

MARKETING AND ENTREPRENEURSHIP CONTENT IN BORN GLOBAL FIRMS: AN ENTREPRENEURIAL MARKETING APPROACH TO MODERN BUSINESS DEVELOPMENT

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Abstract

The study provides insight into a born-global entrepreneurial marketing strategies necessary to exploit a global niche from the first day of its operations, it examines globally relevant entrepreneurial drivers that gives an entrepreneurship edge over competitors, even as entrepreneurship is shifting from domestic market approach to internationalized market approach. The study adopted a survey research design, with Dangote Group, Nestle Group, eBay and Alibaba Group of companies representing continents of Africa, Europe, America and Asia respectively as case studies. Sample size was drawn online from consumers, and data were analyzed using chi square. Findings revealed among others that, born global firms at start-ups have an edge over those with domestic mind-set management approach. And that innovative marketing and management skills (on time delivery, quality products/services) drive entrepreneurship development globally. From the findings, recommendations were drawn, among them; to fully tap the benefits accruing to born global entrepreneurs, born-global strategies like online presence, innovative marketing and management strategies should be built into entrepreneurs from start-ups, to fully maximize that firm's marketing and management potentials.

Key words: *Born-global, entrepreneurial marketing, value creation, multinationals, business development.*

Introduction

Born-global approach requires entrepreneurs to think and act globally from inception. This approach places a business in an advantageous position of tapping on available competitive advantages across different countries, from the perspective of an entrepreneurial and global business, to a swift globalization of a firm's values, (Poole, R. 2012). Opportunities exist for born-global businesses, apart from that of having useful business models in the process, that allows them to be as efficient, effective and competitive as possible right from the beginning of their business, it also acts to satisfy a global niche from day one because of its capabilities, with amazing benefits, (Lydia et al, 2008). Oviatt, B. M., and McDougall P. P. (2005) on the other hand, sees "born global businesses" as firms with at least 25 percent international sales within three years of founding and which derives its competitive advantage from the use of resources and the sales of its products or services in multiple countries. In other words, these new ventures both sell internationally and gain some advantage from internationally distributed purchasing, manufacturing or sales.

According to Knight and Cavusgil (2004), the early internationalization of a firm and its potential success in a foreign market are functions of its internal capabilities from inception. The superior ability of certain firms to sustain innovation leads to new knowledge creation, which enables the development of organizational capabilities that result in superior performance, particularly in highly competitive environments. On the other hand, innovation results from various sources, such as internal R&D (Research and Development) and imitation of the innovations of other firms. R&D in particular supports the opening of new markets and the reinvention of firm's operations in a way that enables the firm to better serve those new markets. The innovativeness of such firms includes the masterful leveraging of knowledge and organizational capabilities despite scarce financial, human, and tangible resources. Knight and Cavusgil (2004) provide evidence that born-global firms are inherently

entrepreneurial and innovative firms, displaying a specific pattern of knowledge and capability management that engenders early internationalization and sustainable, superior performance in foreign markets. Today for instance, we are witnessing a high mortality rate of entrepreneurs, businesses are folding up due to challenges of survival in recession, justifying the need to know those drivers of growth globally. It is in the light of this, that this study seeks to examine needed capabilities in born-global entrepreneurs that drives global entrepreneurial development globally so as to encourage development of entrepreneurs with Dangote Group, Nestle Group, eBay and Alibaba Group of companies representing continents of Africa, Europe, America and Asia respectively as case studies.

Theoretical Framework

Scholars have written extensively on theories of entrepreneurial developments globally, **David McClelland's Theory** in "The Achieving Society" a book by McClelland (1961) for instance, is of the opinion that an entrepreneur is a central figure in economic growth and even if a society is endowed with large amounts of natural resources, fertile soil and a stable polity, growth may not occur unless entrepreneurs takes advantage of them in the area of managing and marketing values created for profit making.

Moreso, Everett Hagen's Theory known by scholars as "Theory of Social change", in Hagen (1962) argues that though there are two types of personalities in the society today; authoritarian personality and creative personality, it is the creative personality that is the basis for entrepreneurship. And that, it is the accumulation of creative minds in the society that formed groups of positive changers building up to entrepreneurial groupings. The Theory when beamed in the light of born-global firms is relevant even as today's entrepreneurs need creativity in the market place, through innovations in management and marketing of values created across the globe.

Furthermore, Joseph Schumpeter's Theory of entrepreneurship tagged " Capitalism, Socialism and Democracy" in Schumpeter (1947) states that, entrepreneurship is synonymous with innovation, and innovation here covers;

- Successful introduction of new products or services of which consumers were not familiar with.
- Development of a new method(s) of doing things that are better and cheaper than earlier known method(s).
- Opening or discovering of new markets irrespective of the fact that it existed before but not known.
- Acquisition of new sources of raw materials.
- Carrying out restructuring in management that enhanced growth, stability and an edge over competitors.

Literature review

Distinctive drivers of Born-Global entrepreneurs

Studies shows that some firms from its inception were structured, designed or established as born-globals because of its distinctive characteristics. They are so called because from its formation, the firm's managerial and marketing strategies, were tailored to perform internationally structured task, with capabilities of producing products and services that competes favourably internationally. Some internationalized characteristics that drives born-global firms includes;

Managers have a strong international outlook and international entrepreneurial orientation

The managers of born-global firms do not see foreign markets as a mere addition to their domestic markets. They possess a strong entrepreneurial mindset. They proactively and aggressively compete in international markets, they take risks, and innovate. Findings from the continents of America, Europe, Africa and Asia highlights the importance of the combined role of the creativity, knowledge, and resourcefulness of the top management team and not just of the personal qualities of a single entrepreneur. The skills of top management teams have been found important for a more dynamic form of internationalization, particularly in the knowledge-based sectors (Johnson, 2004; Andersson and Evangelista, 2006; Loane et al., 2007).

Emphasis on differentiation strategy

Born-global firms tend to adopt differentiation strategies by developing differentiated designs and highly distinctive products that target niche markets, which may be too small for the tastes of larger firms. The focus is on stimulating customer loyalty by uniquely meeting particular needs. “People and firms increasingly demand specialized and customized products, and niche markets have become an important source of opportunities for small firms” (Cavusgil and Knight, 2009).

Emphasis on superior product quality

Born-global firms are often at the leading technological edge of their industry or product category. They are founded to exploit business opportunities based on the development of new products or services that are better designed and higher quality than competitors’ offerings. Typically, these firms do not operate in “commodity” markets (Cavusgil and Knight, 2009).

Leveraging advanced information and communications technology (ICT)

Many born-global firms leverage ICT to segment customers into narrow global-market niches and skillfully serve highly specialized buyer needs. ICT allows them to process information efficiently and communicate with partners and customers worldwide at practically zero cost (Cavusgil and Knight, 2009). It also makes it possible to send out tailored, custom and personalized messages to present and potential customers not minding traditional and cultural boundaries.

Communication and Transportation

The role of communication and transportation in enabling entrepreneurs to access international markets cannot be overstated. The rapid drop in the cost of long distance voice and data communication and the widespread availability of the internet make developing a presence in a geographically distant market not only possible but commonplace. While this is a familiar story, the full impact of these technologies on small business is only beginning to be felt. Fundamentally, these technologies allow small businesses to assemble market fragments from many geographically diverse locations into one viable composite market. As managers in these firms become familiar with the possibilities, and as new approaches to using these technologies in the context of a small business are developed, these profound changes will continue to accelerate.

In addition, the rapidly falling cost of transporting goods and the increasing reach of global transportation systems is dramatically reducing the number of industries where being located geographically close to customers is a source of competitive advantage. While barrier to market entry remains strong in service industries, it is no longer an issue in many product-based businesses. This is also true of the economies of scale that used to exist in transportation. New approaches to transportation and logistics are rapidly reducing any returns to scale in transportation costs, again breaking down traditional boundaries between markets.

Network Forms of Organization

Born globals rely on networks of production and distribution that span traditional market boundaries. What allows them to function internationally is not having international capabilities themselves, but rather being part of a network of firms who together have the necessary capabilities. To put it another way, they are highly networked forms of organization. They may produce locally and rely on a distribution network in an international market, they may rely on an international production network and then sell locally and internationally, or, most commonly, they may sit at the centre of a broad network of international and domestic production, distribution and sales that provides difficult to imitate competitive advantage. These new ventures strongly reflect the increasing prevalence of alliance building and specialization that is occurring generally among businesses. As businesses of all sizes become more skilled at building and maintaining alliances, the benefit to a single firm of being large and complex is reduced. Therefore, networks of small firms become more and more competitive with large firms and international entrepreneurship becomes a more viable option for entrepreneurs.

Market factors

There are market factors. In fact, some of the most important reasons for the increasing prevalence of born global firms grow out of the familiar story of the rapid globalization of markets that has accompanied the fall of tariff barriers and other legal barriers to trade combined with increased harmonization in business practices and consumer tastes. At the same time, many newer industries (think, for example, of microprocessors or software) have never been strongly segmented into domestic markets in any significant way but have always been global and demanded global participation from their creation.

Ability to adapt

This trend has been exacerbated by changes in technology that continue to lower communication and transportation costs for small firms, erasing the practical boundaries to international entrepreneurship that previously existed in many industries.

Alliances and merger

There is a set of factors growing out of the increasing use of alliances and the changing nature of firms that make internationalizing from inception not only an option, but a strategic necessity for some new ventures. We will consider each of these in turn.

Global Opportunities for Value Creation

The increasing connections between geographically distant markets combined with increasingly developed market knowledge among many entrepreneurs leads to the possibility of radical new opportunities for value creation. Opportunity identification for these firms becomes a complex international process of connecting market knowledge and production possibilities with sales and distribution systems to produce value in new and innovative ways. In some cases the market for the product has always been global and the international entrepreneur succeeds by bringing together new combinations of capabilities to serve an existing global market. This is true in many high technology products which have highly globalized markets. Alternatively, international entrepreneurs may build complex global business propositions to serve geographically separated markets in new ways. In either case, the increasingly interconnected and open international business arena creates global opportunities for creating value for those with the particular combination of market knowledge needed to identify and access the opportunity.

Examples of Born Global entrepreneurships:

i) eBay: eBay was founded in 1995 in San Jose, California, eBay Inc. The eBay Marketplace creates a powerful online auction platform for the transaction of goods and services by a passionate community of individuals and small businesses. Every single day, there are millions of items available through auction-style and fixed-price trading. With millions of buyers and sellers worldwide, eBay offers localized sites in the following markets, and PayPal, which enables individuals and businesses to securely, easily and quickly send and receive online payments.

Their first international operations have been realized in the United Kingdom and in Canada in 1998 with an increase in internet presence especially designed for local consumers. In 1999, eBay went into a strategic partnership in Australia and expanded to Germany through acquisition. Subsequent years, eBay entered France and Japan respectively, and in 2001 Korea and Taiwan. In 2005, a decade has passed after the founding of eBay, the company now has presence in 29 countries with a ratio of 46% foreign sales compared to total sales of US\$ 4.5 billion and there are more than 6,000 employees worldwide (Dirk and Dirgit).

eBay is another good example of Born Global Firm. And one of the reasons why eBay has become successful, is because of being focused in online and Internet transactions as a strategy. The popularity of the Internet and information technology has increased globally and international marketers and entrepreneurs should take this into account as they map out entrepreneurial marketing strategies. This has become significantly important for born global firms that have been found to use the Internet

intensively in support of their export activities (Mika and Peter, 2010). The Internet has been known as one of the ways for born global firms to gain substantial revenues and cash flow rapidly, (Mika and Peter, 2010). **eBay** sells from electronics, cars, fashion apparel, collectibles, sporting goods, digital cameras, baby items, coupons, and everything else, (www.eBay.com).

ii) The Dangote Group

The Dangote Group is a Nigerian multinational industrial conglomerate, founded by Aliko Dangote in 1981. It is the largest conglomerate in African continent, with headquarter in Lagos, Nigeria. Aliko Dangote, the founder, told CNN iList programme in 2016 that he was motivated to create an African success story and to create employment in Nigeria because he believes that entrepreneurship holds the key to the future economic growth of the continent.

The Dangote Group is a diversified and fully integrated conglomerate with an annual group turnover in excess of N450 billion (US\$3 billion). The Group's interests span a range of sectors in Nigeria and across Africa. Current interests include cement, sugar, salt, pasta, beverages real estate, oil and gas, telecommunications, fertiliser and steel sectors of the economy. The Group's core business focus is to provide local, value-added products and services that meet the 'basic needs' of the populace. Through the construction and operation of large scale manufacturing facilities in Nigeria and across Africa, the Group is focused on building local manufacturing capacity to generate employment, prevent capital flight and provide locally produced goods for the people. In line with its mission statement, Dangote has a rich portfolio of products, which meets the basic needs of Nigerians and Africans. (www.dangote.com)

iii) Alibaba Group

Alibaba Group was established in 1999 by 18 people led by Mr Jack Ma, a former English teacher from Hangzhou, China. From the outset, the company's founders shared a belief that the Internet would level the playing field by enabling small enterprises to leverage innovation and technology to grow and compete more effectively in the domestic and global economies. Since launching its first website helping small Chinese exporters, manufacturers and entrepreneurs to sell internationally, Alibaba Group has grown into a global leader in online and mobile commerce. Today the company and its related companies operate leading wholesale and retail online marketplaces as well as Internet-based businesses offering advertising and marketing services, electronic payment, cloud-based computing and network services and mobile solutions, among others, making it one of the best examples of a born-global entrepreneurs in Asia. According to the founder, Mr Jack Ma, "We provide the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses that provide products, services and digital content to leverage the power of the Internet to engage with their users and customers. Our businesses are comprised of core commerce, cloud computing, digital media and entertainment, innovation initiatives and others. Through investee affiliates, we also participate in the logistics and local services sectors", (alibaba.com).

iv) Nestle Group

Nestle foods began operation in 1866, with the foundation of the Anglo-Swiss Condensed Milk Company by Henri Nestlé. He also develops a breakthrough infant food in 1867, and in 1905 the company he founded merges with Anglo-Swiss, to form what is now known as the Nestlé Group. During this period cities grow and railways and steamships bring down commodity costs, spurring international trade in consumer goods. The company has been in operation for 150 years adding several products and brands, manufacturing and selling in 117 countries of the world as at 2015, (www.nestlegroup.com). Her range of products are as shown in figure 1.



FIG 1

RESEARCH METHODOLOGY

The study adopts the survey research. The researcher uses carefully selected sample from the population for intensive study of the characteristics in order to generalize his findings for the whole populations. This research work enabled the administration of online questionnaires for the collection of data from the target respondents with the view to discover the inter-relationship between the variables under study. The population of the study was made up of online customers of Dangote group, Nestle, eBay and Alibaba representing Africa, Europe, America and Asia respectively. A total of 43,989 respondents made up the population size of this study. A sample size of 396 was arrived at after the due application of Yamani (1976) sample size determination. The study also uses the stratified sampling techniques, while the formulated hypotheses were tested using Chi-Square test at 5% level of significance.

The testable hypotheses were:

- H0₁ Sustainable Innovations does not significantly enhanced business development globally.(variables; new products development, technological discoveries, inventions)
- H0₂ Born global starts-ups internationalization drive does not significantly contributes to business development globally (online presence from inception, provision for different currencies, languages and cultural differences).

DATA PRESENTATION AND ANALYSIS

The response rate of the study was put at (97.9 percent) 388 responses which was used accordingly, while the results are as presented below:

TABLE 4.1: Chi-square result of respondents on Sustainable Innovations and enhancement of business development globally

<i>Sustainable Innovations</i>	<i>Business development globally</i>					
	SA	A	D	SD	X ²	P-value
1. <i>New products development</i>	97 (96)	135 (129)	116 (110)	40 (52)	23.9058	P< 0.05 Significant
2. <i>Technological discoveries,</i>	103 (96)	132 (129)	115 (110)	38 (52)		
3. <i>Inventions</i>	88 (96)	121 (129)	100 (110)	79 (52)		

Source: Field Survey, 2016

Table 4.2 shows the result of the observed and expected variables of the chi-square test of significance of online respondents’ sustainable innovations does not significantly enhanced business development globally. The observed variables preceded the expected variables which are presented in brackets. It was discovered that the chi square (X²) result of 23.9058 at 6 d.f. was higher than the tabulated value at 0.05 level of significance [X²cal = 23.9058 > t 0.05 = 12.592] Thus sustainable innovations significantly enhanced business development globally.

TABLE 4.7: Chi-square result of Born global starts-ups internationalization drive and business development globally

<i>Born global starts-ups internationalization drive</i>	<i>business development globally</i>					
	SA	A	D	SD	X ²	P-value
1. <i>Online presence from inception.</i>	77 (113)	136 (120)	113 (111)	62 (44)	46.15568	P< 0.05 Significant
2. <i>Provision for different currencies,</i>	155 (113)	199 (120)	101 (111)	33 (44)		
3. <i>Languages and cultural differences</i>	107 (113)	125 (120)	119 (111)	37 (44)		

Source: Field Survey, 2016

Table 4.8 reveals the result of the observed and expected variables of the chi-square test on *Born global starts-ups internationalization drive does not significantly contributes to business development globally* the observed variables preceded the expected variables which are presented in brackets. It was discovered that the chi square (X²) result of 46.155 at 6 d.f. was higher than the tabulated value at 0.05 level of significance [$X^2_{cal} = 46.155 > t_{0.05} = 12.592$]. Thus, *Born global starts-ups internationalization drive significantly contributes to business development globally*.

Discussion of findings

The findings of the study reveals that sustainable Innovations enhances business development globally. This was inconsonant with Jones and Coviello (2005) who suggested that even the establishment of an existing business mode in a country new to the firm is a clear evidence of the existence of special innovative capabilities. Born-global firms are particularly innovative in this regard (Knight & Cavusgil, 2004). The early internationalization is stimulated by a strong innovation culture and interest to pursue international markets.

Discovered also from the tested hypothesis was the fact that Born global starts-ups internationalization significantly contributes to business development globally. This goes to show that early internationalization of born-global firms affects their innovativeness in terms of the emergence and implementation of their specific marketing strategies (Hallback & Gabrielsson, 2013). It is crucial that the firm is able to innovate, adapt, or reinvent its marketing strategies to suit the local markets, so that they can compete against incumbents in multiple foreign countries. According to Kocak and Cavusgil (2009), the firm's competitive advantage in the foreign market is maintained with the use of specific isolation mechanisms. Still on start-ups, internet has been able to break traditional and cultural boundaries, firms are advised to integrate online capabilities like website, social media presence in other to tap its endless benefits.

CONCLUSION

The study provides further evidence of born global entrepreneurships preference over domestic entrepreneurships through a survey of four born global entrepreneurships; Dangote Group, Nestle Group, eBay and Alibaba Group of companies representing continents of Africa, Europe, America and Asia respectively as case studies. Consumers of these firms' products and services have been interviewed and data analysed to validate major drivers or internationalization attributes to born global companies. Our findings show a strong positive correlation between those drivers and the performance of those firms studied.

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