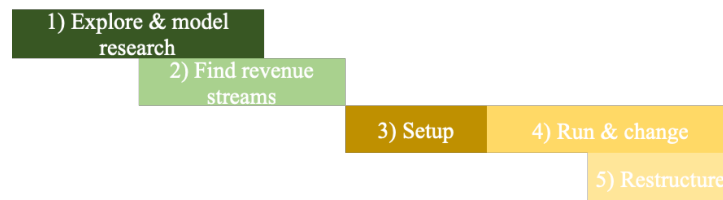


Figure 4: Setting up an SSO Following a Demand-driven Internationalization Process
(Own collection)

During the first phase of researching and exploring, individuals or a group of people either actively search for concepts that match their vision to setup up an entrepreneurial support organization or they were inspired when they were abroad and brought the concept “back home”.

Why we started [SSO]¹¹ was basically because we thought that there was an ecosystem missing for young entrepreneurs who wanted really to do something impactful. [...] And then we found [SSO Global] and we thought this is an interesting concept and therefore we applied for [SSO City]. (IP7)

And people would go there and visit and were like “Oh, I want this for my country.” (IP2)

We started a different organization in the beginning, [...] and this organization actually applied for the [SSO] license. One of our friends was writing her thesis and, she came across the concept of [SSO] and thought “Okay, it fits to what we were talking about.” [...] That’s how we learned about it, loved it and brought it to Vienna. (IP11)

From the second location yet a third one can emerge, which is how the organization spreads organically.

¹¹ In order to guarantee anonymity, I omit the brand names by replacing them all with the simple acronym SSO (startup support organization).

And we had an intern from Greece, who joined us at that time [of the opening] and actually he is one of the co-founders of Athens. (IP11)

In the second phase, namely, finding revenue streams, different options are discussed and evaluated in order to ensure a more or less sustainable business model that covers the costs. Most of these models include rent for co-working space, startup or corporate advisory and acceleration programs and events.

We were still very much about community and trying to find different business cases in order to make money. [...] We need funding help, or we need some other kind of help, or we just close down. Because the revenue first of all is on memberships/ rental of/ booking of rooms. And on top we were building business cases on expertise or knowledge and trying to monetize on that. (IP2)

Our entrepreneurs would pay monthly dues for office space, but also for all of the resources that we offered, that includes our mentors that we have. [...] It's more like a pay-per-month for membership, get access to all those resources. (IP5)

Then the revenue streams, the business model behind it of course the one side is co-working space, which is a rent out concept, and then the other side is advisory. We advise big companies in their impact strategy. And then a third part is these events and special programs with everything related to impact. (IP7)

The third phase, setting up the operations, is marked by best practices shared by the original SSO and a strong network that the new entity could tap into. A supportive environment both globally and locally played a crucial role: it was easier to reach the target audience, once the operations were set up and the SSO started to attract entrepreneurs and startups.

Everyone is kind of grabbing elements of incubation of acceleration, mentorship, really just molding it to whatever their vision is and what they think that their startup should be going to need. (IP5)

We got best practices from many other hubs. We got business plans, how to apply, how to setup the whole thing. So, it was a lot of support. [...] I would say 12 months to set the whole thing up. [...] I think the most important thing is you already have a very strong community when you set up the whole thing. So, by the time we opened the doors, we had already a huge community behind us. (IP7)

After a successful setup, the fourth phase is all about running a successful SSO and tweaking details according to the local context. Sharing best practices between different entities is important not only at the beginning but remains crucial. A lot of traveling is involved for the SSO managers to ensure an ideal information flow.

When you go international, it becomes very difficult. You cannot apply the same rules. [...] (IP2)

The team, MD, program and space manager, they travel a lot all over the world visiting other hubs. There is a lot of best practice exchange. There are conferences, there are so called “hub gatherings”. (IP7)

The last phase presented in the demand-driven process context is restructuring. As the local SSO itself also grows and develops overtime, it does so in two directions: either vertically by offering the program in other/additional industries and geographies, or horizontally by expanding the program portfolio. Defining the core of an SSO is a journey of exploring what is possible and what makes sense for the respective location and its ecosystem.

You have to think of [SSO] as it used to be a movement. Then it became a business model. (IP2)

Challenges arise when one local entity develops a stronger sense of wanting to grow faster than the overall SSO network. Eventually, this can result in splitting one local entity from the global network. The split entails creating a new brand and no access to the global knowledge platform and management support.

They wanted to spread, or they want to spread to Indonesia. Indonesia does have an [SSO from same brand]. That would mean, we would eat their cake. And to get that into a license agreement, or more than that, to have it in a global agreement, is nearly impossible. So, it was the question: Either you do it with the tools you have, and you find a way to expand internationally, but you can't expand to countries that already have [SSO]. Or you leave the network and have your own brand and you can go without the support of the network and this is basically what they did. (IP2)

How the global setup is managed of such an SSO that grew via market-pull, will be presented in chapter 4.2. In the next subchapter, I provide an overview of the strategy-driven process before I present the success factors, challenges and motives that impact both strategies in further detail.

4.1.2 Strategy-driven Internationalization Process

The second internationalization process is predominately affected by a strategic push into a market. Again, SSOs typically go through five phases as can be seen in Figure 5. As before, not all phases are linear, they also overlap. Important to highlight is the fact that this process solely refers to the period of setting up the new entity. This usually spans over a 4-month to 8-month period, thus a much shorter runway than the demand-driven process.

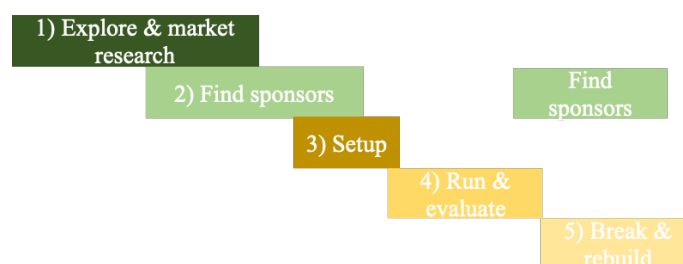


Figure 5: Process of Setting up an SSO through a Strategy-driven Internationalization (Own collection)

First, the SSO explores a market with extensive research. Desk research is conducted while actively diving into the local markets. One-on-one meetings in the respective new markets

are arranged and networking events are attended or organized to test and learn about the respective ecosystem. Often, previous contacts facilitate the arrangement of meetings.

You need to know the local market, maturity stage of the startup scene, the size of the talent pool (especially tech talent), also maturity of corporates to be ready to innovate and readiness to invest in startups. It's also important to know the local trends and growing demand on the market. (IP10)

I personally was curious about Asia. [...] So, I was kind of pushing myself and [SSO] to think about Asia and also to see opportunities there: [...] different problems, different solutions. [...] Again, this was due to my contacts and my passion for Asia. We did pitch days for the London program in Beijing, Shanghai, Hong Kong and Singapore to test the market. [...] (IP1)

I remember that we were still spending quite some time on looking at which location would make sense. And we wanted to cover, like anyway, the globe. So, it was very opportunistic in a sense. (IP12)

We would go to universities. We would run workshops and university events to get closer to students and universities. But at the same time, we just met a ton of people: everyone from the ecosystem. Everyone who had a PhD, everyone who had a Masters, everyone who was technical. [...] Strategically, we had to get our brand out. [...] Literally, our calendar was just every day meeting with 7-8, 10 people. (IP4)

Second, while still exploring the market, the SSO managers started approaching and closing deals with sponsors for the setup in a new market.

Before we start a program, we gather interest from different parties. Government agencies, investment funds and corporates. (IP9)

When we first got here, we first kind of engaged with a couple of investors in the ecosystem to find out more about the ecosystems and universities as well to go again to get closer to where the technical talents are. (IP4)

Once you had passed the 50% threshold [of funding needed], you could go on the market and then you are closing the other 40 or 50%, it's all about ecosystem. (IP8)

Despite decent market research is done, and interest from corporations that would support the setup of a new SSO entity, not all opportunities are exploited. The strategic push into markets is carefully evaluated by the management team of the original SSO entity. Sometimes this entails shutting down aspirations of expanding the SSO brand to certain markets although they seem promising.

I studied in Poland, and I remembered one specific fact from the class of corporate venturing, which was showing that Poland in 2012 it was the 4th country in the world with the most internet IPOs. Yeah, it was very surprising for me. You know, I had an interrogation mark and I started to look into it and shows that the economy was booming. So, I tried to expand it to CEE. So, I went for 10 days or so to Poland. I met many players there. And I actually had a pretty solid plan. In the sense that it was it was insane; it went really fast, and very senior people saying they want me to have their e-mail to receive the new issue for the sponsoring. So, I already had one bank soft committed in tech, it was completely insane. But when I presented it, I got like refused. For a really understandable reason; It was not part of the strategy. (IP12)

When a decision is taken to push into a market, it is important to connect with the right people quickly to start the word-of-mouth effect. Usually personal and business connections are leveraged for the new player.

So, we had like these three major key sponsors, an investor and two corporations, who helped us to set up the funding piece. The second piece of people was definitely difficult. Like any other startup out in the field, we spend a lot of time to find a managing director. (IP1)

Third, when the first threshold is reached and enough funding is guaranteed, the SSO starts setting up the operations in the new market. This entails hiring a local managing director and a small team for operating for the new SSO entity.

So, we spent about half a year of 2018 to plan the 1st program and then we launched it in July the same year. [...] We then started the European expansion, which is currently in progress. Now we have 6 months until the program kicks off. A bit less actually. [...] We spent a lot of time hiring top talent for our team. And now we are really getting the founder talent to join our program. (IP3)

We had a 6-month runway to get things off the ground. [...] One of the things that [SSO] has done extremely well is the transfer of knowledge across different locations. Not transfer of knowledge. Transfer of our culture. Team culture. So, we work very closely with [original hub]. (IP4)

Fourth, when the program is set up, the local team simultaneously runs and adapts the original model. Local adaptations are necessary to attract the respective stakeholders; startups, investors, corporate partners, students. These adaptations are already evaluated and implemented during and shortly after finishing the first program.

The overall program is very similar. We obviously did a lot of local flavors and the requirements from the founders, but overall the structure is the same. (IP3)

[SSO]'s knowledge base is consistent throughout the company. Sometimes it gets changed because of findings in different locations. But operationally, we do change it so that it suits the local flavor. (IP4)

There wouldn't be an option not to adapt [the startup program]. Each local team of course has some differences coming from the local market and how things work locally better, but overall guidelines are the same and overlooked and guided by the global team. London and New York have a much more mature FinTech scene, so our accelerator models also need to adapt to the market change. (IP10)

All best practices are shared during the fourth phase with the original hub(s) in order to continuously improve the overall SSO structure.

As a result of that we share findings, we share results, we share outcomes of the cohort, depending on the variables that come with founding the different locations. But by and large transfer of knowledge is pretty consistent. [...] We have a call twice a month. (IP4)

Fifth, the most extensive evaluation phase occurs towards the end of the first program, when the local team evaluates, and restructures the program. The learnings gathered from the international unit(s) help refine and reassess the original value proposition previously developed for all respective stakeholders of the SSO.

We realized the typical accelerator model needs a change, especially in financial services sector, in mature markets like London and New York. We talked to our clients = corporate partners asking what they want. We built a few models until we finalized [current SSO] and saw the right fit for all stakeholders and the two markets that needed change. [...] It took a year I would say to get the model right and launch. (IP10)

The accelerator market in the way how they are traditionally funded [by corporations] is still working. So, as long as that old model works, then they stay as they are. I think they are under massive threat by new incumbents and that's why we try diversifying whether it's [SSO] going into their Hackathon side of things.. At the bottom line, the money doesn't come from Startups and it also doesn't come from the local investment networks. (IP8)

The process of setting up new SSO entities is marked by three central elements. For better understanding the influences on the SSO internationalization processes, single characteristics are highlighted in the next subchapter.

4.1.3 Influential Characteristics of Internationalization Strategies

As mentioned, not only the demand- or strategy-driven processes themselves define the outcome and effect of internationalization, also the elements such as success factors, challenges and motives play a crucial role. Generally, success factors and challenges contain similar aspects for both internationalization strategies as can be seen in Table 5. The only differing element is motives to expand an existing SSO.

Table 6: Characteristics of Internationalization Strategies

| Characteristics | Demand-driven | Strategy-driven |
|-----------------|-------------------------------------|--------------------------------|
| Success factors | Timing, funding, key people | |
| Challenges | Governance, funding | |
| Motives | Startup-support, community-approach | Startup-support, profit-driven |

Source: Own collection

When SSO managers were asked to formalize their key success factors for internationalizing the SSO, the pre-dominant areas that were highlighted are: timing, funding, and key people.

The often-mentioned first-mover advantage in economics comes also into play when building a new entity of an SSO. Timing was specified in terms of speed and newness; be the first on the market and be different was a general consensus.

I think we provide a unique business model in the sense that our founders meet other co-founders in our program. We provide a lot of things that are crucial for a startup. We provide a good program to give them structure. We provide funding from Day 1. And we provide a co-founder to work with and set up the program with. (IP3)

Back then, we were kinda the first hub to have space for entrepreneurs. (IP5)

So, with that kind of main train of thought that means that [SSO] has to be in an ecosystem where entrepreneurship or starting a startup does not come to people's mind so quickly. (IP4)

Timing to do the right things the right moment. Not to be too early, not to make things too big too early, because you run out of cash. So, you have to be patient to grow organically. (IP7)

As part of finding sponsors in the setup phase, the importance of having not only enough, but the relevant funding was mentioned. Only partners and sponsors that were able to actively engage with startups of the program, were identified as key.

It's important to also have strong corporate partners locally and enough investment to run the program. [...] The maturity level of the corporate, the readiness to innovate internally, the culture and timing to be able to work with startups. Getting the right decision makers from corporates in the room with startups and making sure they are willing to go further than free pilot or conversations in innovation tourism and really engage with startup and be ready for commercial engagement. (IP10)

In a way, SSOs provide a platform where SSO managers mediate the engagement between corporations, investors and startups. In this scenario, corporations and investors pay a fee for access to that platform. This provides the main source of revenue stream. Additional but minor sources are rent for co-working space or event entrance fees.

A fact most mentioned for a more likely successful internationalization was the element of key people. A great amount of time was spent on selecting suitable additions to the SSO management team. Ideally, these additions have a strong background in a specific industry and are well connected in the industry or startup ecosystem. Having an entrepreneurial spirit is considered a given.

The commitment, the team spirit of our core team, that they really live what they say. It's very credible what they do. Authentic. And they're strongly based in the

community. So, that I think is very important and then of course a lot of hard work and networking, connecting.. so, it's a combination of everything. (IP7)

Team is very important as well and hiring people who are well connected and know the local ecosystem – from the startups' as well as the corporates' perspective, the more balance, the better. (IP10)

So, being able to scale that culture and knowledge base is something that is going to be super important. Especially for I guess specifically for [SSO] where most of what we do requires a lot of individual intuition but as well as operational excellence. (IP4)

Finding those best suitable key people was more challenging. In fact, a great way to find those talents is using the existing network.

I know them from before. I know a couple of the founders from McKinsey. And so, they.. they got in touch with me that way. They're also personal friends, so that helps. (IP3)

These [the co-founders] were out of our own network. They were already close friends of us. (IP7)

As opposed to success factors, certain challenges were also mentioned that have influenced the development of an SSO in the global context: funding and governance.

Just as funding is considered a success factor, it is often posing a challenging activity before and initially during setting up the SSO. This was a time-consuming and demanding undertaking for all people involved in the setup of a new SSO entity. The sponsors of the program would have the power over the theme of each entity. For example, with banks the SSOs would get a FinTech vertical, whereas a pharma company would be part of a MedTech or HealthTech focused SSO.

Generally, every accelerator will choose the topics [verticals] based on where they're able to get funded. (IP8)

We had 2 types of players. It's corporates and VC funding the programs itself and you had like corporate sponsors and investors. So, basically, they had different incentives and motivation; Corporate sponsors often for cultural aspects or innovation or just to bring some inspiration to the inside of a corporation. And then we had the others which were more fund oriented. So, really investing in the startups and having part of the equity. That were the players through which we had the structure. (IP12)

More long-term challenges were always evolving around governance. The organizational structure of each single SSO entity was rather straightforward; a managing director (MD) would head each entity, a startup lead would build and manage the startup program, a community manager would make sure the SSO stays connected to all stakeholders and the marketing manager would promote the brand in each ecosystem.

[...] the team was about 15 people. Which is very big. And it was big because of the [SSO] model, so basically you got the corporate side, they've got a corporate consultant, and there was a part of our administrative/administrational team. [...] Mentor engagement, general marketing for [SSO], the program team was largely built by the leadership. [...] and that would be the core team like that. [...] It was 3-5 people per department. (IP8)

Nevertheless, the global setup of managing multiple SSO entities across a brand posed fundamental issues. The development of a new organizational structure coordinating all SSO entities of one brand globally was needed. Eventually, some SSOs settled with a vertical-related collaboration within the same SSO brand. The aim is to respect local developments and specificities yet maintain a global network simultaneously.

All programs are well connected, but less across verticals [...] just due to the nature of the business, and different corporate partners. [e.g. FoodTech and FinTech hubs would not interact regularly] (IP10)

Currently the sense of community for most members is primarily local. We want to keep the strong local roots yet strengthen the sense of community by adding a global layer of belonging. (Ridic, 2015)

The more startups an SSO accelerated or incubated in one location, the more stakeholders it had to manage when those companies would grow or simply relocate. As personal relations cannot be maintained by each SSO entity management team with all their graduated startups, a global management team is introduced to take over the Alumni management.

After programs you got the problem with the franchise or non-franchise, you've got the problem that you can't speak to 60 companies at a time. And so, that's when the operations of accelerators fall. And that's where we're trying to fill in a gap now. (IP8)

Beyond Alumni management, a central team would manage the best practices gathered from SSO entities around the world of the same brand as well as provide marketing material in return for a fee. The global team also facilitated the setup of new SSO entities in other countries.

But in 2010, five years after the opening of the first Hub, the organization had reached a turning point. The Hub system had become dysfunctional because its leaders had failed to create a structure that would effectively blend the interests and aspirations of its stakeholders. [...] In short, the Hub emerged as a cross between a business incubator, a learning lab, and a professional membership community. [...] We wanted to borrow a little from the corporate franchise culture of codifying best practices and expectations around a shared intent. But we also wanted to borrow from the energy that movements develop as they spread around the world. So, we were trying to pick the best bits of both operating models and to create something of a hybrid—a model that could serve the huge potential that we saw. Under the model, new Hubs would pay a substantial joining fee and a share of their ongoing revenue to the global Hub organization. In exchange, they would receive a license to use the

Hub brand, along with dedicated support from a central team that would help them launch operations and increase their impact. (Bachmann, 2014)

As for motives, the characteristics diverge in terms of their focus per internationalization strategy. One motive both internationalization processes have in common is being startup-focused; building an organization around the startups' needs.

We wanna open a new location every 6 months. And I think that's crucial for our portfolio companies. In the sense that if you want to set something up and you wanna move to another region then obviously the fact that you have multiple regions to choose from and you're a Norwegian company or a Swedish company and you set up in the Nordics and you have a location in Singapore that you can expand to that's super helpful. And allows you to scale globally a lot quicker so, for us, if we want to make this as big as we hope to, then we need to go abroad, and we need to go aggressive. (IP3)

Washington D.C. is very, very different. That it was when we first launched in 2013. Which is great for the startup community. It is important to constantly understand what our place is, how we can bring the most value. (IP5)

When alumni [...] are keen to expand to Mexico City we put them in touch with the local program on the ground to help them advice and vice versa. (IP10)

The greatest difference arises when diving deeper into the underlying motives of SSOs expanding internationally. Extending that startup-focused motive, the SSO's motivation that is predominately driven by a strategic push is not purely selfless, but financial benefit driven.

One of the things of being a VC is that it actually takes a couple of years whether you're right. And right now, we are at a point in time where we do know that our thesis on creating value by creating new companies is very valuable. So, we wanna scale as fast as possible. [...] We are in the business of increasing the world supply of entrepreneur talent and that by extension means that we are able to invest in companies that would otherwise have not been built. Our kind of core belief is that

the smartest and most ambitious people should be starting companies, and these are the right kind of people who should not be stuck in academia or corporate jobs. What they should be doing is they should start companies that are internationally recognizable and working on technologies that are game changing. (IP4)

In contrast, the underlying motive of SSOs that happen to be following the demand from the market is a community-driven approach. In other words, these SSOs act with a value-based philosophy rather than pursue financial benefits. They strongly follow this community-approach.

I wanted to do first something impactful, then I found [SSO] on Google. Then I contacted them, and they said “Hey, there is another woman, she wants to do something as well in Berlin.” So, I contacted her, I got introduced to her. And I said “Hey, you wanna do something?” and she said “Yes,” I said “Okay, then let’s join forces.” (IP7)

And then you have a bunch of people who wanna help. It’s very social. [SSO] still is very social. (IP2)

Both internationalization processes – despite their differing triggers, - developed a similar global setup. As a result, both internationalization processes lead to an organizational framework that supports the international expansion and maintenance of the global network. This organizational structure, including its enabling factors, is presented next.

4.2 Emerging Structural Framework for Internationalizing SSOs

In the world of startups as well as SSOs, the aspect of learning, improving, iterating and reflecting marks a significant aspect. In retrospect, globally acting SSOs not only shared their best practices, but acted on them. As a result of their learnings, SSOs with multiple locations across the globe built this universal structure regardless of their initial motives and market entry strategy. The organizations introduced a global layer that is not operationally engaged with their local stakeholders - corporate partners, startups, investors, - but focuses on keeping and promoting a set of values as well as catering to all individual SSO entities in

terms of preparing and providing marketing material, sharing of best practices and managing the alumni network of startups. The local SSO entities are the respective interfaces between SSO and local ecosystem: The “glocal” structure is born. An overview is provided in Figure 6. Glocal merges the words global and local in reference to globally acting SSOs’ organizational structure with both a global layer and local entities.

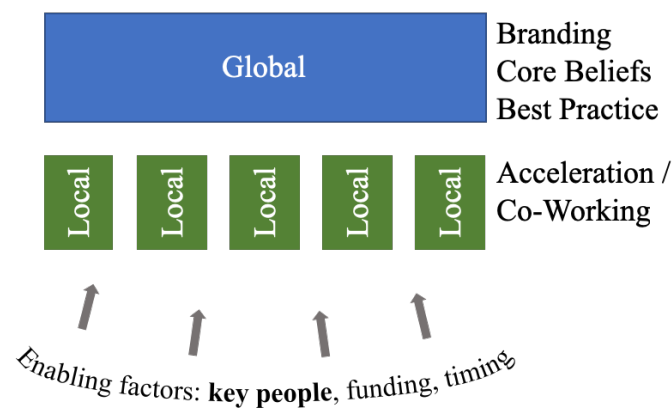


Figure 6: The Emerging Structural Framework for Internationalizing SSOs: The ‘Glocal’ Structure (Own collection)

On the global level, the combination of a management team and a digital platform ensures conveying the core beliefs across the overall organization. Goal of the global entity is maintaining the stability and credibility of the SSO brand towards all stakeholders. In practice, this contains four main activities. First, this global layer caters to all local entities by providing marketing material to convey a strong brand. Second, the global layer functions as the go-to-place for all local entities to either share learnings or get support for different matters. The global entity manages the knowledge transfer of the whole organization. Via digital tools, knowledge is gathered and stored for the documentation of best practices.

[SSO Global]’s responsibility was to take these learnings once a quarter or once a year, I can’t remember, to take those learnings and to turn them into a technology transfer to add it to their documentation. (IP8)

Third, the global entity is facilitating the interaction between local entities that are either role-related or topic-related. It is thus considered a knowledge and documentation platform

for all individual local SSO entities. As an example, in practice program managers of different local SSO entities engage in regular calls to share their best practices.

Yes, there was definitely a lot of communication and cross-learnings from different programs. (IP9)

Important to notice is the fact that the global layer solely interacts with all its local entities and has no touchpoints with other stakeholders like corporate partners or mentors. Fourth, in some cases, the global layer also manages alumni networks of startups that successfully graduated from the SSO's programs in order to enable their international expansion within the SSOs global network.

When an alumnus from the London program is keen to expand to the Latin America market, we put them in touch with the local program on the ground to help them and vice versa. (IP10)

A de-centralized global organization is responsible for the management and storage of knowledge. Topics like transferring the core values and sharing best practices, but also branding and document templates lie with the global entity. The global entity thus provides stability for the SSO brand by keeping standards without rigid standardization. For sustainably maintaining this global entity, all local SSO entities receive support in return for paying a fee. All while operating independently.

At an emergency meeting in Amsterdam in 2010 an inverted franchise model was agreed: each local Hub would own itself as well as an equal part of the core organization, the Hub Association in Vienna. The association owns the brand, the global IT systems and takes strategic decisions through a one-Hub-one-vote system of governance. There is still a joining fee and a revenue share, but with the former in some cases about half of what it was under the previous model and the share of annual revenue at just 2 per cent, non-payment is no longer a problem. (Watson, 2015)

On the local level, the SSO management teams provide the core business of the SSO: co-working space and acceleration/incubation programs for startups, as well as mentor and corporate partner networks. The local SSO entities are thus the interface of the SSO brand and the local ecosystem. They operate independently from each other but report their best practices and learnings to the global entity as well as engage with other local entities on either program- or vertical-related topics.

An important enabling factor is key people. Several aspects could be identified from the interviews with SSO managers. All three aspects are summarized in Table 6: First, the entrepreneurial mindset is the common ground for an SSO management team. New teams are either added because of their hands-on attitude and the belief they fill their role by educating and training them or they have a proven record as (serial) entrepreneurs. Although team roles are specified in order to have clear responsibilities, but unforeseen tasks or projects are taken over irrespective of the assigned role. This again shows how naturally the hands-on mentality is practiced in daily operations. Second, each team member adds valuable facets for a balanced team structure. Especially, the diversity of backgrounds adds to a holistic team competence such as expertise in how to build and grow startups, how a certain industry functions, or how to respect local business culture. Third, moving from one local SSO to another or even opening a new one is one expression of their loyalty. This integrity can already be anticipated during the recruitment of an SSO manager which was often done within the existing network. Loyalty towards the SSO was already apparent by active involvement in the organization as interns or volunteers, which eventually turned into a permanent position. On the one hand, this allowed fast onboarding as the new team addition was already familiar with the SSO's activities. On the other hand, it can decrease fluctuation within the organization.

Table 7: Characteristics of SSO Management Team

| Characteristics | Example |
|-------------------------|---|
| Entrepreneurial mindset | <p>“I’m more like a get-shit-done-type of person.” (IP1)</p> <p>“You can’t just put people [referring to startups in the program] together and walk away. You need to be hands on every step of the way.” (IP3)</p> <p>“We were just going around trying to figure out how to get things off the ground. So, I guess the level of involvement was pretty much there from day 1.” (IP4)</p> <p>“If you don’t find the right people to work with, there is enough support within the franchise model to be able to onboard them and educate them.” (IP8)</p> <p>“I think that finding a good managing director (MD) is tough, because often MDs are found on the basis that they can get funding and not on the basis that they’ve started a company before.” (IP8)</p> |
| Diverse team structure | <p>“We were able to get that key hire in place. The local who was very immersed in what was going on in the local tech scene. And we were able to kind of grow and expand from there. It was very important to have that local hire, who knows the local community.” (IP5)</p> <p>“Team is very important as well and hiring people who are well connected and know the local ecosystem – from the startups’ as well as the corporates’ perspective, the more balance, the better.” (IP10)</p> |
| Loyalty towards SSO | <p>“The former COO of [SSO Amsterdam] - already back then a friend of mine, - she moved to Singapore at the same time and so I recruited her to run the program with me together because she had done it before.” (IP1)</p> <p>“The fluctuation at [SSO] in the management teams is usually really high. [...] I think the people who are most loyal are the ones that came through membership, they came as a volunteer.” (IP2)</p> <p>“We spent a lot of time hiring top talent for our team.” (IP3)</p> <p>“We had about 5 team members, like 4 core team members. So, we had the COO, a marketing & events person, we had an analyst and we also had a managing director. The fifth person, at first it was like an internship role, for during recruitment phase. But by the time we got into the program, the internship role became like a full on, full-time role.” (IP9)</p> |

5 Discussion

“The new model makes the old model obsolete”

- Buckminster Fuller

While many scholars discussed and theorized about the startup life cycle, the SSO life cycle has not gained as much attention yet. One reason might be the still emerging category of the startup support organization industry. Until now, the SSO life cycle is displayed in four phases, from no SSO over its establishment and embedding to its maturity (Dee, et al., 2011), but there might be at least one phase missing: the expansion of SSOs. With my research I dive deeper into the topic of SSO expansion and shed some light onto the specific aspect of internationalization. Adding a fifth phase, SSO expansion, to the SSO life cycle, I do not exclude the possibility of adding other phases. Especially with regards to re-evaluating the overall startup support organization concept and its legitimacy. But this will have to be addressed in future research.

Scholars have already explored the tension of reaching optimal distinctiveness as international businesses while ensuring their legitimacy. This balance of conformity and distinctiveness on a geographical level (Voronov, et al., 2013) as well as the category level (Younger & Fisher, 2018) is a constant struggle among both incumbents and new ventures. Also, the arising category of startup support organizations is marked by the constant battle of achieving credibility by emulating existing organizations, as Y Combinator or TechStars are the first of their kind and developing distinct features to stand out. Until today, SSOs are rather diversifying than radically renewing or even replacing the SSO industry. Internationalization has been such a means to distinguish one SSO brand from another.

When internationalizing, SSOs behave like startups: they are agile, fast and prepared to take risks. They apply two predominant internationalization strategies for expanding their organizations globally, which follow the general concept of flexible replication theory (Jonsson & Foss, 2011): strategy-driven and demand-driven processes. The dynamics of exploration and exploitation become an integral part of the internationalization processes of SSOs. The aspects of moving back and forth between the replication of the original set of

values and norms, and adaptation of such in the local context, contribute to the understanding of how SSOs internationalize. Other process models like Mathews and Zander's (2007) international entrepreneurial dynamics framework, that acknowledges opportunity recognition, placement of adequate resources and impact of interaction with competitors, add additional insights into the complexity of the dynamic expansion of SSOs.

Combining the 5-phase internationalization process presented in 4.1 and the flexible replication as a strategy helps formulating the two internationalization processes applied by SSOs: the demand-driven and the strategy-driven process. The principles of flexible replication – strong management, committed organizational entities and unified corporate culture, - together with a clear process in five stages provide a comprehensive overview of the two strategies. Important to highlight is the fact that both demand- and strategy-driven processes are not necessarily linear, but rather a flowing transition from one phase to the next.

In seeking to answer, “How do internationalization strategies impact the development of SSOs?”, I reviewed existing literature on business incubation and international expansion, including network and knowledge transfer theories. Until today, researchers have not paid particular attention to the development of startup support organizations. Nevertheless, SSOs already change, improve and adapt their business models and startup programs on a constant basis. I found that internationalization has a significant influence on dynamically systemizing this change. In fact, via expansion into different markets, several processes were observed across different SSOs: First, SSOs constantly adapt and improve their acceleration or incubation programs for startups. Second, they ensure the sustainability of their business model through exploring and tapping into different revenue streams. Third, SSO managers familiarize themselves with their markets and observe recent developments in order to continually provide value to their different stakeholder groups. Fourth, they do the previous two without creating silos. On the contrary, the knowledge accumulated along their journey is stored, managed and shared with all single entities of the same SSO brand. The internationalization process thus creates a sort of structure in the complexity of SSO development.

Proposition 1: SSOs with a glocal structure are more likely to sustain in new markets than SSOs without this structure.

While a dynamic governance is relevant for a continuous transfer of knowledge and adaptation of learnings, it is the element of key people who drive the overall SSO development on a global scale. The SSO management team consists of a number of key people who share a set of values and traits that facilitate an efficient and value-creating SSO evolution.

Proposition 2: Key people that are part of the management team of an internationally operating SSO share the same three characteristics.

In the following, I will elaborate on my two propositions and suggest further implications for SSO research in the conclusion.

5.1 The Need for a Dynamic Governance – The “Glocal” Structure

Many SSOs position themselves as ecosystem builders. They do so by enabling a local ecosystem to connect with other hubs of the same brand globally. SSO hubs are usually connected based on their specific vertical focus. For example, Startupbootcamp connects their local FinTech and Cybersecurity hubs across different countries.

By joining forces, I believe we can achieve great things and create an even stronger FinTech ecosystem globally across the different hubs in the various countries, and become the best place for FinTech, InsurTech, RegTech, PensionTech and Cybersecurity startups to build their businesses. (Startupbootcamp, 2018)

In order to be able to build strong relationships not only within local communities, but also across borders, a specific organizational governance is fostered: the glocal structure. Originally, driven by environmental and social initiatives, best known glocal cooperative is ‘fair trade’ (Tully, 2014), the glocal mindset has entered the entrepreneurial context. Glocal developments refer to the act of both striving for local embeddedness and building a global network of like-minded or vertical-related communities.

In the context of SSOs, glocal developments take both local particularities of local ecosystems and global aspirations into account. As already stated by Mielach (2013), SSOs offer sets of business support including tools and services to startups. They usually source their startups both within their existing local ecosystem and from abroad. Therefore, the SSO has to balance both local needs and internationalization endeavors of their startups. Further, local activities include managing a mentor network and engaging corporate partners, investors as well as the broader local network of individual entrepreneurs, industry experts, scholars and regulators.

Researchers already identified SSOs as hybrid network-based organizational systems (Bollingtoft & Ulhoi, 2005). The structural de-coupling, a practice described in hybrid theory, allows SSOs to act more flexibly and agile and focus more on the core business, incubating startups, than constantly measuring their actions (Ahmad & Thornberry, 2016). With this agility, an SSO is more likely to adapt to its changing local context and improve their service offerings to startups and other stakeholders. Nevertheless, measuring the performance of SSOs to justify their existence towards their stakeholders remains a priority. For ensuring both flexibility of local SSOs and measuring the SSOs overall performance a glocal governance structure could solve this dilemma.

Flexible replication provides a good starting point for conceptualizing the glocal governance structure. The key elements of replication theory are two-fold: On the one hand, it explores the scope of knowledge transfer, on the other, it examines the role of the central organization. The interplay of replication and adaptation becomes a defining organizational attribute because an iterative learning process is incremental and systematically coordinated (Jonsson and Foss, 2011). Replication strategy distinguishes between “lower-level features” (Jonsson & Foss, 2011, p. 2), like marketing efforts or pricing, and “higher-level features” (ibid.). The latter is subject to being replicated across countries, as it represents the core values of the company, while the first can be adapted according to different market-demands. Applying this train of thought to the international setup of SSOs, the “higher-level features” like core beliefs, branding and sharing of best practices shall be managed by the global entity. The role of the central organization, usually the headquarters, in flexible replication theory becomes a physically and digitally centralized global entity within the SSO. Specifically, it

is disconnected from all operations and setup in a way to cater exclusively to all local SSO entities.

The overview in Figure 7 displays the functionalities of both global and local layers of an SSO governance structure. The sole purpose of the global entity is threefold: sharing best practices (1) gathered by learnings from local entities (2) and facilitating the engagement across local entities for role- or vertical-related topics (3). The global entity is therefore managing and documenting knowledge of the SSO. With this pool of best practices and the overall knowledge transfer, the global entity can measure the overall SSO performance, while local entities focus on their operational excellence.

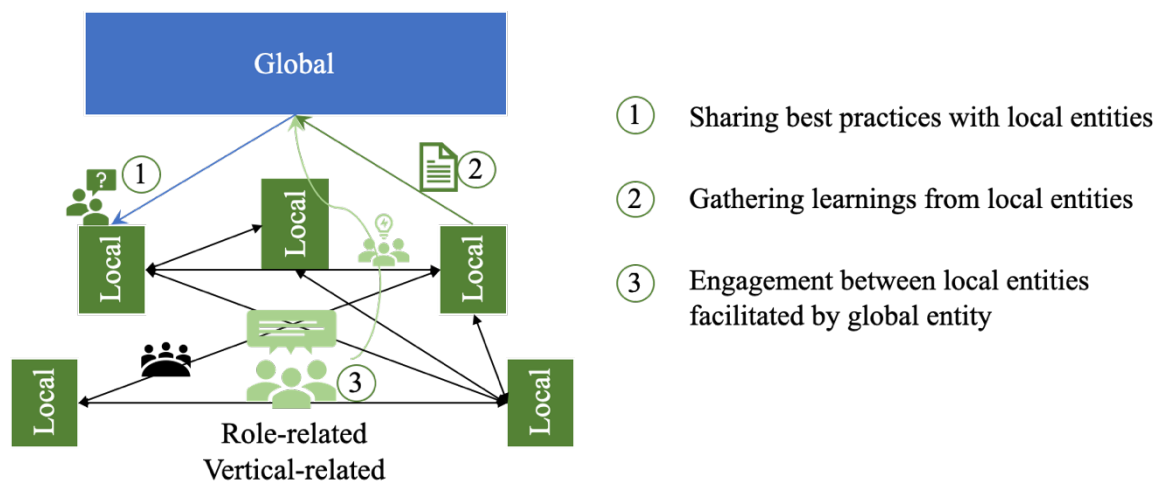


Figure 7: The Emerging Glocal Governance Structure and Its Functions (Own collection)

With understanding this underlying governance of an internationally relevant SSO, emerging issues can be dealt with more efficiently and faster. For example, while the number of graduating startups is increasing, the number of team members of the local SSO remains the same. Thus, the number of produced startups cannot be handled by the local SSO. Extending the tasks of the global entity to managing portfolio startups¹² is only one of the possibilities to facilitate the local SSO operations. Johanson & Vahlne (2003) already acknowledged recent developments in international business and revised their original

¹² Startups that graduate from acceleration and incubation programs remain in the SSO network, in their portfolio, the concept is similar to university alumni networks.

Uppsala model by including elements of relationship and network theory. Pushing this even further, I argue for adding the dimension of time.

Digitalization speeds up the process of developing new products, services and concepts that can be offered to multiple markets simultaneously. Today's business context is fast-paced, which is especially true for new ventures and startup support organizations. Resources are limited, competition is strong, markets and business models are changing (Kotarba, 2018). Therefore, it is merely inevitable to setup a global governance with the three basic modules of receiving and sharing learnings and facilitating communication between local entities before going international. This dynamic governance structure allows adding, adjusting, removing or improving single elements of the glocal organization whenever needed. 24/7 access to the knowledge base of the SSO as well as timely decision-making is crucial for a fast, yet informed, market entry.

For new SSOs entering multiple markets within a short timeframe, a glocal governance thus facilitates the stage-process of internationalization without disturbing operations of the local entity. The new and original entities can thus operate independently and yet benefit from the global network. The simple concept of knowledge transfer from traditional internationalization strategies is also acknowledged: through regular exchanges between role-specific SSO managers, synergies shall be recognized and thus improve the SSO's overall performance (see Dixon, 2000; O'Dell et al., 1998; Pfeffer & Sutton, 2000).

5.2 The Entrepreneur at the Heart of The SSO - The Role of SSO Managers

Apart from a glocal governance, it is the SSO management of each entity who contributes to the success of an SSO. Startup support is designed for entrepreneurs by entrepreneurs. Despite managing knowledge transfer and sharing best practices via digital platforms, human interaction remains a significant component. Therefore, the SSO managers are highlighted as an enabling factor for resuscitating the glocal governance structure. The importance of key people managing SSOs had gained attention in previous research in general, but less so in the context of international SSOs in particular.

It is trust and confidence from SSO managers towards their team members that is considered to increase commitment of the team and other stakeholders (Ahmad & Thornberry, 2016). While this focuses on an SSO manager's leadership quality as the relevant trait for a valuable SSO manager, it is also the "multiplicity of roles" (Eriksson, et al., 2016) of SSO managers that has a strong influence of the strength of SSO management (Jonsson & Foss, 2011). The flexibility by the SSO manager to adopt the dual role of both a consultant and coach builds the core qualities of each SSO management team. Yet, this still fails to explain why SSO managers are able to distinguish between their different roles and when to act upon which at a given time. Therefore, I would like to include Dweck's (2006) growth mindset theory. Her theory evolves around the underlying belief of being able to improve one's ability when continuously tackling challenges and learning from them. This self-motivated willingness to learn and improve is a trait generally shared by all entrepreneurs. It is this mindset that supports the ability to lead a team while empowering each team member in letting them grow into their respective roles and exploring additional ones simultaneously. For example, a community manager can simultaneously develop competencies for becoming a startup coach. As a result, team members with a different skill set and different background are able to create their respective role within the SSO management team, while adhering to the key responsibilities that are relevant for operating the SSO like program, relationship and community management or marketing.

Following this train of thought, it is equally important to inspect the relations between team members within the same SSO brand. As found in the data, the entrepreneurial mindset and team dynamics as well as a feeling of loyalty are the main drivers among teams. Already Szulanski et al. (2016) showed that knowledge transfer is facilitated when source and recipient have a friendly relationship. Social ties play a crucial role in two dimensions (Ellis, 2011): On the one hand, individuals are more likely to exploit opportunities when they arise with support of their network (Venkataraman, 1997). On the other hand, social networks create stickiness between individuals of the same organization, or even within the ecosystem the organization is part of. Empathy towards peer team members enables higher engagement between team members or between team members and other stakeholders like startups or corporate partners. Especially when entering a new market, understanding and respecting

local customs facilitates the process of entering the market successfully. Through friendly interaction on a trustful basis, the relationship between stakeholders is strengthened which leads to fruitful collaboration and eventually a more profitable business (Majumder, 2018).

Shared values are not necessarily underlying, but often discussed openly with the team and updated on a regular basis when commonly agreed on. Accelerator networks even publicly commit to a so-called manifesto that clearly states the community's roadmap of how to work together (Riley, 2019). Open communication, trust, empathy and loyalty, a diverse skill set within the team and the entrepreneurial can-do and hands-on attitude connect all SSO managers on a personal level. At the same time, this entails the strong involvement of all individual team members in the strategy-making process of the SSO entity as all feel empowered to contribute to the common goal of supporting startups.

Especially the traits of intrinsic motivation, holding commitments or delivering high quality with tasks as well as the endeavor to work solution-oriented are not simply put down on paper, but truly lived by all team members. This work ethic thus requires no checks by one control power - in traditional businesses a "Head of" function, - but is a general maxim (Ahmad & Thornberry, 2016).

Tension arises when team members feel limited in their freedom to co-create and actively participate in the strategy-making process. Unless the management team finds a suitable solution for all people involved, the respective team member is likely to leave the SSO. Again, empathy and open communication can counteract such situations.

In the long run, we need to observe how the three core characteristics of SSO management teams - entrepreneurial mindset, diversity within team, and empathy, - will influence the performance of startup support organizations. Future research needs to further explore the dynamics of SSO management. It remains unclear how to identify the balance between what level of structure and freedom is needed for creating stickiness.

6 Conclusion

The startup support industry is an ever-evolving one. Although some professionals refer to an “acceleration model”, we can hardly speak of such a term; a model refers to a fixed structure, a representation of another object. But the acceleration and incubation programs or other startup support organizations appear to never leave the prototype phase. SSOs will thus continuously be iterated, reevaluated, improved, influenced, remodeled, disrupted, rethought, merged, reinterpreted and split up. It is a convergence of academic education, hands-on practice, business simulation, and playground. Therefore, the term “model” is hardly applicable within the acceleration and incubation business. Two of the most popular examples of startup support organizations in Europe are Impact Hub and Startupbootcamp. Both organizations are part of the same category, namely, startup support organizations, but represent a different type of such, - Impact Hub is a community-driven co-working space, whereas Startupbootcamp is a corporate-driven acceleration program. Yet, both are typical examples for the current phenomenon of SSOs. With multiple locations across the globe, both concepts seem to follow the same underlying structure as their respective competitors (Y Combinator for Startupbootcamp, Level39¹³ for Impact Hub), and yet they are distinctly following their own paths. Both Impact Hub and Startupbootcamp underwent substantial restructuring phases when the global expansion of their concept threatened to decrease the quality of their respective programs.

SSOs need a global governance that acknowledges local particularities if they strive for sustainable legitimacy on an international level. Ideally, this structure is built before or while expanding to new markets. A dynamic governance facilitates and accelerates the growth of SSOs. For such a governance, a strong SSO management team is necessary. This team needs to excel at facilitating the best practice sharing.

¹³ Level39 is a London-based co-working space with startup friendly support structures, but without a specific startup program.

6.1 Implications for SSO Managers

This study does not provide arguments of why internationalization is favorable, it rather shares insights of how SSOs can increase the chances of a rewarding development when going international. When the decision to go international is made, this research shows that setting up a glocal structure while planning the internationalization might be adding value in the long run.

Providing a clear governance allows all local SSO entities develop fruitfully as a result of supportive structure from the global entity while ensuring local embeddedness. A dedicated team manages branding, templates and engagement between all local entities. It operates independently of all local entities. Likewise, all local entities operate independently of the centralized global team. Receiving basic guidelines for the structure of the startup support organization together with pre-defined templates for startup programs, stakeholder engagement (such as e-mail templates or marketing material) enables the new SSO entity to focus on executing efficiently and effectively. Learnings gathered during this journey, which are shared with the global entity, add to further improving the operational excellence of the overall SSO brand.

Three dimensions are important to keep in mind when building a new team or adding new members: First, recruiting from the existing network improves the chances of increasing loyalty towards the organization. Second, a diverse team balances all required aspects for managing an SSO. Both the skill set as well as the professional and personal background influence the team dynamics. With a team combining local roots with international experience in addition to the expertise about the respective industry the SSO is dealing with, the SSO is set to manage local needs, as well as contribute to and benefit from the global network. Third, an entrepreneurial mindset empowers each SSO manager to contribute to the greater goal of value creation for startups. Coupled with the ability of exploring, enhancing and modifying the development of the SSO, adding those key people to the SSO management increases the chances of creating a viable global SSO network.

6.2 Future Research

This paper provides insights into the influence of internationalization strategies on practices and processes of startup support organizations. The proposed global governance and the highlighted enabling factor of key people needs to be tested at a large scale (investigating multiple SSOs) or longitudinal (observe one SSO applying this proposed structure) study in order to validate or adapt the proposed assumptions. The development of the SSO industry is an ongoing phenomenon, therefore, this paper just provides a glimpse of one of the current development streams.

One of the identified enabling factors for internationalization, funding, needs further examination. The business models of SSOs will continue to evolve which implies the exploration for alternative sources of revenue in order to remain relevant.

Exploring the influence of global networks across SSO brands such as GAN (Global Accelerator Network) or GIN (Global Incubator Network) might shed additional light on the impact of a global management platform catering to single, locally embedded SSO entities that have no global network of their own.

Another direction for future research might be the in-depth investigation of SSOs which deliberately decided against global expansion. The outcome of that study could support SSO managers in weighing advantages and disadvantages of going international with their SSO.

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7 Appendix

Appendix A: Interview Guide

Interview Guide

General

What is your name?

What is your title?

How long have you worked with *organization*?

What is your background? Have you done business internationally before?

In your own words, please describe your business model of *organization*.

Theme 1: Internationalization development

How strongly were you involved in setting up this location?

How did you/*organization* prepare the set up in new location?

How familiar were you with the new market/country?

Do you hire locals, or do you send someone from your team to set up the hub?

How long did you plan for the setup? How long did the implementation take?

How do you identify relevant markets for entry?

Theme 2: Organizational Structure

What were the roles involved in the internationalization from *organization*?

How were the responsibilities and tasks divided?

How do the different hubs interact today?

What kind of template does exist? (Guidelines/document/people)

How flexible/individual are the local teams?

Theme 3: Context

How is *organization* embedded in the startup ecosystem in the new location?

How does it differ from other *organizations* in Europe/Asia/US?

Who was involved in the internationalization from the local context?

What level of support did/does *organization* receive from the government?

... from the existing startup hub/community?

Theme 4: Reflection

What factors influence the internationalization?

What factors hinder the international setup?

What are the key elements for pulling off the internationalization?