

The co-development of commitment and competences for international growth of a Born Global firm: an effectuation theory perspective.

ABSTRACT

This paper investigates empirically the development of commitment and competences in a born global firm from a mobile game industry. The study explores how this case firm with relatively young and inexperienced entrepreneurs show early commitment to globalisation and succeed in achieving rapid global growth in the markets with a high level of competition. Previous literature cannot offer answers for this misbalance, between high commitment and seemingly low knowledge and competence level, even though it provides powerful tools to explore the phenomenon. Born globals have been studied nearly two decades and the literature provides good basis for the case study. Furthermore, the international business literature has explored the development of commitment in internationalisation and explored the influence of entrepreneurial competences for rapid internationalisation. This paper adopts the development phase model of born globals and key definitions for commitment and competences from the international business literature. The co-development in various phases is investigated from an effectuation theory perspective. Despite of its potential for groundbreaking contribution, the effectuation theory has not been tested much empirically thus here this study wants to stand out. Both scholars and born global entrepreneurs can utilise the study findings. The empirical analysis suggests that commitment and competence do not develop in sequence, but in parallel. Additionally, the findings show that relatively low competence level of entrepreneurs is compensated by applying effectuation logic from inception. Born globals learn in cooperation with global partners and customers and this improves their competence level very rapidly. Lastly, the empirical results indicate that effectuation logic shifts towards causation during growth, but in the later developments phases the decision making is a melange of activities and functions that rely more on causation and some on effectuation.

Keywords: Born globals; Commitment; Competence; Internationalisation; Effectuation; Phases of development

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INTRODUCTION

Born globals (BGs) have been studied nearly for two decades. Rennie (1993) noticed first that there are firms that behave differently when compared with traditional small- and medium-sized enterprises (SMEs). He reported about the earlier findings of McKinsey & Company's (1993) in his article "Born global" and stated that Australian high-value-added exporters did not follow the traditional Uppsala model (Johanson & Vahlne, 1977) of internationalisation. Instead, these firms seemed to move rapidly to global markets since their inception and competed successfully against large international companies.

Various terms and definitions have been used to describe the phenomenon of born globals. International business literature has discussed about these SMEs that go rapidly to foreign markets with terms such as international new ventures (INV), export/import start-ups, global start-ups, instant internationals and born internationals. Despite of the term used, the main attempt of the studies have been in trying to understand these new SMEs whose behaviour deviate from the traditional ones.

Novelty seems to be connected with the nature of born globals. Most of the previous studies have included mainly case firms that have something novel to offer for markets. It has been stated that majority of the firms that fulfil the criteria of born globals are either knowledge- or technology-based (Oviatt & McDougall 1994). Furthermore, a survey of Finnish born globals noticed that these firms operate mainly in five different business environments: (I) High-technology, (II) High-design, (III) High-services, (IV) High-know-how, and (V) High-system businesses (Luostarinen & Gabrielsson, 2006).

This study has selected a definition for born globals that consists of two criteria. The first definition of born globals relates to the vision of a founding team: "Management views the world as their market place from the outset" (McKinsey & Company 1993; Rennie 1993). Secondly Servais et al. (2007) have suggested that BGs ought to start their foreign operations within three years of establishment and after three years of commercial actions the firm has acquired more than one quarter (25%) of foreign sales outside its home continent. Previously

several adequate studies have used these two criteria and therefore this study also adopts this definition.

Even though the born global phenomenon has been documented relatively well in earlier studies, there are still research gaps that require more in-depth investigation. Traditional international business and entrepreneurship literature posits that firms' knowledge, know-how and competence have an effect on international growth and commitment decisions (Johanson & Vahlne 1977; Reuber & Fischer 1997). However it seems that even younger and inexperienced persons establish new successful born global firms that aim at rapid global growth.

How this trend can be explained? Could the misbalance between competences and international growth commitments be explained by the effectuation theory (Sarasvathy, 2001; 2008) in decision-making of a BG entrepreneur? Neither international business nor entrepreneurship literature has so far offered explanation for this inconsistency. In proportion, previous studies have stated that the future research of BGs and their internationalisation processes should include an effectuation theory, and empirical observations should cover different phases of firms' development including a "pre-start phase". (Chandra et al. 2009).

Despite of this statement, only a few empirical studies have been made to model and test the effectuation theory. This is surprising as the theory could explain how individuals might act in situations that other strategies (e.g. causal, bricolage) cannot explain (Perry et al. 2012) and therefore the effectuation theory could have potential of making significant contribution to existing entrepreneurship and international business literatures.

The purpose of this paper is to study the relationship between the entrepreneurial competence and the commitments for rapid internationalisation. Especially, it is interesting to explore the role of effectuation during the foreign growth of a born global firm. How the effectuation is bespoken in the narratives of entrepreneurs is investigated and what is its ability to explain the international success of inexperienced companies. Hence this study focuses on finding answers for the following three questions:

1. How is the entrepreneur interpreting the co-evolution between competence development and commitments into international growth?
2. To what extent effectuation versus causation logic can explain the misbalance between seemingly low competence level and high commitment level to international growth?

3. How the use of effectuation versus causation logic is reflected in competence and commitment development during global growth of a BG firm?

Theoretical contribution will be made to both international entrepreneurship literature and born global literature by exploring the interrelationship of competence development and international commitment in a high technology born global firm. Furthermore, this study is interested about the balance of effectuation and causation and how this is expressed in the narratives collected from two founding members of a case firm. Lastly we want to find out how exploitation of effectuation and causation might influence on competence and commitment progression in a born global firm. Empirical findings are based on a discourse analysis of the mobile game firm *Mobileguru* (a pseudonym) and the inspection covers an entire life cycle of the company.

The mobile game and software industry changed dramatically in July 2008 after Apple presented their 2.0 operating system and an Appstore marketplace. Since then other platforms (e.g. Android market later Google Play, and OVI for Nokia devices) have opened their own market places. These market places have induced legions of companies for a competition and therefore it can be found challenging to succeed in this global business environment that has an extremely high level of competition. However, *Mobileguru* has proved that it is possible to prosper there and they are one of the success stories of the industry. Further, this born global firm has expanded to other fields of business and operates nowadays in multiple industries (e.g. movies, toys and soft drinks).

This paper is structured as follows: firstly the most relevant literature around the research problem will be discussed in the theoretical review chapter. This section begins with a traditional model of internationalisation, explains concepts of competence and commitment, and presents earlier findings related to the effectuation theory. The theory is followed by methodology and empirical analysis chapter. In this section the chosen research method will be explained and a discourse analysis will follow this explication.

From a contextual point of view this research is extremely interesting as it follows one of the history's most successful born global firms from a school project to the present state where they have a position to lead the way for the rest of the industry. Narratives have been collected by in-depth interviewing the founding members of the case firm. Their storytelling reveals that both of them lead with a global mindset and their attitudes have been highly entrepreneurial since inception. These global entrepreneurs could be described as key persons

for the firm's success even though today several hundred people are responsible for the firm's success. Regardless, the data collection process will be explained in more detail in this section and the analysis process will follow the data collection.

In the analysis two discourses came up strongly: competence and commitment. Furthermore certain dimensions of effectuation theory were found vital in the firm's decision making. Despite of interesting findings this study is limited to the qualitative research approach and therefore the results should be utilised cautiously. Finally the conclusions are drawn where contributions for international entrepreneurship and born global literature will be presented as well as implications for managers and the future research.

THEORETICAL REVIEW

Johanson and Vahlne (1977, 1990) showed in their Uppsala model that most of the firms target their first activities of internationalisation to markets that are psychically close and these firms exploit less committed entry modes such as exporting. According to the authors these gradually internationalising firms learn and increase their foreign market knowledge over time mainly through international experience, and after this process they begin or increase their foreign market commitments and perhaps later expand to more psychically distant markets.

Commitment is a key variable in the Uppsala model (See Fig. 1) and it has been defined as a resource allocation decision made in response to opportunities and challenges that the market offers. Here, exporting is triggered by unsolicited orders, by economies of scale or by other factors. As firms' foreign operations continue they acquire more market knowledge and consider new, well specified investments. Reuber & Fischer (1997) have stated though that firm's age and size alone do not determine the capacity for internationalisation but instead management team's previous international experience (through previous study or work experiences) and foreign sales experience would have positive influence on firm's degree of internationalisation.

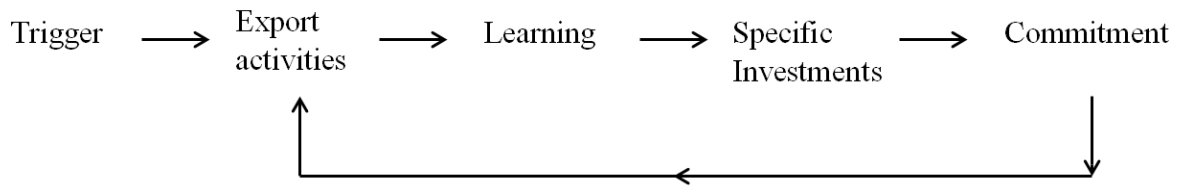


Fig. 1. Commitment in traditional internationalisation (Johanson & Vahlne, 1977 in Gabrielsson et al. 2008).

The findings of this traditional model have been challenged by born global scholars. Earlier literature has noted that characteristics such as engagement in a foreign travel, proficiency in foreign languages, and experience of living abroad further success in an export business (Reid 1981). Additionally, several later studies have emphasised the role of entrepreneur's international experience in born globals/international new ventures. (e.g., Reuber and Fischer, 1997; Madsen & Servais, 1997; Chetty & Campbell-Hunt, 2004). Entrepreneur's global mindset (Nummela et al., 2004) that is postulated with born global firms has been found vital for rapid and successful internationalisation. Moreover Kuivalainen et al. (2007) have added that entrepreneurial orientation has a positive influence on firms' early, rapid and large scale internationalisation.

In their study of international new ventures Oviatt and McDougall (1994) noticed that the founding teams were often internationally experienced. Most recently Cannone and Ughetto (2013) have stated that an international commitment might affect more or less significantly on born globals that strive for operating in multiple markets. According to the authors "international commitment and the experiential knowledge of the entrepreneur are in fact of paramount importance in forging the scope of early internationalization".

Despite of that many younger born global firms seem to lack foreign market knowledge, know-how or other competences especially in the *introductory phase* (Gabrielsson et al. 2008). Accordingly, born globals have limited resources in this phase and their ability to compete is often dependent on their (unique and tacit) product/service knowledge. In the second phase of *growth and resource accumulation* relevant channels and networks have an important role for the firm's development (Gabrielsson et al. 2008). The authors state that for born globals it is important to have an ability to learn from its networks and channels and during this phase they should be able to utilise this capability. There is always a risk of becoming too dependent on certain partnerships and therefore a break-out strategy should be planned and developed in this phase.

The strategy is implemented in the *break-out* phase as it is time for a BG firm to be independent and achieve an own position in a global business. In this phase BGs use their organisational learning experiences that global networks and customers have provided to them in previous phases (Gabrielsson et al. 2008). Yet against all the odds, some born globals manage to achieve early, rapid and large scale internationalisation. Which factors could explain their success in rapid international growth? In other words, how young and often relatively novice entrepreneurs are able to create firms that adopt global view since inception and grow rapidly?

Gabrielsson et al. (2008) have suggested that the commitment of born globals, especially in their first development phases, diverge (See Fig. 2) from traditionally internationalising firms. The authors call that as an “affective commitment” and it is triggered by entrepreneurs’ identification of a global opportunity for their product/service (Meyer & Allen, 1991). After gaining more experience in exporting the firm starts to learn more, they allocate new investments and their level of commitment increases (Gabrielsson et al. 2008). In addition, the authors suggest that affective commitment would gradually change towards a state of “continuance commitment” where the “sunken costs” provide no other options than continuing their international activities (Meyer & Allen, 1991).



Fig. 2. Commitment in BG firms (Gabrielsson et al. 2008)

An explanatory factor for the success of young and relatively inexperienced born globals might be found from the entrepreneurs’ decision-making logic and that is where we focus in this study. Sarasvathy (2008) has described effectuation as “a logic of entrepreneurial expertise, a dynamic and interactive process of creating new artifacts in the world.” When observing from the effectuation theory perspective both individuals and a firm will be covered. Entrepreneurs adopt this decision-making logic under higher levels of uncertainty and it is emphasized especially in the first stages of venture creation (Sarasvathy 2001). Therefore effectuation approach is useful especially in unpredictable situations and with new business environments where actions made by people have the opportunity to shape the

future. Additionally, effectuation theory is based on five dimensions that differentiate it from traditional and more strategically oriented causation logic.

Firstly compared to the causation the effectuation theory is mean oriented rather than target oriented. Sarasvathy (2001) has stated that “[effectuation theories] take a set of means as given and focus on selecting between possible effects that can be created with that set of means”. Therefore after acquiring new resources such as knowledge, finance or networks, initial thoughts about mission, vision and strategy for a new product often vary with entrepreneurs.

Secondly rather than focusing on expected returns the theory adopts affordable loss principle. Here entrepreneurs risk not more than a maximum amount that they are willing to lose with their business instead of making a deeper analysis about expected returns (e.g. return on equity). The previous scholars note that by adopting the principle there will be more firms created and if they fail, their losses are, on average, smaller than with entrepreneurs who do not follow this principle.

Thirdly in the effectuation approach strategic alliances and pre-commitments are exploited rather than analysing the current competition. This fits well with the notion that strategic partnerships have been effectively used to enable rapid internationalisation (Oviatt & McDougall, 1994; Reuber & Fischer, 1997; Loane & Bell, 2006). Additionally, many born global firms create their own markets and therefore there might be no time to look at the rear-view mirror, instead focusing on partnerships that have benefits for both sound more efficient.

Fourthly for an entrepreneur who adopts the logic of effectuation in her/his decision making, randomness is good and it will be exploited rather than using knowledge that already exists. This is typical in effectuation approach: new and unexpected situations can be seen as an advantage and they often bring new opportunities. However capability to adapt and transform to the changing situation is required.

Lastly rather than predicting risky and unclear future the entrepreneur strives to control the future by her/his own actions. This relates again to the idea that it is challenging and almost impossible to forecast the future especially in markets that are new or does not exist yet. Therefore instead of stressing about the unclear future and ending up in a state of a risk aversion the effectuation theory suggest that entrepreneurs should focus on influencing on the future with their own actions.

METHODOLOGY

Narratives and discourses

In this study, the collected interviews, phone calls and a keynote speech are called narratives (Czarniawska, 1999) concerning the effectuation process in a global business (Sarasvathy, 2001). Narratives are born in interaction between the storyteller and the environment (Polkinghorne, 1998). The information of narratives is given by storytelling (Czarniawska, 1999; Morrill, 2008) located in the storyteller's history including real experiences and concerns (Elliot, 2005; Polkinghorne, 1995). Moreover, narratives are also focused on the social environment which is relevant to storyteller at the time (Burr, 2002). Therefore, storytelling describes and interprets the meanings of experiences including both real events and individual emotions during and after the happening (Sias et al. 2004).

Narratives can be described as a meaning structure for the organizing and understanding of human life (Polkinghorne, 1988) including present and perceived future, and make sense of past events (Garcia & Hardy, 2007). People share meaning with each other when they provide the essence, legitimacy and accountability for their actions (Currie & Brown, 2003). All the knowledge people have about themselves and their environment is tied to the culture, communities and social actions they live in (Rappaport, 2000).

In this study, the narratives are used to describe discourses (Edwards, 1997; Hall, 1997) which are focused on a shifting process of effectuation in the firm's globalization history. Specifically, the aim of this study is to identify context specific discourses that the meanings of narratives produce based on this phenomenon. All narratives are full of meanings which are important to the storyteller and therefore a basis of value, content and essence in narratives (Brown, 2006).

Research context

This paper has adopted from previous literature two requirements for firms to qualify as truly born globals. According to the first criterion (Oviatt & McDougall 1994) the company managers should see the world as their market place since inception. For the case firm internationalisation was a necessity because of a new industry and a virtually non-existent domestic market. Additionally the interviewees found international business motivating since inception.

The second criterion relates to the speed of internationalisation as BGs ought to start their foreign operations within three years of establishment and after three years of commercial actions firms should have acquired sales more than a quarter outside its home continent (Servais et al. 2007). In our case the firm literally went to global markets since inception and there was no lag between starting of the firm and going to foreign markets. The ratio between different continents has changed though there has been only minor fluctuation in the Europe's proportion that was around 25 percent after three years of sales and seven years later, when Russia is included, the proportion is approximately 30 percent. North-America and especially U.S. has been vital for the firm since inception. In the beginning over 50 percent of revenue came from U.S. sales though nowadays Asian market and especially China, Korea and Japan are increasing rapidly and the proportion is approximately 35 % in U.S., 30 % in Europe (incl. Russia), and 25 % in Asia.

Mobileguru was found in 2003 by three university students who all were keen to make games. The entire idea of establishing a firm began from a school project where the assignment was to make a relatively simple online application. A large game firm became interested in the game and bought all the rights to this game. After the win the founding team started to become more known in the mobile scene, important networks were created and it became obvious that more games should be made in the future. During years 2003 and 2009 the firm created several games until it finally succeeded in developing a breakthrough product.

As earlier covered Gabrielsson et al. (2008) have identified three development phases for born globals and those are (I) introductory, (II) growth and resource accumulation, and (II) break-out phases, which we also adopt, however, including also the (O) pre-start phase into the beginning. Respectively, all these stages can be identified in Mobileguru's life cycle. The *pre-start phase* started from the school project that was followed by the game development contest that these three students won.

In the *introductory phase* Mobileguru's strategy was to create and develop good relationships to larger firms, mainly to operators, and these networks would facilitate the publishing and distribution of games. Mobileguru's first games were targeted mainly to "hardcore gamers", to a small niche who would play games with passion and were published by the game studio who bought the rights for the first game as well. Despite of the effort, Mobileguru noticed soon that this strategy would not create a large business as it was challenging to network with larger players, especially with operators who had a strong position on that time.

The *growth and resource accumulation phase* was entered when Mobileguru started to make subcontracting projects for larger game studios and mobile phone manufacturers. This change was made to secure the company's cash flow and during that time Mobileguru made lots of different type of games for multiple devices. Even though the profits were not high and the phase in overall was described very challenging for the management and entire company, it was an important learning process for the firm.

The *break-out phase* became reality after the team sensed that the market would change dramatically and this started to happen in July 2008 after the release of Appstore. The strategy was now to create a super casual game for masses and take care that every detail is as perfect as possible. Some network relationships with large firms became now less important though networking with new partners was very active. Now the strategy for networking was to create relationships to large and well known firms that could provide synergy in the future. On the other hand instead of creating multiple games, the firm now aimed at developing the best mobile game for an end user and one year their vision happened. The game rocketed in all the continents and soon it was number one in every chart. Since that the firm has expanded to multiple industries and new brands have been created around the initial one.

Data collection and analysis process

First, three personnel interviews were conducted by the investigators with the founders and senior executives from the case firm Mobileguru, which were further corroborated with data gathered from a keynote speech delivered by one of the interviewees, alongside with secondary data.

Second, the meanings (incl. contents) of the gathered narratives were identified based on storytellers' experiences and focusing on an effectuation process in the firm. The data was analysed using qualitative content analysis and themes in the narratives were formed. In the analysis, a theme was defined as a trend of the gathered meanings that emerges from the empirical data (Gergen, 1994; Edwards, 1997).

In the final stage of the analyses, the themes were conducted based on discourse analysis in accordance with Makkonen et al. (2012). In this article, we focus on describing the discourses found in the whole data. Specifically, we explore how the discourses construct/ produce and create effectuation processes and its changes in the meanings of narratives in the case firm.

Discourses are described at two levels in the narratives (Sarasvathy, 2001). First, individual and firm level: Individual and firm levels are mixing with each other in the storytelling of Mobileguru's people. Second, the market level can be identified in the narratives. All narratives include common meanings which is why a so called collective story (Rappaport, 1995; 2000; Richardson, 1995) can be found between the insiders of the company. Specifically, empowerment (Rappaport, 1995) to effectuation (Sarasvathy, 2001) and entrepreneurship are basic parts in the case firm's collective story.

EMPIRICAL FINDINGS

The data that was collected from Mobileguru indicates two discourses that we name as "competence" and "commitment" discourses. The literal meanings that relate to these two discourses build the reality of Mobileguru's core team and the firm's collective story (Rappaport, 2000) is based on these meanings. This story includes the core team's shared understanding of making together (before, now, and in a perceived future), that is typical mainly for effectuation based thinking and illustrates its changes.

Discourse of competence

The discourse of competence includes Mobileguru's strengthened confidence and trust in their competence and control over the business. Further, compulsion to have faith in own work and prosperity is a part of the competence as success eludes the firm and lay-offs have to be made. The competence is about going against the stream despite of all the afflictions that occur. The success of Mobileguru legitimates to the core team their way (mainly effectuation approach though as the story proceeds also causation approach) to make business with own customs. This way success also strengthens the competence discourse.

1.1 Individual and firm level

Seven meanings relate to the competence discourse at individual and firm level (Sarasvathy, 2001). According to them the competence is about 'having faith in your own work and making together', 'believing in your own dream', 'having passion for games and game development', 'being confident about becoming a successful entrepreneur', 'having faith in your product', 'having faith in your brand', 'believing in the market knowledge' and 'having

faith in succeeding again as an entrepreneur’.

Having faith (confidence) in your own work and making together

The competence of Mobileguru is described as incomparable and courage to do more than others is related to it. Success is not questioned in any phase and therefore people believe in it inside the company. Common belief in winning time after time is one of the main reasons for Mobileguru’s and especially for their brand’s success. Deep analysis is not part of the work routines because learning by doing is a jointly accepted course of action. However, actual working will not alone create the state of incomparability but together with a confidence in successful marketing, that is described as the best in the world. Being the best is what has been repeated inside the firm and it has become a common belief.

Believing in your own dream

The core team has a common dream that is developing games and it is described as ”the coolest” work in the world. The dream and passion for developing games outstrips the business planning and impels the core team to use intuition in their work. That makes them trying together flat-out: bearing down is even more important than the success itself and therefore a possibility for a failure is accepted as well. Believing strongly in own success and the longing to be a part of this success relates to the core team’s idea of trying together. Here the success denotes the dream of the beginning: developing games together (not a business success) that is an outcome of the empowerment of trying together. Boldness to be a part of large projects, to be ”on the crest of a wave” is part of the belief as well.

Passion for gaming and game development

The core team also plays games ”with passion”, and therefore they understand their customers’ expect and want. Own capabilities are transferred into the ”perfect product”; it only requires time and other resources, and absorption in an analytical development work. Here Mobileguru’s behaviour departs completely from their description of using intuition in a work. Nevertheless external assistance is not exploited instead the firm follows their internal development process. They want to work as pioneers and together they believe that they know

when the game is ready for the markets.

Being confident about becoming an successful entrepreneur

Strong confidence in development and own capabilities is a part of hard working attitude. It is a rock road and the core team describes it as "madness of entrepreneurship". For Mobileguru this means several years of development and multiple smaller games before the global breakthrough. This meaning strengthens previous meanings that included passion for game development and strong confidence in own capabilities together with the core team. Before their global breakthrough the team has only wanted to continue even though the success in business eluded them.

Having faith in your product

For Mobileguru having faith in your product means an excellent game that appeal to the masses. Great product needs right partnership that is willing to help and further in the process. Together they ensure the product coverage in the markets. Eventually customers decide whether it is a great product or not. Having faith in your product – meaning expands the competence discourse closer to partnerships and customers. The core team's own effort is not enough anymore for business success. Depending on the meaning, the market level also belongs to individual and firm levels, whereupon success is eventually dependent on partnerships and end customer's experience and will to use the product.

Having faith in your brand

Reviewing the global breakthrough and success of Mobileguru, the core team tells that since beginning they have built up a brand and this means analytical development process of a hit product. They created something bigger than what existed during that time and the core team calls it as the first "entertainment brand" in the market. The analysing relates to an internal discussion of what and how they create a state "where people consume" no matter what is the price. However it does not relate to analysing the markets, instead it relates to the internal development of Mobileguru's "own thing", that aims at appealing the masses: high-quality consumer experience and the connected brand. Their brand differs from others in the mobile

game market, yet it is relatively inexpensive and realistic for the company and ensures the success. The core team believes that with their own unique way they are able to transform their brand success to other products as well.

Believing in the market knowledge and having faith in succeeding again as an entrepreneur

Since inception the core team has believed that they know the future's "most competitive markets" and are aware of the opportunities for expansion. Despite of competition one can operate in these markets with a small team as one success is enough to open up new possibilities also in other business areas. In spite of a product the transition of success is believed to be possible time after time. Their focus is on progress, knowledge of players and expanding the brand to the masses and multiple industries: you have to progress "one ecosystem at a time". The core team is extremely confident about their market knowledge and part of that is their unique way to work.

1.2 Market level

Four meanings can be distinguished at the market level (Sarasvathy 2001) that build the competence discourse. According to these meanings, competence is about 'accepting the international nature of business', 'finding the right partners', 'understanding your end customers' and 'understanding the change and power of the markets'.

Accepting the international nature of business

Internationality and internationalisation are not relevant topics to consider in the mobile game markets; the business is global since inception. On the other hand, being international is relatively simple and natural in these markets, since you have an access to almost everywhere through a one market place; it only needs that one gets down to business. The core team of Mobileguru has committed themselves to internationality and it is found as an inspiring part of the work.

Finding the right partners

Suitable networks provide mutually advantageous inter-personal relationships. This requires of efficient interaction with different partners, persistent presence, dedication for creating new relationships and availability for interaction. The core team is responsible for creating and developing relationships and therefore you have to meet new people and be present with your partners. Important part of meeting new people is an ability to charm and create trust with your product.

In the pre-start and introductory phase part of creating and developing networks was a necessity of selecting partners that perhaps could not entirely meet the standards of Mobileguru. However after the global breakthrough there has been an oversupply of potential partners and the firm can choose the best partners for them. In the beginning Mobileguru was searching for partners and now the situation has changed completely. Idea of convenient cooperation is important: if there's too much contacting the work will be interrupted.

For today's Mobileguru partnerships signify mutual benefits and the nature of them is strategic. This refers to a co-operation that consists of characteristics that were important in the beginning already: hard work and reciprocal synergy. Potential partners are searched and always evaluated.

Understanding your end customers

Understanding your customer's customers is important in the case firm as the end customers are Mobileguru's clients. Understanding the end customer requires dialogue with the customer. The nature of this dialogue is interactive because of Mobileguru's own passion for playing games (See. *Passion for gaming and game development*) makes an interactive nature for this dialogue. By understanding the expectations of the end customer the core team ensures the product functionality for the masses and thus the biggest challenges will be avoided. The main focus is on creating good experiences. Here Mobileguru wants to be the world's best again and again.

Understanding the change and power of the markets

Going against the stream and adaptation is part of Mobileguru's way to operate in the changing markets. In the beginning the firm had to secure their cash flow and therefore they were forced to take in projects that perhaps were not suitable for the firm. Part of the adaptation has been reduction in costs and therefore staff cutbacks have become reality. Invincible belief in the change that is positive for the firm is part of understanding the markets. In reality, only the speed of the change surprises the team, though they overcome it. The effectuation logic is a necessity to ensure that they are in time for the opening markets. Understanding the markets is about going one's own way, the admiration from fans and experience of being a "good guy". Together these characteristics make business success possible.

Discourse of commitment

The discourse of commitment covers the meanings related to the narratives of Mobileguru. These meanings describe the development of the core team's attitude towards working together. As with competence discourse, the commitment will also be divided between "individual and firm" and "market" levels (Sarasvathy, 2001).

2.1 Individual and firm level

Inside the commitment discourse nine meanings can be identified and these can be classified at the individual and firm level (Sarasvathy, 2001). According to these meanings the commitment is about 'internationalisation', 'small core team', 'gaming', 'right partners' 'product expertise', 'change', 'courage and intuitive working', 'strategy development' and 'brand and fans'.

Internationalisation

Mobileguru's domestic markets are limited and therefore their mindset has been international since inception. Going to international and global markets is the only option, and therefore the high level of competition must be accepted. Internationalisation in the mobile game market is

almost free and therefore its cheapness and easiness guarantee the competition in the future as well.

Small core team: 'insiders'

Process of launching the firm is described as hard work of one member inside the core team. In spite of that the rest of the core team stays equal, everyone is in charge and therefore any emphasis on a certain role does not exist. The description supports equality between the members. The core team has a strong commitment on focal partners, and these cooperations are described as functional and mutually contributory. A retrospective examination reveals that developing mobile games was the core team's only way to the global markets in the beginning. In the later phases new members were recruited to the core team who brought their previous experience in international business. Intuitively the core team talks about help that lasts some days only ('few days in Silicon Valley for networking') though after this visit the person stays in the company and becomes an important part of the core team. Success in internationalisation depends on the trust of markets, and here a good reputation is important.

Gaming

Commitment to gaming and developing games is described as one of the essentials in life: it is the only thing that they want to do together. Two members of the core team have started to play games in their childhood and they are relatives as well. Versatility in game development is important thus opportunities are given to game variations.

Right partners

In the introductory phase the focal partners trust in Mobileguru and they avoid controlling too much. This strengthens the commitment to cooperation. Interaction with partners consists of regular meetings, professionalism and a lucid distribution of work. These are qualities that the core team of Mobileguru appreciates and they let their partners to lead and organise the cooperation.

Regardless of several reversals the core team survived and stayed together even though it required lots of effort during the challenging stages. Since the business success there are lots of more firms who want to get in cooperation with Mobileguru, though finding good and reliable partners takes time and again requires hard work. The core team makes the selection. They believe in their ability to select the best ones. The firm is ready to be committed to inter-firm relationships with good partners, though here they want to retain the freedom of choice.

After the global breakthrough the number of propositions for cooperation increases rapidly and actual sales work takes a back seat because cooperation with existing partners yields. Partnership consists of their respective goals and therefore part of working with the right partners is their goals. However they cannot impede Mobileguru's goals. The importance of creating own strategy is recognised and it is defined as a necessity to be able to focus and work for your own projects, industrial peace and prioritisation of largest partnerships. Pursuing mutual benefits is emphasized – it is even described as an additional value.

Product expertise

Mobileguru commits to the product development process and works flat-out for their end customer in order to create a hit product. At best it results to a global brand even though the competition is hard. This product is plain and easy to use, and appeals to the masses. Gathering all the available data into your head is part of the development process. Consequently after having this know-how the subconscious starts to guide. This is called as an analysis process in Mobileguru and it is excluded from over-analysing that they try to avoid especially in decision making. Over-analysing is an unfamiliar and systematic way to work and therefore the firm does not adopt it.

In spite of the industry, commitment and adaptation to a rapid change belong to the business of Mobileguru. Rapid change is especially part of the introductory phase where people work without rest even until paranoia. Visualisation of causation approach is not useful because of the continuous change. There is no use to expend time for long term planning, though ability to react to unexpected contingencies must be maintained.

Courage and intuitive working

The firm wants to maintain their courage to try new and sometimes crazy things. However because of their challenging history the core team handles their courage with caution. These tribulations have had happy endings though their will to throw themselves into new situations and their speed has decreased. Nevertheless, even though the firm has gambled earlier yet they want to maintain their ability to run a risk: commitment to courage and intuition brings the big profits. Process of creating a new market is described as an intuitive progression that nowadays also includes elements of orderliness.

Analysing is about ensuring returns and growth. Commitment to higher returns and faster growth requires courage and intuition and at the same time illustrates the development of strategic thinking in Mobileguru. Good energy is an essential resource for collaboration and the core team is afraid of losing it. On the other hand, the confidence in learning new safeguards their intuitive and hectic way to work.

Strategy development

The importance of management and strategic thinking is recognised though the focus is on prospects not on the history. Wrong choices and mistakes are part of the business; it is important to be able to learn one's lesson. Commitment to the strategy is about binding as large group of fans as possible for everything that happens around the firm's brand. Success in this increases their revenue and brings the profits.

Brand and fans

It is important for the brand that the fans enjoy and get good experiences while they play or use other products of Mobileguru. Actually the firm aims at delivering comprehensive entertainment services and part of it is the coverage on every hand. Part of the service is a large coverage in accordance with their brand.

2.2. Market level

At the market level (Sarasvathy 2001) there are three meanings that relate to the commitment discourse. According to the meanings the commitment is about 'understanding the customership', 'understanding the markets' and 'networking'.

Understanding the customership

Understanding the customership denotes the commitment to understand the end customer that is the customer of customer. Understanding is possible after testing the experience of the consumer. This procedure deviates from Mobileguru's effectuation approach as the firm strategically progresses towards the understanding of their customer. Learning is strongly related to this method and by understanding the firm aims at creating the best service for the end customers.

Understanding the markets

Mobileguru emphasises their understanding of the markets where they operate. One can understand masses by consuming oneself and drawing conclusions from that experience. Further, travelling and experiencing different markets physically will keep the firm in the picture and maintains the discussion inside the core team. In these discussions future's potential trends, new products and other decisions are considered. These shared discussions refer to the team's strategic internal thinking. However the strategic aspect is not emphasised. Further, understanding the markets is about cooperation with the best partners who have strong positions in the market. Cooperation with these players minimises risks thus the causation approach is emphasised again in Mobileguru's behaviour.

Networking

Commitment to networking is a part of the business. The scale of networking varies in different development phases. In the introductory phase the core team's own intensity in creating new relationships is emphasised. Respectively in the break-out phase, after their success there is an oversupply of partners and controlling this supply is challenging. However Mobileguru is successful in relationships and their networking activities differ by comparison to conventions that prevail in the mobile game business. Today networking in Mobileguru is

also about strengthening inter-personal relationships as the firm wants to shift their attention from contracts towards the people and their interaction.

DISCUSSION

Competence and commitment

Shared experiences in the history of Mobileguru merge the core team together; a sense of community strengthens as the story goes on, and in the end the success is transformed to multiple business areas. The main part of the meanings related to the discourses describes the birth of success, growth and transformation in game development and business in general. One could say that business begins from gaming and developing games in this data. The narratives indicate that game development is a lifestyle and entrepreneurship is connected to it. Together these elements generate incomparable ambitions in game business that Mobileguru later achieves.

Earlier we presented two theories of the commitment creation in firms (Johanson & Vahlne 1977; Gabrielsson et al. 2008). According to them, the commitment is a result of competence in the traditional model and born global firms have commitment even before they have competence for operating in global markets. Respectively, our empirical data indicates that commitment and competence progress in parallel in a born global firm. Further, these characteristics seem to be in close interaction during different development phases and hence they support each other.

“Competence” and “Commitment” discourses that are part of an effectuation and change of the process belong together. Without one you cannot have the other one. They also change in parallel as the firm’s mindset starts to shift from effectuation approach towards the causation approach in the latest development phase. The competence discourse follows more the dimensions of the effectuation theory. Respectively the continuation and expansion of the business influence on the commitment discourse so that it increasingly includes dimensions of causation approach such as strategic planning, even though “over-analysing” is a swear word inside the firm.

Effectuation approach is emphasised in the narratives of the case firm especially in the first development phases (pre-start, introductory) as the earlier findings have suggested

(Sarasvathy 2001). Effectuation seems to relate closely to the competence discourse on both individual and firm, and market levels. Throughout the firm's life-cycle learning by doing, intuition in work and intensive networking are emphasised. Networking relates to the commitment discourse as well as finding the right partners, which is found vital and so is the avoidance of over-analysing.

Game development process makes an exception as it is described as a very analytical process. Also options of end customers are vital for the firm and therefore elements of causation are adopted since introductory phase when studying the customer experiences. As the organisation becomes larger and more experienced it adopts more strategic analysing and decision making of certain operations shifts towards causation. This shows in networking as the firm analyses and evaluates their new partnerships thoroughly in the break-out phase. Even though understanding the markets is important the analysis seems to relate to the game development, customer experience and partnerships in Mobileguru.

Deep analysis of competitors or revenues does not seem to belong to this born global firm's behaviour. In its entirety, characteristics from both effectuation and causation exist in various operations through the firm's life-cycle however the data suggest that effectuation is adopted more in the first development phases (pre-start, introductory) and respectively causation is emphasised more in later development phases (growth and resource accumulation, breakout).

Discourse of competence

Sarasvathy (2001, 251) emphasises "means and tools" in the effectuation process. In Mobileguru, meanings related to the competence and commitment guide their business as an ideology. The core team's shared know-how is "the tool" that becomes reality in the core team's accepted and intuitive way to work. Meanings (individual and firm level) that describe their methods' incomparability, know-how and trust in success are extremely strong against all the odds.

In all narratives the decision making of Mobileguru is heavily dependent on the core team (actors) and their way to work. These actors create and develop their collective customs that are based on shared meanings. All of their operations from game development to other business areas are highly actor-centred and based on their ability to detect and exploit new opportunities. In the introductory and growth phases, the firm has to exploit also undesirable

partner relationships to gain ground on the desired goal. However this behaviour relates more to surviving of the firm rather than being a strategic, causational decision. The behaviour is accepted to ensure the opportunity to develop games as it is their calling to make games.

Controlling the future markets is related to the competence discourse and melds causation and effectuation approach: the future is not described as unexpected or difficult to control, instead the core team of Mobileguru believes their capability to transform their success from their earlier product to new businesses. This would mean simultaneous control logic (effectuation) and predictability (causation) that might be something in compared with earlier findings of Sarasvathy (2001). Here the core team believes to be able to control the future as effectuation approach suggest and therefore predicting the future is mostly about prioritisation of new businesses.

Strategic elements (of causation approach) relate to the prioritisation as the firm aims at developing for the masses and they have plans to decentralise their business to new markets. Operating in the new markets requires prioritisation of partnerships more thoroughly (now they can afford because of their reputation). Thus our data indicates that new markets are created with alliances and other cooperative strategies and this gives support for findings of Dew et al. (2009) that in effectuation logic future is framed in cooperation with international agents (e.g. networks: partners, customers and investors).

Necessity of internationalisation and adaptation to the market change are emphasised at the market level as if they were given. The first finding does not surprise people who have studied the industry: game development business is global since inception because of Internet, new market places and international consumers. The latter part is highlighted as one of the capabilities of the firm though: the core team knows they are talented in adaptation to changing (market) conditions.

In Mobileguru's philosophy the role of end customer is essential; understanding them is emphasised. Especially the experience and gratification of the end customer are found important. Here the firm adopts causation approach as they talk about ensuring the satisfaction of the end customer through testing and dialogue with users. Consequently our analysis shows that the development of competence includes characteristics from both effectuation and causation approaches. Learning occurs in various cooperations though randomness does not occur in these relationships. Therefore the nature of these inter-firm

relationships is strategic as the firms aim at learning and improving their position in the market.

This finding supports previous international business literature where scholars have stated that inter-firm ties have an important role in learning and these relationships are efficient especially in knowledge acquisition (Gulati 1995; Loane & Bell, 2006). Furthermore, Sharma & Blomstermo (2003) have stated that the internationalization of BGs is a “process of learning through networks”.

Discourse of commitment

As the story goes on and the firm moves from the growth and resource accumulation phase to the break-out phase, more elements from causation approach will be adopted. However these elements are muddled up with an effectuation in many phases and it seems that causation approach follows mainly the profit discussion as they already know how to make profits and they are able to transform that capability to other business areas. Increasing revenue and a number of fans is emphasised in many points of the firm’s narratives though they relate more to the core team’s empowerment of attitude towards success and opportunities to continue this prosperity in any other market.

Consequently as born globals proceed in the development phase model (Gabrielsson et al. 2008) strategic approaching becomes more important and hence the causation logic partly overtakes the effectuation logic (Sarasvathy, 2001). This is emphasised especially with the commitment discourse at individual and firm level and hence reflected as the firm’s strengthened internal discussion about the current business and opportunities. Since inception, the commitment for internationalisation has been an important part of the firm’s identity thus the previous findings (Gabrielsson et al. 2008) are supported.

CONCLUSIONS

In summary, this study is an attempt to make a contribution to the born global and entrepreneurship literatures. Earlier theory has not focused much on entrepreneurial decision making in born global firms and the misbalance between commitment and competences has been neglected. On the other hand, the effectuation theory lacks empirical evidence even though the theory might have potential to make multiple contributions to the existing

literature. The study findings are based on an in-depth case study of a mobile game firm that has later expanded to multiple business areas and is a globally successful entertainment brand.

Firstly our study suggests that commitment and competence do not develop in sequence as earlier theory has suggested (Johanson & Vahlne 1977; Gabrielsson et al. 2008), but in parallel. Additionally, during various development phases, commitment and competence are in a close interaction and support each other. Secondly low competence level of entrepreneurs is compensated by applying effectuation logic from inception. Partnering with channels and customers makes this possible and boosts the competence level very rapidly. When causation is applied it will strengthen the own intuition, and mainly strengthens the existent commitments in growth and survival. Furthermore, the founders are able to recruit capable individuals with industry experience, if they share the same mindset and vision. Thirdly effectuation develops toward causation during growth as Sarasvathy (2001) has suggested earlier. However, toward the end, the decision making becomes blended by some activities relying more on causation, whereas some on effectuation. For example, in later development phases more analytical approach is adopted with customers and networks. Respectively intuition, learning by doing and exploitation of contingencies are capabilities from effectuation that born globals hold on tight.

The managerial implications can be also drawn from the empirical findings. The case firm shows that it is possible to succeed with a born global firm in the global competition by using sufficiently effectuation, cooperation, hard work, and passion. Naturally a good product/service is needed with a commercial potential but after that rapid international expansion is possible regardless of the previous international experience of founding members. Right partners are vital for a born global firm and it is a great challenge to find these relationships. Further, developing these relationships needs time and focus though it is needed as they provide resources for success. It is all about attitude and thus the entrepreneurs must have passion for hard work since establishment.

The study has certain limitations that should be taken into account when considering the findings. In this qualitative research one born global firm was studied thoroughly. The firm operates in a mobile game industry however any opportunity for generalisation should be regarded with caution. The study provides opportunities for future research and calls for more studies of born global firms in mobile game and software industry. The industry expands rapidly and therefore multiple case study research with a cross-case analysis of the

commitment and competences co-evolution from the effectuation perspective could produce interesting data for both scholars and practitioners.

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