



RAPID INTERNATIONALISATION: THE CRITICAL ROLE OF INTERNAL AND EXTERNAL FACTORS ON CAPABILITIES AND BUSINESS STRATEGY

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Abstract:

Grounded from resource-based view, network approach perspective, strategic behaviour theory, innovation theory and capabilities theory, this study proposed a model for rapid internationalisation of SMEs in Malaysia. In-depth interviews were conducted with selected firms in Malaysia to explore and identify the factors contributing to the firms' capabilities, business strategy and rapid internationalisation. This model provides further insight into the factors that leads them to rapid internationalisation. This paper found that technology, firm orientation, networking and founder's background and entrepreneurial characteristics as internal factors together with industry trends and environment are critical determinants of capabilities that lead to business strategy and rapid internationalisation. Apart from that, it was found that innovation plays a crucial role in IT based born global firms; it may not apply to all the firms. One of the firms interviewed has chosen creativity as their key role factor instead of innovation. Lastly, firms that do not require large capital are better off by avoiding external fund to reduce unnecessary financial risk.

Keywords: capabilities; internationalization; internal and external factors; business strategy

1. Introduction

Born global firms are sprouting throughout the world, and the major contributor to the rapid internationalisation of these born global firms is the advancement of technology. Almost all the born global firms are internet-dependent, and this is expected to continue further. Product quality is a key factor for the success of born global firms. Product differentiation is also another success factor of born global firms. Product quality and differentiation are closely related to innovation, knowledge and research and development. The trades involving born global firms are expected to keep increasing due to global infrastructure, advanced technologies, and international orientation (Knight, Koed Madsen & Servais, 2004).

Born global firms are also known as born start up firms, international new ventures, instant international firms and they involve in international business activities. The mindset, attitudes and skills of the entrepreneurs play a crucial role in determining the extent to which a born global firm can expand its business. Born global firms are internationalised its business within three years of its establishment (Englis, 2010). The decision to internationalise should be made based on the size and production capacity of its home market. The cultural similarity between the home market and host market acts as a competitive advantage over other markets (Fan & Phan, 2007).

Based on the classic conceptualisations, firms globalises gradually in a stepwise manner to gain experience, knowledge and reduce the risk. However, the traditional models may not be able to fully explain the globalisation of small firms in current international markets such as why some small firms globalises and continue to expand in different markets while some small firms choose to stay domestic and slows down their expansion process. Rapidly internationalising global firms can also be recognised as born global, global start-ups, and instant exporters. Globalisation of business has become less complicated and less risky due to low trade barriers, cheaper and efficient logistics and advancement in communication technology. Hence there is need to develop and contextualise models to study global strategies applied by small firms to diversify operations in different markets.

There are many factors that influence a born global firm to internationalise rapidly at a very early stage. Thus, there is lack of exploratory study in the context of Malaysia one of the important ASEAN countries on factors affecting the rapid internationalisation. Therefore, the aim of this paper is to explore the rapid internationalisation of IT-based born global firms in Malaysia in terms contributing factors to firms's capabilities and business strategies for rapid internationalisation.

2. Literature Review

The conceptual model in Figure 1 developed based on the network approach perspective, resource based view, strategic behaviour theory, innovation theory and capabilities theory. According to network approach perspective, networking provides a firm knowledge, customer base and opportunities to globalise faster. Resource based view suggests that a firm's business performance is being influenced by the availability of resources such as assets, organisation's processes, information & knowledge, capabilities and available technologies and many others. Superior resources are the ones that are hard to imitate. On the other hand, capabilities theory particularly focuses on the capabilities and abilities of a firm to respond in time. It is uniquely formed and cannot be transferred to other firms. Capabilities theory influences the firms' strategic behavior such as deciding entry modes, marketing strategies, focus and market approach methods. Innovations, product differentiation, uniqueness and quality differentiates born global firms from the traditional firms. Thus, these theories are found to be more suitable and closely related to the research that has been done in this study. In this conceptual model,

the internal factors such as technology, Firm orientation, CEO and entrepreneur's team, networking are the intangible assets of born global firms and creates the uniqueness of these firms. The internal factors and external factors gives rise to the capabilities of these born global firms that eventually influences the business strategies, product innovations and uniqueness. These, superior resources and capabilities are hard to imitate and cannot be transferred to other firms. Meanwhile, networking opens the door to grab available opportunities to grow the business and to enlarge the customer base. Hence, internationalisation of born global firms are achieved rapidly. Grounding from resource-based view, network approach perspective, strategic behaviour theory, innovation theory and capabilities theory a model for rapid internationalisation of born global firms has been developed as shown in Figure 1. This model provides further insight on the factors that leads them to rapid internationalisation.

3. Methodology

We employed qualitative approach through in-depth interview focuses on the born global firms from Information Technology (IT) industry that sell their goods or services via online platforms to global market. The selected respondents have fulfilled the criteria of born global firms based on the definition of Falahat and Migin (2017) and Cavusgil and Knight (2015), which states that a born global firm must have globalised within 3 years of establishment and gains at least 25% of its revenue from global market. We have selected three born global firms randomly that have fulfilled the criteria of born globals and willing to participate in this research through Malaysia export directory.

The interviewed firms are all established between the year 2000 to 2017 and the generated total sale of these firms from global business is more than 25%. All 3 firms do not export any physical goods, but are IT related businesses. These firms are all service based and highly technological IT related industries. Firm A generates around 80% of its revenue from international business while firm B and firm C respectively earns 60% and 70% of their overall sale from international market. The youngest firm is firm C while the oldest will be firm B. Firm A has business to customer relationship model while firm B and C are have business to business model.

We have design our research paper by conduting literature review related to the topic to identify the theories that can leads company to rapid internationalisation. We have drafted the general model based on theories under investigation to help us to draft the open-ended questionnaire to extract the information from compnies. At the later stage of gathering the qualitative data through in-depth interview, we have analyse the findings to construct our reseach model (see Figure 1).

4. Analysis and Findings

Firm A, is a Malaysian firm which develops video games inspired by bright and colourful anime characters. This firm was established in 2003 and has online developers from many

parts of the world like U.K, Canada, New Zealand, Japan, and U.S. In the same year after being established, this company first ventured into international market by selling its game on STEAM, an online game selling and buying platform, and the game was sold simultaneously in multiple international markets such as U.K, U.S, Australia, Japan and many other countries, which turned out to be huge success. The founder was keen to internationalise his company from the very beginning as he was very motivated to expand into global business. This company has collaborated with many renown companies in developing various video game and specialises in outsourcing pixel arts. In year 2011, the company developed its own Sci-Fi fantasy story based anime game and gained intellectual property right, later the game was distributed by several gaming companies, into U.S, U.K, Sweden and Japan markets. This company is listed in the Game developer's market guidebook. The founder of the company was recognised as Malaysia's most experienced game developer.

Firm B, is a Malaysian firm established in year 2000, which sells software that access and control the computers remotely and reboots from central location. The software also provides statistical data about the sale, sessions used and login information. While numbering and dividing the computers into different session of game zones. It allows the administrator to fully access all the computers, track games & programs, and user's time left. The firm's target market is a niche group that uses computers in large quantities such as cyber cafe, schools, colleges, and gaming centers. The firm made its first international move just within 3 months of establishment by selling its software to international market through online platforms. This was made possible because the firm offered free trial software for 3 months in online, focusing initially on cyber cafe alone. At the end of the trial period many countries across the world started purchasing the software online, which motivated the firm to expand its target market to schools, colleges, gaming centers. The software can be bought through many online platforms via online banking and credit card options. The company made its international business from the very beginning and simultaneously entered into multiple countries such as Singapore, India, Indonesia, Vietnam, Thailand and many other south eastern countries.

Firm C, is a digital advertising company that specialised in pay per click advertisements, Google Ads, Facebook ads, display advertising, re-targeting campaigns, lead generating, conversion rate optimisation, nurturing customer database, and landing page design. The company's clients are mostly international brands, SME's, and E-commerce platforms that want to do digital ad campaign for their companies. The company focuses on networking and building strong relationship with their clients to expand their business and maintaining customer loyalty. The company has a strong entrepreneurial team consists of marketing professionals, designers, system analyst that provides unique, creative and successful ad campaigns. This company was first established in 2017 and ventured into global market in 2019 by gaining customers from U.S and Australia to launch ad campaign for their respective companies. Through the success of this ad campaign, the company gained more customers in U.S and U.K and the demand for their service has increased. The firm is Google's certified partner and their

professionals will structure the ad campaigns according to the client needs and budget to meet their marketing goals.

5. Cross case analysis

5.1 CEO characteristics

All 3 founders of these firms are found to finished their tertiary education and have a degree from certified universities. The research shows that the founders are able to make better decision making and manage the firm well because of their knowledge and exposure which made them visionary and drove them towards rapid internationalisation.

In Firm A, the founder gained his university education from a well known University in U.K and worked in Canada for few years before coming back to Malaysia. He also learned Japanese as elective language during his tertiary education, which made him familiar and more interested in learning Japanese culture, interest and creativity. He mentioned that *"When we study or work in a different country, we learn a lot of new things, and become more open to try new stuff. We will be more intrigued and wants to explore new ideas, exposure is important"*.

Business owner's experience or exposure to foreign country, language, skills and education level plays key role in internationalisation. Such owners tend to be more open with global mindset which let them to see the world as their market place. The international experience of the founder makes them better at networking, gaining market knowledge and opportunity identifying in global context (McDougall, Oviatt & Shrader, 2003).

Owner of firm B stated that his education in IT has given him some ideas which made him to come up with his own software while working part-time in a cyber cafe. He mentioned *"While I was studying in college I was taking up part time job in a nearby game center for pocket money. Somehow with the knowledge that I was acquiring from my college and my work exposure in game center made me to be more motivated and I was keep looking for business ideas that would work for me. That's when my attention landed on the system that is being used in game centers to control all the other computers and I spent more time researching about it, and developed my own software, which eventually worked out."*

While the owner of Firm C stated that he gained his degree in information system security from a well known university, but he found that the degree alone is not enough without proper real life exposure. He was working as a part-timer in a company that offers payroll services. He said *"From the beginning I was a very business minded person. I had no intention to work for any firm, instead I wanted to own one. So, while working, I was expanding my network, met new people, made many friends and was seeking for someone who could invest in my business idea. With the idea I had, I managed to convince an investor and that's where my journey started"*.

Hence, it is found that knowledge, experience and education of a firm's owner plays important role in rapid internationalisation because they constantly seek for opportunities and when they see one, they immediately grab it. Education is an

advantage for them, as they integrate their knowledge, experience and skill to generate innovative ideas and come up with best business strategies.

5.2 Entrepreneur's Team

The capabilities of an entrepreneurial team, contributes to creative marketing techniques, product innovation, network formations and so on. Having employees with prior work experience, especially in international market or multinational companies will be an advantage for a born global firm. The pro-activeness of these employees will aid in bringing new business opportunities to the firm.

According to Firm A and Firm C's owners, a good team will bring the firm more success and helps it to sustain the competitive market. While firm B also agrees to it but he also believes that as long as the team members are fast-learners, they can be trained despite of they experience level.

"In my business I need creative new ideas, graphic and new concepts to develop each game and each game has a cycle period after which the users will start losing interest. So, the team have to constantly work on creative ideas to boost the game, sell in app purchase, update the versions and come up with new themes, character, etc. I need energetic team, skillful set of team has great teamwork, they motivate each other and the product quality is ensured." (Firm A)

While the owner of firm B said *"A team with great capability is an advantage. But, I believe in fresh minds as well, because they are highly motivated and this people are trainable. I think, that's important. As long as they are willing to learn and easy to train, experience doesn't really matter for me. But they must have good knowledge in what they're dealing with and must have ideas to progress it further"*.

"Since this is a digital advertising firm, we need to analyse a lot of details like consumer preference, change in trend, competing firms' details, consumer psychology, and many other things. Experienced staffs or someone who is knowledgeable in analysing the market, and data are definitely a plus." (Firm C)

As a conclusion, an entrepreneurial team with knowledge, prior experience and skills are advantage for a firm. Employees with capabilities will take lesser time spent in trying to learn them. Instead they can utilise the time to generate new idea to bring profit to the them and it will be easier for them to adapt in a firm (McDougall, Oviatt & Shrader, 2003).

5.3 Networking

All 3 firm owners has agreed that, network linkages definitely plays crucial role in their firms' rapid internationalisation. They believe that, expanding the business network and

maintaining positive relationship gives them access to new business opportunities, leads and also let them learn new ways to improve their business.

Owner of Firm A believes that he was able to expand his business in global platform because of his business contacts. He stated *"I have always maintain a very good relationship with my business partners and developers. In business it's vital to maintain good relationship with everyone because that's how you expand your business network, build reputation, get more business, investors and new ideas. Each individual is so unique, when you talk to them you'll be surprised how they have so much of different ideas that you have never thought of. Observe the human behavior, it teaches a lot"*.

Owner of firm B said that he maintains excellent relationship with his clients because good relationship with them gives rise to customer loyalty. *"When i maintain excellent relationship with my clients, I am ensuring that they don't find any substitutes for my service. And these existing clients often refer many other clients to me because I build that trust"*

While the owner of Firm C thinks that, he always attend business gatherings and attend his client's formal or informal events so that he'll be able to meet new people and gains new business opportunities. He said *"Whenever there's a formal or informal events whether business related or personal I try my best to attend them because I get to meet new potential clients or investors. It worked almost every time. We get to exchange services, for example I know someone who does event planning, when I know someone is looking for their service, I straight away refer the customer to them. In return, when they encounter someone who's looking for digital advertising service, I'll be their first thought. I make sure, I always keep them in the loop. Since my business is all about digital advertising, the bigger the network is, the bigger is my business opportunities because all businesses needs advertising"*.

In conclusion, most firms creates stable linkage and cooperates with other firms to create competitive advantage and value for the firm. This creation of networks often contributes in entering new markets (Falihat, Knight & Alon, 2018). Network linkages plays an important role in exchanging ideas and building relationship with new people. Building trust and good relationship takes a lot of time, effort and good communication. However, once the relationship is established, it will unfold many business opportunities.

5.4 Technology

Digital technology has reduced the restriction barriers in obtaining a market's information, and facilitates communications with international markets. Digitalisation is a continues progress in adapting and applying the latest technologies (Lee, Falihat & Sia, 2019). All 3 firms has agreed that they are somehow allocating most of their resources in acquiring advanced technology and communication modes. They all said that since their business is IT based, technology is the most important element of their business.

For instance the owner of firm A said *"Basically my business is all about developing games and sell it online to the customers and game publishers. Gaming is a worldwide business. So, when we sell it on online platforms, it is being purchased by multiple markets. To develop games, I need to be well equipped with super fast and advanced technologies and software. Plus,*

I'm selling them online, so my communication with developers, publishers and customers are depending hugely on internet."

Firm B has also stated that his business is depending on the technology as for creating the software, marketing it, communicating with clients and to maintain his service.

"My business wouldn't exist without technology. That's the key to my business. I run Ad campaigns, I'm analysing the market, data, people behavior and many other things and build Ad campaigns according to that. I do digital advertisement for my client. I can't do it without technology." (Firm C)

Technology advancement is seen as major contributor in success of born global firms and in the expansion of its business in global market (Hashai, 2011). The integration of digitalisation and internationalisation is the latest trend that affects global firms and creates new opportunities for new businesses. Adaptation of digitalisation influences rapid internationalisation of firms (Lee, Falahat & Sia, 2019).

5.5 Firm orientation

A firm's orientation is important factor of born global to improve international market performance, especially in the event of limited resources, firm orientation creates competitive advantage for the firm (Falahat, Migin, Chuan & Kong, 2015).

Based on the founder of firm A, being visionary and innovation are critical components of his firm. He also added that as a decision maker, he must be willing to take the risk and seek opportunities to explore foreign market. He said *"In order to make the firm to work towards its goal, all the departments in a firm have to be oriented and have good communication between them. Otherwise, everyone will be focusing on different directions, and that's not healthy for any company. Only if they're oriented, they can work towards the common goal. As a decision maker, to make my business globalise, I have to step out of my comfort zone and I must have an open mindset to take the risk and grab the opportunities to bring my business to another country and grow the business."*

"Without a proper orientation, the employees will be demotivated. Because they have no proper idea on what they should be working on, when, how, etc. This will affect the clients as well, because if the staffs are not oriented, they can't respond to client's queries promptly and properly. That's going to affect company's reputation." (Firm B)

"Balancing the focus on each department of the firm is very important. Otherwise, if we focus is too much into one department, it will make the firm unstable. For example, if we focus too much on sales and marketing department, and keep increasing sales order but not communicating properly with the service/production team, or the HR team to check with the invoice processing, billing, etc. , the work gets overloaded in other departments, and the whole process gets disrupted." (Firm C)

This further supports the statement of Lee and Falahat (2019), which is, a firm's orientation is very important factor for early and rapid internationalisation and the firm's business performance.

5.6 Capabilities

Firm's capabilities has big impact on the innovation of the firm's products or services. An innovative firms, builds a capable firm with unique ideas which helps them to develop unique products that are global and sustainable in international market (Falahat, Knight & Alon, 2018).

The owner of firm A mentioned that he consistently learn new things and educate himself as well as train his staffs to enhance their knowledge.

"I consistently educate myself by taking up online courses, studying the latest technologies, models, trends, game designing and all I also conduct training for my staffs and sometimes I send them for courses to improve their knowledge and capability." (Firm A)

"A capable firm if integrated well and have great management skill, then it helps us to compete with the existing companies in foreign markets." (Firm B)

"The customer base in overseas market have different characters and mentality. So, with my existing team here, I have to make sure that they have the exposure or idea about the foreign target market. And the exposure given to them must be specific, instead of being general. They have to be specialised in their job scope. Capable team have increased focus, productivity, and they perform their best within their area of specialisation. The outcome will be of high quality, and sustain in business market. If I can produce high quality product, then I don't have to spend much on marketing if our quality can speak." (Firm C)

As a conclusion, a capable firm is able to be more productive by creating value and incorporating the team's knowledge improves the firm's capabilities and performance in foreign market (Falahat, Ramayah, Soto-Acosta & Lee, 2020).

5.7 Business Strategy

A strongly capable team will generate more unique and innovative idea of strategies to win the foreign market. When a business is established it is also advisable to hire more fresh minds to not let the old mindset to stagnant the business ideas. To keep up with changing pace in technology, fresh ideas are important to internationalise the firm rapidly. With innovation, a firm is able to construct new business strategies and business methods. Especially when the born global firm is lacking in tangible resources, and entering global market, a young and innovative born global firm, will be able to improve

its product and business activities via innovation which contribute in rapid internationalisation (Falahat, Tehseen, & Van Horne 2018)

"In my business, customer's experience is based on how creative and interesting my games are. Creativity plays major role here. We create different versions of the game, update the game, fix the bugs, we take customer feedback very seriously. This industry is very closely related with human psychology. When the gamer starts to play the game, we give them rewards, and make the game very interesting for them and as they progress, we make it tough, sell the in-app purchases, they progress to next step. The cycle repeats. We motivate the gamers, keep boosting them. It's creative and psychological. After some months, the hype will go down, and to make sure that the gamers are stick to us, we create different characters, come up with different versions, create different games and contents. In gaming industry, we have to keep the gamers hooked up with us, must make sure that they don't get bored. To expand our game in global market, we have to maintain our quality and creativity is our magic potion. Digital marketing is very important since almost everyone spends substantial amount of time in online. You work hard, but make sure you market your product. No matter how good is my game, I need to let the market to try my game, and for that I need to market it. Engage with the audience, try new ways to sell the product, get the market's attention." (Firm A)

"It's a very simple formula. Quality product, excellent service, happy customers. When they experience quality, they'll stay loyal and refer our product to others. Customers always see what's value for money. And these days, people are more concerned about the quality. If the quality is there, they don't mind the pricing. There are few competitors they offer very cheap price for similar software, but I compete in terms of quality and that's why my company can sustain the competition. When I first entered the foreign market, I wasn't the first one to offer this kind of product and service. But, being a first mover, without a good quality of product or talents, we'll gain good profit in the beginning. But that will encourage new comers to try out the business since it is new in the market and appears profitable. The later entering new firms, will rectify the shortcomings in my product and offer something better than mine. So, if I want to sustain the foreign market in long-term, I have to maintain my quality. Being a first-mover doesn't guarantee long term success, unless if I be the first mover with excellent quality of products, then being a pioneer is an advantage. I narrow down my target by focusing of Cyber cafe, schools, computer labs, game centers, wherever they use multiple computers and compete in terms of quality and innovation". (Firm B)

"My key to be able to compete in U.K and U.S market, is because I concentrate in giving my clients premium support. I make sure I provide my best service, have my team working on analysing competitors. I make sure the service that I offer is adapting to the changing market trend. Sometimes we have clients who already have damaged their reputation in the market, and wants my service to advertise their product. So, in such cases, I don't just

work on the advertising, but before that I work on building their reputation again. Reputation management is very important, only then I start the ad campaign. So, we solve the existing problem first. I focus on the customer's need not just focus on selling my service. That differentiates my service from the others, be really good in what you are doing. In my business, marketing is very important, expanding the networks and differentiating my service by giving premium services are the key ingredients. First mover approach is not possible for me, because advertising companies are everywhere. That's not a new business. The only way we can differentiate ourselves is through, services, the technology we use, the online platforms that we advertise, the way we manage our clients or manage their company's reputation and the details of our reports, etc. My target market is all the business firms, and it's a very wide market. All businesses needs advertising services."
(Firm C)

In conclusion, innovation, creativity and product quality differentiates the product in the market. Product or services with good quality, creative and innovative are able to sustain the global market and expand rapidly. Due to increasing international competitive pressure, firms need to be innovative to sustain in international market. This is also supported by Falahat, Knight and Alon, (2018). Marketing allows a firm to plan and structure its marketing communications to gain superiority in financial performances. A good marketing capability of a firm is a competitive advantage, involving marketing intelligence that studies the competitors to gain competitive advantage in order to grab the opportunities available in the market. This skill improves the entrepreneurs capability in identifying and exploiting opportunities which may contribute in internalisation (Falahat et al., 2020).

5.8 Industry environment/ Trend

The environment of the industry and the pressure within the market to cope with changing trend, preferences, technological advances, competition, etc, makes the firm to consistently maintain its quality and upgrade itself to become better in order to stay competitive. All the 3 firms has mentioned that, they are pressured to keep up with the industry's environment and adjust accordingly.

"We study the trend, see which country is buying more. Then specialise more towards that market, to meet their market trend. Youngster nowadays, have constantly changing preferences have a lot of choices because there are a lot of companies around the world from the same industry. So, we are pressured to stay competitive". (Firm A)

"We use the latest technology, and applications depending on what's the trend in the market. If we don't adopt to the latest technology then we'll lose the business." (Firm B)

"There are many freelancers in this business, but I don't really see them as a competition because most of them can't provide the quality that I'm offering as an established business. But, we do have pressure with the pricing and some customers demands lower prices

because they compare it with freelancers' prices. So, to justify my price in foreign markets, I need to prove them my quality". (Firm C)

5.9 External funding

Even though born global firms are often start up as small businesses with minimal financing resources, additional capital from external funding sources helps them to internationalise faster. Because with cost of entering foreign market is high, additional fund received will help them to allocate the finance into marketing, innovation, or any other uses that can help in expansion of their business which help to globalise faster.

"I knew someone through networking, who's under MDEC. After submitting necessary documents, I managed to get 150k from MDEC. It was helpful in developing my games". (Firm A)

"This is a low risk business. I have the idea to create the software, and maintain my service. When I started this business, I managed to get an investor, who was willing to invest large amount, I still work with him and the business is very much profitable. I don't want to get unnecessary external funding, that might increase financial risk." (Firm B)

"External resources can be helpful. But my business does not require large funding. All I needed when starting up this business was IT knowledge, skills, excellent internet connection and as my business started to grow I manage to convince an investor, who's more like a partner. I have a team that does wonderful marketing job and brings more clients, increases my profit. My firm is self-sufficient from the beginning." (Firm C)

6. Discussion and Conclusion

The core objective of this research is to explore and identify the factors affecting the rapid globalisation of IT based born global firms. Grounded from network approach theory, resource based view, capabilities theory, strategic behaviour theory and innovation theory interviews conducted in IT based born global firms. Since the firms we approached are all from IT industry, all of them have proper educational background in related fields from recognised universities. They agreed that their education has made them to become better decision maker and run the firm effectively. One of the firm's founder got his degree from U.K and worked in Canada before setting his own business. He clearly thinks that, his foreign exposure and meeting people with different culture has helped him to think out of the box and made him to see the wide world as his market. They all believed that proper knowledge, experience and skills makes them to successful in their respective businesses.

Similarly, 2 out of the 3 firm owners had worked part-time while studying, and another one firm owner has started working in Canada as soon as he completed his graduation. This shows that they seek for opportunities pro-actively to grow themselves.

Firm A and Firm C owners strongly believe that knowledgeable, pro-active and experienced team helps them to grow their business and expand in global context while the owner of Firm B has also agreed to it, but at the same time he also prefers the knowledgeable fresh graduates because they have fresh mind with different ideas to contribute in the firm. They said, a capable owner and capable team together makes a highly capable firm which can bring success in competing at international market.

Besides they also constantly seek for opportunities to expand their business network either formally or informally because it increases the business opportunities, pave ways to learn new business ideas and even to enter new markets. Apart from that these business contacts are also working as referrals when they have someone who needs the service of these firms. Hence, the firms believe that expansion of business network is very important. Especially, Firm C, because the firm does digital advertising for businesses and all the businesses needs advertising, thus expanding the network linkage is crucial for this firm. While the owner of Firm A mentioned that by meeting new people and observing different human behaviors he gets new ideas.

Based on the interview, these firms internationalise thru online platforms. They don't have any physical products to sell since they are all IT service based sectors. Thus, they provide their services or sell their products via online. For instance, Firm A, sells games through STEAM, an online game selling platform, Firm B uses SAAS technology to maintain their software service, Firm C uses various online platform to advertise such as Google Ads, Facebook, etc. Hence, they are all 100% technology based businesses and it's important for them to keep themselves updates and upgraded according to the latest technology and with latest communication technology their communication with international clients, and business networks has become easier and contributes in rapid internationalisation

Finding revealed, the firm owners have agreed that firm orientation gives the employees an insight about what they have to work and also guide them towards the common goal. Without orientation, everyone will be working in different direction and eventually become demotivated because they can't bring productive outcome. A disoriented firm's workflow will get disrupted and affects the outcome, customer service and quality, which damages the company's reputation in the long run.

It was found that all three firms, strongly support maintaining product/service quality, and it's important to study the market trend to sustain competitive global market. None of them preferred cost-leadership approach, because their financial resources were poor in the beginning and are not possible for them to compete through pricing, they highly focused on quality and expanding their business networks. Since they offer excellent service, it made their network linkage to expand and recommend them to other individuals/companies either formally or informally. The owner of firm A believes that creativity, quality, and taking customer feedback seriously makes them to be successful in the international market and he said, as much the quality of the product is important, marketing the product in international market is equally important to gain the market's attention to try it out. However, in contrary firm B believes that the product's quality

should speak for itself and that it does not require to spend much resources on marketing if the quality is too good. Meanwhile, Firm C's owner says that his whole business is about marketing and advertising. So, his service quality, and customer relationship differentiates his firm from the other competitors, because he solves the client's existing problems first before selling his service, such as by repairing his client's company's damaged reputation before starting their Ad campaigns. The industry environment of the current market is changing at a very fast pace. So, it is important for them to constantly analyse the market and understand the needs and wants of the market and adjust their services accordingly.

None of the firms preferred first mover approach. Firm A is in video gaming industry and developing and selling game in an existing online business. What makes them different is their creativity and contents. Therefore, according to the owner, first mover approach is not applicable for them. While Firm B, said that first mover approach with good quality of product can be an advantage by being pioneers, but entering the market without a quality product can cause them to lose the business in long run. Firm, C is definite that first-mover approach is not for them because digital advertisement companies are everywhere. Their target markets are all the business firms and they compete by differentiating their services via quality and customer satisfaction. None of them considered competing in means of prices due to financial resources constraint.

Lastly, most researches has stated that external funding helps in rapid internationalisation of born global firms. However, in this study, it was found that only Firm A has benefited from external funding organisation MDEC. He mentioned that, after receiving the fund, he has been invited by MDEC to various events to give a talk about how he has benefited. He mentioned that, it was helpful in developing his games, however he also mentioned that having a friend from MDEC has facilitated this fund receiving which otherwise could have taken a very long processing time. Meanwhile firm B and Firm C has mentioned that they are self sufficient and managed to find a private investor. Therefore, they think that getting external funding is unnecessary because their business do not require large capital and they do not want to go through the hassle and increasing financial risk or sharing equity. They mentioned that getting this external funds involves many processes and it is time consuming.

As a conclusion, the IT based born global firm's rapid internationalisation is driven by the CEO and entrepreneurial team's capabilities, technology, innovation and quality, industry environment and trend, networking, firm orientation and strategies. The IT-based born global firms, adjust their product or services according to the preference and need of the market they venture in. The firm fully utilises the available technology and keep upgrading according to the latest trend and have to maintain their quality in the industry due to the competition pressure and changing preferences of market in a fast pace. The firms are using online platforms to sell their products and utilising relevant applications to maintain their service. They keep expanding their business network linkages to meet new potential customers and gain business ideas from different perspectives. It is also found that external funding is not playing a key role in the rapid

expansion of all IT-based born global firms. For instance, in this study Firm B and Firm C, do not find external funding is necessary for this business because they do not need such large capital for their low-risk business. As a result of the interview, a research model (Figure 1) was built by using the data and information gained through the interview conducted.

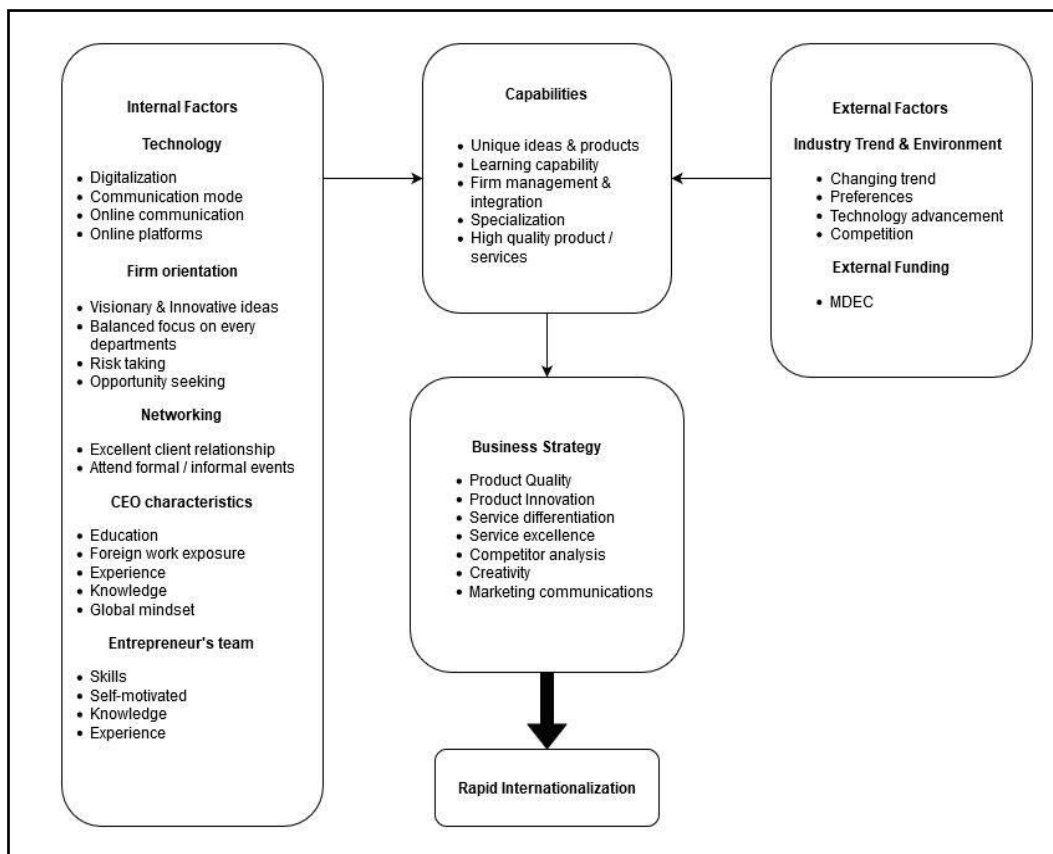


Figure 1: Research model of rapid internationalisation of born global firms in IT industry

7. Contribution and Implication

This research has allowed us to explore the knowledge about IT based born global firms and what affects them to rapidly globalise. This, can be a reference for upcoming born global firms to plan and construct strategies to enter foreign market and they can have basic ideas on how to compete and sustain the foreign market. The research has highlighted the importance of firm orientation and networking in rapid globalisation. Based on the knowledge shared by the founders of the firms interviewed, quality, innovation, maintaining up to the market trend and maintaining good service are very important. Since born global firms are small and lack in financial resources, they focus on their product/service quality, creativity, innovation, firm orientation and adaptation to latest technology as their means of competing in foreign market and expand rapidly. Meanwhile, eventhough innovation is one of the key factor of rapid globalisation, it may not be applicable for all type of firms. For instance, Firm A emphasises on creativity rather than innovation. Because the owner thinks that almost all the games are having same

concept, but what makes them unique is the graphics, animations and the characters in the game. Hence, in gaming industry, creativity is playing key role instead of innovation. Advanced communication technology is an important tool for communicating with the customers in foreign markets. They use various digital platforms to sell their product and various application to manage their service.

The finding shows that born global firms should focus on maintaining their quality and expanding business networks. Firm's orientation is crucial for a firm to keep them on track, and work towards common goal which is important to achieve globalisation rapidly. Improving knowledge by attending relevant training and getting proper education improves the owner's decision making skills and hiring knowledgeable and experienced employees make them to be pro-active and form a great team to work together. Hence, this influences the performance of born global firms in international platform and helps them to internationalise faster. External funding may increase the rapidity of globalisation of born global firms, but it is not a key factor in all firms. Some firms are better off by reducing unnecessary financial debts, especially in IT based born global firms that do not require large capital to run their business.

8. Limitations and Future Research

There are some limitations in this study. All the firms are from IT sectors, therefore technology is definitely has very high degree of involvement in the running the business because that is the basis of their businesses. Apart from that, none of the companies that has been interviewed have actually used first mover approach. Therefore, could not identify its importance and impacts in rapid globalisation of born global firms. Furthermore, since all of the firms interviewed are IT based and are selling their product/service through online selling platforms and no physical goods are involved, it was difficult to compare it with the factors affecting the rapid internationalisation of businesses from other industries as well as firms that exports physical goods. Therefore, the factors affecting the rapid globalisation could be different for firms from different industries or firms that sells physical goods. Besides, even though it was evident that all the factors are accepted by the firms' founders that has been interviewed, I was not able to quantify to what extend these factors affect the firms' internationalisation process. Lastly, the sample size is very small, hence it's an obvious limitation to prove if all the factors are really applicable in born global firms' rapid internationalisation. Since this research is a qualitative approach, it was not possible to quantify the percentage of factor's influences statistically. As a conclusion, this research can provide basic insights for future researcher to continue this study in larger scale and provide numerical evidence and add validation to the previous researches. The future researchers in this topic can compare the relationship of the factors between each other and its contribution towards the speed of globalisation.

Currently, whole world is shaken by an unexpected wave of pandemic attack that continues to infect millions of people and killed more than hundred thousands of lives

worldwide upto now. Unfortunately, I could not study the impact of this pandemic on IT-based born global firms because when I conducted the interviews and finalised this research, there were no Corona Virus (COVID-19) pandemic yet. Therefore, the future researchers, may look into this and include how pandemic affects the rapid internationalisation of IT-based born global firms and what precautionary measures can be taken by these firms in future to minimise loses during pandemic.

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