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SALES CHANNEL STRATEGY DECISION-MAKING IN FINNISH B2B BORN GLOBALS

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# TABLE OF CONTENTS

LIST OF TABLES  
5

LIST OF FIGURES  
7

ABSTRACT  
9

1. INTRODUCTION  
11
   1.1. Background  
11
   1.2. Research gap  
13
   1.3. Research question and objectives  
14
   1.4. Scope of the study  
15
   1.5. Structure of the study  
15

2. LITERATURE REVIEW  
17
   2.1. The Born Global concept  
17
   2.2. Entrepreneurial marketing  
18
      2.2.1 Dimensions of EM  
21
   2.3. Effectuation and causation in decision-making  
25
      2.3.1 Effectuation principles  
27
      2.3.2 Effectuation in born globals  
30
   2.4. International sales channel strategies  
31
      2.4.1 Operation modes and sales channel strategies  
31
      2.4.2 Intermediary options  
35
      2.4.3 Specialties of born global firm sales channel strategies  
36
      2.4.4 Born globals and the internet  
38
   2.5. Theoretical framework and propositions  
41
      2.5.1 Propositions  
43

3. METHODOLOGY  
45
   3.1. Research approach  
45
   3.2. Sample selection  
47
   3.3. Data collection and analysis  
49
   3.4. Validity and reliability  
51

4. EMPIRICAL FINDINGS  
54
   4.1. SmarpShare  
54
      4.1.1 Sales channel structure  
55
      4.1.2 Level of Entrepreneurial Marketing  
57
<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1.</td>
<td>Dimensions of EM.</td>
<td>24</td>
</tr>
<tr>
<td>Table 2.</td>
<td>The core differences between causation and effectuation.</td>
<td>26</td>
</tr>
<tr>
<td>Table 3.</td>
<td>The case companies in this study.</td>
<td>48</td>
</tr>
<tr>
<td>Table 4.</td>
<td>Data collection.</td>
<td>50</td>
</tr>
<tr>
<td>Table 5.</td>
<td>Empirical findings from SmarpShare.</td>
<td>63</td>
</tr>
<tr>
<td>Table 6.</td>
<td>Empirical findings from SSH Communications Security.</td>
<td>71</td>
</tr>
<tr>
<td>Table 7.</td>
<td>Empirical findings from F-Secure.</td>
<td>80</td>
</tr>
<tr>
<td>Table 8.</td>
<td>Cross-case analysis of sales channels.</td>
<td>82</td>
</tr>
<tr>
<td>Table 9.</td>
<td>Cross-case analysis of the level of EM in sales channel strategy.</td>
<td>84</td>
</tr>
<tr>
<td>Table 10.</td>
<td>Cross-case analysis of the dominant decision-making logic.</td>
<td>86</td>
</tr>
<tr>
<td>Table 11.</td>
<td>Evaluation of propositions.</td>
<td>89</td>
</tr>
</tbody>
</table>
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1.</td>
<td>Operation mode and sales channel strategy structures.</td>
<td>33</td>
</tr>
<tr>
<td>Figure 2.</td>
<td>Multiple sales channel strategies.</td>
<td>34</td>
</tr>
<tr>
<td>Figure 3.</td>
<td>Single internet-based sales channel structures.</td>
<td>39</td>
</tr>
<tr>
<td>Figure 4.</td>
<td>Multiple internet-based sales channel structures.</td>
<td>39</td>
</tr>
<tr>
<td>Figure 5.</td>
<td>Theoretical framework.</td>
<td>42</td>
</tr>
<tr>
<td>Figure 6.</td>
<td>SmarpShare’s sales channel structure.</td>
<td>55</td>
</tr>
<tr>
<td>Figure 7.</td>
<td>SSH Communication Security’s sales channel structure.</td>
<td>65</td>
</tr>
<tr>
<td>Figure 8.</td>
<td>F-Secure’s sales channel structure.</td>
<td>73</td>
</tr>
<tr>
<td>Figure 9.</td>
<td>Revised theoretical framework.</td>
<td>91</td>
</tr>
</tbody>
</table>
ABSTRACT

Recently, academics have raised interest on the decision-making logic of international entrepreneurial firms. Literature on the subject indicates that normal causation-based decision-making logic does not explain the decision-making of entrepreneurial firms, such as born globals, but a decision-making logic called effectuation is a more fitting theory for the logic behind their decision-making. Furthermore, traditional approach to marketing is not effective for these firms so they tend to engage in Entrepreneurial Marketing (EM) approach, which has a more innovative and network-based approach to marketing.

The relationship of dominant decision-making logic and sales channel strategy was investigated in three Finnish-based B2B born global firms. A theoretical framework to indicate the relationship between the decision-making logic and sales channel structure, and the relationship between decision-making logic and the level of EM in the sales channel strategy was built based on previous theory. Data for the empirical analysis was collected through semi structured interviews and company publications. Empirical data of each case company was cross-analyzed and the theoretical framework was revised.

The results show that the use of effectuation positively influences a higher level of EM in born global sales channel strategy. However, it was found out that the dominant decision-making logic does not affect the sales channel structure. Instead, a pattern of born global sales channel structure development was identified.

KEYWORDS: Born globals, decision-making logic, sales channel strategy, Entrepreneurial Marketing
1. INTRODUCTION

Globalization has made the movement of people, goods and information a lot easier and faster during the last decades. While this has affected our every day lives significantly, it has also changed the business life and environment around us. Companies are now able to operate in more distant markets with a lot smaller expense. A certain type of companies – born globals – have leveraged from this opportunity by seeking competitive advantage by expanding their operations to global markets right from their foundation. Because of their rapid expansion to global markets born globals have to face unique problems, most commonly difficulties caused by the liability of foreignness and newness, and by resource constraints. In order to solve these problems, born globals have to have a different kind of mindset and logic in decision-making; otherwise the goal to reach global market spaces rapidly would be too ambitious. Also, born globals have to use a more innovative marketing mix and the help of partners to get the attention of their end customers around the world.

This first chapter of this thesis will offer an overview of the whole subject. First, a brief background of the academic field concerning the theories used in this research is given. Second, the subject of this research will be justified as an existing gap in the previous research will be identified and rationalized as an interesting topic of research. Furthermore, the research question and separate objectives that will guide through this thesis will be provided along with the desirable outcomes of this study. Finally, the scope of this thesis will be explained and the structure of the paper will be explained.

1.1. Background

The rapid growth and expansion to foreign markets of born globals has received large interest from scholars since the discovery of their unique internationalization behavior by McKinsey consultants (McKinsey 1993). Most often the research considering born globals has been about their rapid expansion patterns and foreign market entry while other problems related to these issues have been neglected (Keupp & Gassmann 2009; Nummela, Saarenketo & Loane 2014). Now academics have also shown interest towards the decision-making behind this behavior, as the rapid internationalizing and export behavior are only the outcomes of decision-making behind them. Born globals operate in environment with high levels of unpredictability and turbulence with a great time pressure, so their decision-making has to have unique characteristics compared to
traditional companies. However, the literature about born global decision-making has particularly been focused on the drivers of decision-making, e.g. the entrepreneurial orientation of companies has been studied a lot (Jones, Coviello & Tang 2011).

Sarasvathy (2001) has introduced a theory of decision-making called effectuation, which she states is more fitting for entrepreneurial companies. Effectuation is characterized with decision-making based on firm’s own resources, capabilities and networks, rather than careful market prediction and risk evaluation, which is typical in the traditional causal decision-making. Lately, scholars have investigated the existence of effectuation in born global companies (e.g. Anderson 2011; Evers & O’Gorman 2011; Gabrielsson & Gabrielsson 2013). Results of these investigations have shown that effectuation is typical during the first stages of internationalization in born global companies and it makes the rapid expansion to foreign markets possible.

Effectuation emphasizes the importance of networks, which based on previous literature is important in born globals’ sales channel strategies as well (Gabrielsson & Gabrielsson 2011; Gabrielsson & Kirpalani 2004). Born globals and their sales channels have strong characteristics of Entrepreneurial Marketing, which is an application of more innovative marketing approach in order to help problems caused by the liability of newness and resource constrains (Hallbäck & Gabrielsson 2013). Previous literature shows that traditional marketing is not effective in born globals and that Entrepreneurial Marketing enhances born globals’ performance through four key strategies (Mort, Weerawardena & Liesch 2010; Morris, Schindehutte & LaForge 2002). Furthermore, research has found similarities in the principles of effectuation and Entrepreneurial Marketing (Mort et al. 2010). This thesis wants to further investigate the relationship between these two theories in born global context.

As research of born globals’ sales channel strategies has been neglected in the expense of operation mode research (Gabrielsson & Gabrielsson 2010), this thesis wants to shed more light on the development of the sales channel strategies in born globals. The literature that exists of born global sales channels is focused on the structures and the behavior of the channels but the decision-making behind it has not received sufficient attention.
1.2. Research gap

Sales channel strategy choices of companies have been investigated for a long time but research in the born global context has been fairly limited. The international marketing strategy literature has been mostly focusing on large global firms (e.g. Levitt 1983) and the ones that have been focusing on born globals (e.g. Knight 1997) have not touched the area of sales channel strategies, excluding a few exceptions (Gabrielsson & Kirpalani 2004; Gabrielsson & Gabrielsson 2011). Furthermore, most of the literature on sales channel strategies has focused on the single channel strategy alternatives and multiple channel strategies have only be given limited attention (e.g. Al-Obaidi & Gabrielsson 2002). In addition, internet as a sales channel strategy, which is especially fruitful to investigate in the light of multiple channel strategies, has not been given sufficient attention in the born global context (Gabrielsson & Gabrielsson 2011). As the entry mode strategies have been investigated a lot in born global context, it would be interesting to deepen this channel investigation to the end-customer level.

Effectuation as a decision-making logic in born globals has been raising interest in the previous five years (e.g. Andersson 2011; Gabrielsson & Gabrielsson 2013; Galkina & Chetty 2012; Sarasvathy et al. 2014; Kalinic, Sarasvathy & Forza 2014) but the results on the field have been quite versatile and clear implications on the matter have been hard to form. Furthermore, none of the studies in effectuation literature have investigated the effects of decision-making logic towards sales channel structure. Most of the studies on born globals have focused on the internationalization patterns and entry strategies, in other words on the outcomes of the decision-making, while the actual drivers behind the decision-making have been neglected (Nummela et al. 2014). Previous literature identifies that effectual decision-making tends to change towards more causative decision-making logic as the firm grows but the two can also be present in the decision-making at the same time (see e.g. Kalinic et al. 2014; Anderson 2011; Sarasvathy et al. 2014). How the dominant decision-making affects the choice of sales channel structure has not yet been investigated. Thus, there seems to be a gap in the literature of investigating the relationship between the dominant decision-making logic and the sales channel strategy decisions in born global firms.

Entrepreneurial Marketing has also been investigated in born globals and in other types of SMEs (e.g. Mort et al. 2012; Hallbäck & Gabrielsson 2013; Kocak & Abimbola 2009; Hills et al. 2008). Previous literature proves that EM has a positive effect on born global firm’s performance and survival but it has not been investigated how its key strategies are visible in born global firm’s sales channel strategy. Furthermore, even
though EM and effectuation have been linked as interrelated concepts in previous literature (e.g. Mort et al. 2012) those two have not been investigated together within a single theoretical framework. This relationship between the two theories is another research gap that this thesis aims at lightening.

To conclude, this thesis finds its research gap in investigating the relationships between different decision-making logics and the sales channel structure choice. Furthermore, the relationship between the choice of decision-making and the level of Entrepreneurial Marketing in sales channel strategy will be investigated.

1.3. Research question and objectives

As this thesis is interested in the drivers behind born global firm’s decision-making in sales channel strategies, the following research question is formed:

*How do different approaches in decision-making of born globals affect their choices of sales channel strategy?*

In order to answer this research question separate research objectives are also formed. They highlight the special interests of this thesis; different decision-making logics (namely effectuation and causation), the relationship between the decision-making logic and the sales channel structure choice, and the relationship between the level of Entrepreneurial Marketing in the sales channel strategy and the used decision-making logic.

**Objective 1:** To investigate how does the decision-making logic in use influence the choice of sales channel structure in B2B born global firms.

**Objective 2:** To investigate how does the decision-making logic in use influence the level of Entrepreneurial Marketing in the sales channel strategy of B2B born globals.

To clarify, as the level of EM in the sales channel strategy of the firm this thesis refers to the level of EM dimensions utilized in the sales channel strategy. For example, a born global firm may enhance its legitimacy by using partner-based internet sales channels. More thorough discussion of these opportunities is held in section 2.2.

With the research question and these objectives this thesis is seeking to give business practitioners practical information about how they can approach their decision while
they are operating with resource constraints and in highly turbulent and unpredictable markets spaces. Furthermore, this thesis aims at providing information to fellow academics on the drivers behind born global decision-making in sales channel choices.

1.4. Scope of the study

This thesis in only focusing on born global companies and thus the results of the study cannot be generalized to be applicable for other type of SMEs. Furthermore, the case companies emerge from a small and open economy, in this case Finland, which gives its own characteristic challenges and opportunities for the firms, which increases the limitations of the study. In addition, the research focuses only on business-to-business companies as otherwise the results could not be compared with each other. This means that the results from this study cannot be applied to B2C companies. The case companies will also be selected from similar industries, which eliminates the element of technology and market differences, which could have an effect on the decision-making.

Also, because of the resource constraints in this study a longitudinal study is not possible. A longitudinal study would offer more interesting results, as it would enable e.g. the investigation of the firm’s decision-making evolvement through the different stages of internationalization.

1.5. Structure of the study

First, a detailed discussion of the theories used in this thesis will be held. Namely, these theories are the concept of born globals, Entrepreneurial Marketing, effectuation-based decision-making, and international sales channels. All of these theories will be given an overall explanation, after which examples of specialties in born global firms of each theory will be provided. Furthermore, as all of the theories have been discussed, all of them will be tied together as a single theoretical framework, which will be examined and will guide through the empirical part of this thesis.

Before the actual empirical part of the thesis an explanation of the methodological choices used in the study will be provided. In addition, a justification of the sample used in the research is given. After that, the actual empirical part starts as the empirical findings from the case companies are presented Next, the findings of each case
company will be cross-analyzed with the help of the theoretical framework. After the analysis of the data from the case firms a discussion is held of the most interesting findings from the research, and the propositions provided alongside the revised theoretical framework are examined.

Finally, this thesis offers a conclusion of its most important empirical findings. Furthermore, the thesis aims at highlighting some useful practical implications for business practitioners and also offers some interesting topics for future research in the same academic field.
2. LITERATURE REVIEW

This chapter will discuss all the theories relevant for this thesis. First, the phenomenon of born globals is explained, following with the approach of Entrepreneurial Marketing. After that, the two logics of decision-making, causation and effectuation, are discussed. The last theory explained in this chapter are the different alternatives in sales channel strategy, after which all the theories are combined as a single theoretical framework. Along with the theoretical framework different propositions for the research are created.

2.1. The Born Global concept

This chapter will present a brief overview of the born global phenomenon. First, the most important characteristics of born global firms with brief explanations will be highlighted. Furthermore, a definition of what is meant by a born global in this thesis will be provided.

The discussion about born globals in the academic field started in Australia in 1993 when McKinsey & Company and the Australian Manufacturing Council (AMC) were investigating the export behavior of Australian SME firms. It was found out that there exists a group of companies that do not behave as the traditional internationalization theory (e.g. Uppsala model by Johanson & Vahlne 1979) suggested: instead of gradually internationalizing their operation first to countries with smaller physical and psychic distances these firms expanded their operations to global markets right from the beginning. It seemed that these small companies exported their products to wherever there was demand for it and did not establish themselves first in the domestic market, as the traditional internationalization theory suggests (McKinsey & Co. & AMC 1993).

Since then academics around the world have made similar findings in their research and scholars have been able to create quite a comprehensive theoretical framework around born global firm. Still, a comprehensive definition for the phenomenon has yet to be formed but the most important characteristics of this type of companies are clear. First, born globals challenge the traditional internationalization pattern by directly expanding their operations to global markets, sometimes even bypassing the domestic market completely (Oviatt & McDougall 1994; Knight & Cavusgil 1996; Liesch & Knight 1999). Second, born globals are characterized with resource constraints and the liability of newness and foreignness, which they try to overcome by innovative resource usage, networking and managers’ previous experience. They do not let the lack of resources
constrain their strategic alternatives but aim at internationalizing their operations as fast as possible (see e.g. Gabrielsson & Kirpalani 2004; Mort et al. 2012; Gabrielsson & Gabrielsson 2013).

The phenomenon of born globals is widespread, born global –type of export behavior has been observed in all major trading countries and across industry sectors (Knight & Cavusgil 1996). There exists a number of different suggestions of growth patterns to describe born global firms’ internationalization path but scholars do agree that the growth happens through different stages, each stage including some kind of managerial crisis, which dictates whether or not the company may proceed to the next stage (Gabrielsson & Gabrielsson 2013).

This thesis builds its definition for born globals from the definition formed by Oviatt and McDougall (1994). They, however, did not discuss about born globals but about International New Venture (INV), which is a similar concept. Oviatt and McDougall (1994) defined as follows: “INV is a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”.

The difference between INVs and born globals is that a global presence is not demanded from INVs. That is why in order to define born globals a more detailed definition is needed. This thesis uses the definition given by Gabrielsson et al. (2011). So, in addition to Oviatt’s and McDougall’s definition, in order to be referred as a born global “at least 25% of sales come from foreign markets within 3 years from inception, and in addition, at least 25% of sales come from outside the home continent within 6 years from inception” (Gabrielsson et al. 2011: 2).

2.2. Entrepreneurial marketing

Traditionally, entrepreneurship and marketing have been considered as two separate schools of thought. However, during the last decades scholars have been suggested that there is an obvious linkage between the two, especially in SME firms. The problem in the academic world has been the fact that the specialties of SME firm marketing have been neglected, and the focus has been on more administrative marketing activities, which larger firms with more abundant resources and established marketing activities practice (Hills, Hultman & Miles 2008). This predominant perspective has ignored the resource constraints, capability limits, business objectives, and skills and resources used
by smaller firms, which tend to have a more entrepreneurial way of using marketing as a tool to gain competitive advantages (Miles & Darroch 2006).

Fortunately, academics have awakened to the fact that a more thorough understanding is needed for the marketing of SME firms. The key idea is that a firm with a more entrepreneurial attitude tends to have a different perspective on marketing than a firm with a more administrative attitude. The cry for a marketing theory with more focus on innovation has been present in the academic world for decades (e.g. Alderson 1965) but the development of entrepreneurial marketing (EM) did not start until the 1980s (Hills et al. 2008). For long the main emphasis of EM was on comparing and adapting current theory of conventional marketing in any ways applicable to SME firms (Mort et al. 2012). Stokes (2000) was the one to find substantial differences between the marketing activities used by entrepreneurs and larger firms with more traditional marketing. Berthon, Ewing and Napoli (2006: 6) suggest that as smaller firms do not behave in the way conventional theories suggest, the principles of these theories cannot and should not all be applied in EM context. Entrepreneurial firms also usually have different competencies in marketing, for example superior understanding of customer needs, market trends, and market positioning (Smart & Conant 1994). This is also the reason why they engage in EM: they “use marketing as a path to create competitive advantage, based on differentiating their marketing program by leveraging their superior knowledge of customers, markets, and technologies” (Hills et al. 2008).

Today’s academic world has reached a growing consensus in the EM literature that EM significantly differs from the conventional marketing (e.g. Morris et al. 2002; Hills et al. 2008). The first and probably the most significant difference is the sole perspective towards marketing: an entrepreneurial marketer sees marketing as a social, personal activity and not only as an organizational function, which needs to be done, like HR or accounting functions. Entrepreneurial marketers are passionate about marketing and they are always looking for new opportunities to engage in new innovative marketing actions that can bring added value to the company. In EM, marketing is considered as the core function of the organization (Hills et al. 2008).

In their study of 29 Swedish and 30 US companies Hultman and Hills (2001) came across that many successful entrepreneurs do not practice their marketing in the rational and sequential manner, which is assumed by the conventional theories. EM is far more opportunity driven than conventional marketing; entrepreneurial marketers are always analyzing the business environment and constantly reinterpret it as it changes (Hultman 1999). When an opportunity presents itself, an entrepreneurial marketer tries to seize it
by new innovative products, processes, strategies, or domains. These new innovations are also always unique, as two entrepreneurs have their own way of interpreting the possibilities offered by these opportunities. (Hills et al. 2008).

In their study Hultman and Hills (2001) also found out that formal planning of marketing is very limited in EM: none of the high-growth service firms in their study did any formal marketing planning, while a majority of the retail/trading firms did. This also suggests that EM is more popular in those industries that are more turbulent and new. EM also differs in the decision-making process. Firms that engage in traditional marketing are driven to reach financial goals, such as profit and return of investment, but in EM owners tend to formulate their businesses’ goals by mixing their own personal goals and preferences. (Hills et al. 2008)

Even though many marketing theories stress the importance of flexibility and customization, this matter cannot be overemphasized in EM. Successful entrepreneurial firms are able to make rapid decisions and adapt quickly to the sudden changes in their environment. These are in the core of their strategic capabilities as they aim at producing best customer value both in the short and in the long run. (Hills et al. 2008)

In order to conclude the discussion above a definition of EM is needed. In this study a definition formed by Mort, Weerawardena and Liesch (2012) is used, as it is one of the most recent ones in the EM literature. Mort et al. (2012) built their definition by adapting a former definition formed by Morris et al. (2002). So, by definition, EM is:

“The proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management and resources leveraging for value creation”. (Mort et al. 2012: 544)

It is important to keep in mind that EM is not only for SME firms to adapt. Even though it has been stated that EM behavior tends to diminish as a company establishes itself (Bjerke & Hultman 2002), larger firms may also engage in EM actions, often alongside with their more conventional professional marketing activities. This is often the case e.g. in newer industries with more turbulent business environment. Scholars also suggest that larger companies are likely to engage in more EM kind of activities in order to improve their customer intensity (Miles & Darroch 2006). Also, an important fact to remember is that EM versus more administrative marketing is not an either-or kind of decision for companies: companies will always go back and forth between both, depending on the situation and business environment. Companies may also be
practicing both theories at the same time, for example pursuing innovative opportunities while trying to reach a pre-set goal in profitability (Morris et al. 2002).

2.2.1 Dimensions of EM

Next, different dimensions of EM identified by Morris et al. (2002) will be discussed, alongside with commentary of how these are specially related in international entrepreneurial marketing (IEM). Discussing about IEM is especially important in this thesis, as it is investigating born global firms, which are an excellent example of an international firm with an entrepreneurial mindset.

The dimensions of EM identified by Morris et al. (2002) are *opportunity-driven, proactiveness, innovation-focus, customer intensity, risk management, resource leveraging, and value creation*. After Morris’ study (2002) Mort et al. (2012) suggested some improvements for them based on their more present study. They found out that some of the dimensions were not as important as others in enhancing firm performance and that some of the dimensions can be combined together, in order to explain the phenomenon more accurately.

As already mentioned before, opportunism is a core dimension of EM. Morris et al. (2002) explain that exploiting imperfections in the market space by their knowledge is what distinguishes entrepreneurial marketers from others. In EM there is an ongoing search and discovery of changes in the environment that cause imperfections. The exploitation of opportunities happens through everlasting learning and adaptation by marketers before, during, and after the actual implementation caused by a new discovery. (Morris et al. 2010)

While Morris et al (2002) explain (based on the studies by Hills 1999 and Hamel & Prahalad 1994) that the search and discovery for new opportunities happens through active scanning activities, Mort et al. (2012) criticize this by claiming that opportunity identification and exploitation is not enough, they suggest that another opportunity driven function of EM has to be distinguished: opportunities are not only there for an entrepreneur to discover, they have to created by active *opportunity creation*. They explain that in order for EM practitioners to enhance their performance, they have to engage in active, ongoing and integral opportunity creation, which in born global perspective means rapid expansion into global markets. In the born globals that were sampled in their study, opportunity creation is a result of both possession of prior understanding and cognitive ability to develop a new opportunity.
Another suggestion by Mort et al. (2012) is to combine customer intensity and innovation focus as one single dimension. They argue that these two have to go hand-in-hand because as a firm is able to establish closer ties with customers and gets to know their preferences better, the firm is also able to create new innovative product offerings for them. In other words, customer intensity and the development of new products is an iterative process, which happens through customer feedback actively pursued by the firm. The goals of closer customer intensity and innovative market function are the same as identified by Morris et al. (2002) but as they interrelate continuously, it is reasonable to combine them as one dimension.

Resource leveraging is about tackling the problem that comes with the liability of smallness. SME firms practicing EM are characterized with resource constraints and by resource leveraging; they are aiming at doing more with less, so to speak. Morris et al. (2002) list a number of ways to do so but they mostly emphasize the ability to leverage from other persons’ or firms’ resources. This can happen in-house, by mixing different departments’ resources in order to create synergies, through informal networks, or in formal initiatives, such as strategic alliances and joint ventures.

However, Mort et al. (2012) claim that the ability to take advantage from other people’s resources is not enough. They talk about resource *enhancement* rather than leveraging. By resource enhancement they refer to a strategically driven marketing process, which emphasizes the creation of new resource combinations. These combinations are more innovative and opportunistic in nature than resource leveraging, which Morris et al. (2002) discussed about. Mort et al. (2012) also highlight that resource enhancement is particularly important for born globals in order for them to successfully operate in their rapid international market entry.

The dimensions that Mort et al. (2012) left without modification are proactiveness, risk management, and value creation. Interestingly, the reason these were left out of the discussion is that the authors did not find a significant relation between these dimensions and better firm performance in the sampled born global firms. Proactiveness of course is a core mindset of all marketing in general and thus is also part of EM. Marketers are always searching for new ways to produce competitive advantage through incremental changes in their marketing mix. The difference between proactiveness in EM and in conventional marketing is that in EM the external environment is not considered as given, i.e. a set of circumstances to which a firm can only react or adjust – the environment is considered as a “horizon” full of opportunities, which a marketer can redefine in order to create advantages for the firm. Linked to the redefining of external
environment is also the dimension of risk management. In risk management a marketer is aiming at reducing firm’s dependency and vulnerability caused by factors in environmental uncertainty. For example, a firm can release its resources to more productive use if it joins collaborative marketing programs with other firms, strategic alliances, outsources some activities, or joint develops projects. In EM, the marketer has a key role in the control of the firm’s destiny in a role of risk manager. Last of the dimensions identified by Morris et al. (2002), value creation, refers to the continuous search for increased customer value. Entrepreneurial marketer is always investigating the different aspects of firm’s marketing mix, trying to find some untapped source of customer value. The assumption behind this logic is that customer value is a requirement for transactions and customer relationships (Morris et al. 2002).

Furthermore, Mort et al. (2012) identify one extra dimension in addition to the seven, which Morris et al. (2002) listed. This eight dimension is called legitimacy and it refers to the difficulties that SME firms face while pursuing market acceptance as an unknown player in the market place. SME firms may use a number of different techniques to establish legitimacy for their products, for example appearing on a global company’s website or by winning prizes and awards with company’s products. This dimension is especially important for born globals as they entry unfamiliar foreign markets in rapid fashion without first establishing a customer base even in their domestic market. In the sampled born globals legitimacy was found to enable improved performance outcomes, which justifies it as a fundamental dimension of IEM (Mort et al. 2012). The different dimensions of EM and IEM are listed in table 1.

In addition to Mort et al. (2012), Hallbäck and Gabrielsson (2013) have also investigated EM in international context. Both of these studies investigated which aspects of EM are particularly important for SME firms that engage themselves in rapid international expansion. Adding to the findings of Mort et al. (2012) already discussed before, Hallbäck and Gabrielsson (2013) identified innovativeness and adaptation to be the key dimensions of EM in international context. To be more specific, the factors suggested as crucial for innovativeness in IEM are value innovation, co-created marketing, and low cost marketing, whereas the components especially important in IEM adaptation are country and customer adaptation.

Research also suggests that INVs tend to lose their capabilities for innovative marketing strategies, i.e. the ability to practice EM, towards the later phases of their firm growth (Hallbäck & Gabrielsson 2013). The fact that this tends to happen does not necessarily happen simply because the firm loses its ability to practice EM, the development of the
industry in question may be even a bigger influencer. INVs are usually pioneers in the industry they operate in, and as the industry becomes less turbulent as it grows, the need for innovative and adaptive marketing strategies diminishes as well.

**Table 1. Dimensions of EM (Adapted from Morris et al. 2002; Mort et al. 2012)**

<table>
<thead>
<tr>
<th>Dimension of EM</th>
<th>Explanation of the dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactiveness</td>
<td>Ongoing process of redefining external environment and taking advantage from changes in it. Organization is an agent of change, which seeks new market positions by adapting its marketing mix for a better fit to the environment.</td>
</tr>
<tr>
<td>Risk management</td>
<td>Lowering firms vulnerability and dependency on factors caused by uncertainties in external environment.</td>
</tr>
<tr>
<td>Value creation</td>
<td>Ongoing search for unidentified sources of increased customer value in firm’s marketing mix.</td>
</tr>
<tr>
<td>Opportunity creation</td>
<td>Active process of creating new opportunities with the means that the firm currently possesses, not just scanning for unnoticed opportunities in the market place.</td>
</tr>
<tr>
<td>Customer intimacy based innovative product</td>
<td>An iterative process to create more innovative products for customers by gathering more accurate information from customers through more intimate relationships.</td>
</tr>
<tr>
<td>Resource enhancement</td>
<td>Tackling resource constraints by creating new resource-combinations from in-house resources, or by leveraging from other firms’ resources through strategic relationships.</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>Firms have to use different techniques in order to establish awareness and legitimacy for their unknown products.</td>
</tr>
</tbody>
</table>

The blue border illustrates the dimensions especially important for born global performance.
2.3. Effectuation and causation in decision-making

Business textbooks in all fields of business studies usually offer students step-by-step guides to help students in their decision-making process in the matter they are seeking information about. This way of analyzing the problem step by step in order to reach a decision is called causation. Causation is the traditional way of decision-making and it is taught in business schools everywhere and in every subject. Professors teach their students to e.g. forecast the future demand for a firm’s product in order to decide how much production the firm’s factory should make each year. In other words, students should make their decisions with assumed existence of the central components and contexts of business, regarding the decision they are making. To put this differently, students do not need to create any new artifacts, just work with the ones they got. This seems off place, since at the same time e.g. classes about entrepreneurship emphasize innovation as the key component for success. (Sarasvathy 2001)

The first article to raise big awareness to this problem was written by Sarasvathy (2001). She challenges the traditional causational decision-making process with her theory of effectuation. A decision involving causation starts with a certain goal that the decision-maker is aiming at conquering and continues to acquiring the needed resources in order to reach that goal. For example, a chef decides on a menu that he wants to cook, and afterwards goes to the market to buy all the needed ingredients for that specific menu. In effectuation the decision-making is more mean-based and the pre-decided goals are forgotten (Sarasvathy 2001). In the chef’s case this means that the chef cooks a menu based on the ingredients that he currently possesses in his cupboard.

Effectuation is a decision-making process especially suitable for entrepreneurs in the early phases of their business. Expert entrepreneurs usually start with only the core idea of what they could do, and as they gather self-selected stakeholders onboard, new artifacts, such as ventures, products, opportunities, and markets with specified goals set by the different stakeholders, are formed (Wiltbank, Dew, Read & Sarasvathy 2006). When entrepreneurs start to formulate their business idea, they usually start with three categories of “means”, which are the core aspects of decision-making involving effectuation: entrepreneurs know who they are, what they know, and whom they know. These include entrepreneur’s own abilities, skills, knowledge, and the social network that they have around them (Sarasvathy 2001). All of these aspects concentrate on the matter of entrepreneur’s self-control over the future: decision-maker does not have to predict the future (like in causation) as far as he/she can have control over it (i.e. effectuation has an emphasis of control over prediction). Because effectuation
concentrates on the control of entrepreneur’s own resources, rather than prediction of the future, it is especially suitable for companies struggling with uncertain and turbulent business environments, which can occur for example in situations where the company creates a totally new business are (which is often the case with born global companies) (Sarasvathy & Dew 2005).

**Table 2.** The core differences between causation and effectuation (Adapted from Gabrielsson & Politis 2009; Dew et al. 2009; Sarasvathy 2001).

<table>
<thead>
<tr>
<th>View of the future</th>
<th>Causation</th>
<th>Effectuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focuses on predicting the uncertain future. Causal logic sees future as a continuation of the past, thus prediction is both useful and necessary.</td>
<td>Effectual logic sees the future as a “horizon” of opportunities, which can be affected by players in the industry. Thus, future is controllable and prediction is not useful.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Basis for taking action</th>
<th>Causation</th>
<th>Effectuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals determine actions, which determine sub-goals, even when constrained with limited resources.</td>
<td>Means possessed by the firm determine actions, which afterwards may emerge into goals.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market definition</th>
<th>Causation</th>
<th>Effectuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market is explored and exploited by techniques of analysis and estimation.</td>
<td>New market spaces are created by innovation and imagination.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Relation to uncertainty</th>
<th>Causation</th>
<th>Effectuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncertain situations are avoided to the greatest possible extent. Contingencies emerging from these situations are seen as obstacles to be avoided.</td>
<td>Uncertain situations are sought in order to leverage dormant possible contingencies from these opportunities.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attitude towards risk</th>
<th>Causation</th>
<th>Effectuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risky actions and investments are measured by expected return, the focus is on the upside potential.</td>
<td>Effectual logic evaluates actions by affordable loss. Opportunities are invested in only with resources that all stakeholders can afford to lose.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attitude towards outsiders</th>
<th>Causation</th>
<th>Effectuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsiders are considered as competitors and they are evaluated through competitive analysis. Sharing of ownership is limited as long as possible.</td>
<td>In effectuation outsiders are seen as possible partners. Relationships are needed to leverage resources and to create new markets. Also, partnerships shape the venture and its goals.</td>
<td></td>
</tr>
</tbody>
</table>

In Sarasvathy’s (2001) initial study she investigated the decision-making logic of expert entrepreneurs. She learned that in her sample, 63% of entrepreneurs were using effectual decision-making rather than causal logic for 75% of the time. The basic
aspects differentiating effectual thinkers from causal were identified as: “(1) use of means-based approach, (2) management of their level of affordable loss, (3) use of partnerships, (4) leveraging contingency, and (5) as a consequence of the logic of control over prediction, expert entrepreneurs see the future as cocreated through human action rather than an outcome of inevitable trends, which actors in the field have no control over (Sarasvathy 2001 & 2008). These and other basic differences between causation and effectuation logics are identified in table 2. A more thorough discussion of the most important aspects of effectuation will be held later as the five principles of effectuation are discussed.

Furthermore, Sarasvathy (2001) emphasizes that effectuation is not in any way a better or more efficient process for decision-making than causation is, only that in some environments it explains the decision-maker’s thought process more accurately. It depends on the circumstances what type of logic should be used, and the two can also be used concurrently. In addition, effectuation is a dynamic process of two concurrent cycles – acquiring means and constraining goals: “the first is an expanding cycle that increase the resources available to the venture, and the second accretes constraints on the venue that converge into specific goals over time” (Sarasvathy & Dew, 2005: 543). In other words, entrepreneur expands firm’s resources by forming partnerships with external stakeholders, and the individual goals of each new stakeholder create goals for the entrepreneur’s firm.

2.3.1 Effectuation principles

This chapter will discuss the five different principles and overall logic of the effectuation theory, which are identified and named by Sarasvathy (2008). The five principles are: (1) bird-in-hand, (2) affordable loss, (3) crazy quilt, (4) lemonade, and (5) pilot-in-the-plane.

Bird-in-hand refers to the basic effectual aspect of means-based approach. Entrepreneur starts the effectual decision-making process by analyzing the firm’s identity (who I am), knowledge (what I know), and networks (whom I know). This way of analyzing firm’s capabilities and networks aims at answering the question of “what can I do” rather than the question of “what should I do”, which clearly emerges from causal way of thinking (Sarasvathy, Kumar, York & Bhagavatula 2014). While both causal and effectual ways of thinking are part of natural human behavior, studies show that there is a significant and positive correlation between means-based approach and new firm performance (Read, Song & Smith 2009), which clearly suggests that effectuation is a more suitable
option for entrepreneurs starting their business. When a firm relies more on means rather than ends, it encourages them to seek new opportunities and also to be more aware of their own capabilities, which enhances the exploitation of these capabilities (Sarasvathy et al. 2014). In addition, active social interaction with partners can create new perceptions for entrepreneur’s means and for the effects, which those means can create (Fischer & Reuber 2011).

Entrepreneur’s decision to start a new business is not solely made based on the means the entrepreneur possesses; it is also a matter of calculating the actual risks of starting a new business. Usually this risk calculation has been seen only as an either or choice between venturing and a wage job but effectuation suggests that the decision is a matter of affordable loss. This means that expert entrepreneurs practicing effectuation logic calculate the losses they afford to make rather than predicting the possible future gains. When an entrepreneur focuses on affordable loss, it eliminates the need for forecasting the future earnings, which then reduces time needed for planning. Furthermore, calculating affordable loss is relatively easy and faster than forecasting possible gains, as an entrepreneur only has to evaluate his/her nearest environment and can estimate how much is affordable to lose. (Sarasvathy et al. 2014)

The third principle, crazy quilt, refers to the necessity of partnerships and how entrepreneurs create them. As entrepreneurs themselves invest only those resources that they can afford to lose, they have to expand their resources through external stakeholders. Effectual approach usually calls for rapid engagement in conversation with people the entrepreneur already knows and with people the entrepreneur comes into contact with, rather than carefully planning who to contact. Some of these people may end up with making an actual commitment to the new company – a critical factor in the selection is that an effectual entrepreneur seeks to create ways for self-selection of stakeholders (Sarasvathy et al. 2014). Many relationships may be created through the many conversations held but only those relationships where both parties share the risks of the new company may also benefit from the success of the cocreated venture (Chandler, DeTienne, McKelvie & Mumford 2011).

One of the key aspects in effectuation is to expect the unexpected, and to treat those surprises as opportunities to leverage from. Because entrepreneurs starting their new ventures often operate in new markets characterized with uncertain conditions, effectuation suggests that it may be fruitful for them to embrace those unpredictable happenings of their business environment, rather than trying to avoid all the possible deviations from the original business plan (Sarasvathy et al. 2014). Embracing the
unexpected events allows the abandoning of the unprofitable experiments and opens up space for new possibilities to be leveraged (Chandler et al. 2011). This process of embracing contingency, or “turning lemons into lemonade”, opens up the resource of unintended discovery as a part of firm’s opportunity development process (Corner & Ho 2010; Sarasvathy et al. 2014).

The last principle, pilot-in-the-plane, was added to the original dimensions (Sarasvathy 2001) by Sarasvathy herself in order to emphasize the role of human beings in the process of shaping the future. The idea is that in a highly uncertain event space effectual entrepreneurs aim at transforming and reshaping the future of that space with other effectual actors, rather than just updating their probability estimates of what could happen in that space in the future. To put it differently, effectual entrepreneurs do not want to see the business environment to run on autopilot but to rather see themselves as actors who are able to change the business environment in the way they want to (Sarasvathy, Menon & Kuechle 2013).

While discussing the principles of effectuation it becomes quite eminent that the aspects of effectuation interrelate quite a lot with the theory presented in the previous chapter, Entrepreneurial Marketing (and International Entrepreneurial Marketing). Thus, the important aspects of EM, which are linked to effectuation, will be briefly discussed next, as it is important to show how the different theories used in this thesis are connected to each other.

First, the EM dimension of proactiveness is clearly linked to pilot-in-the-plane principle. In both components the entrepreneur seeks to actively change the business environment the firm is operating in by reshaping the trends in the environment and the processes that the firm is practicing.

Second, Mort et al. (2012) identified elements of effectuation in their reformatted EM dimension of opportunity creation. Like in the lemonade-principle, opportunity creation also aims at taking an advantage of contingencies or unexpected events as they arise.

Furthermore, the EM dimension of resource enhancement refers to the same concepts as the crazy quilt –principle. Like the name suggests, resource enhancement seeks to combine different resources, from both internal and external stakeholders, in order to enrich and extend the resources available for the firm (Mort et al. 2012). The relationship forming through self-selection of stakeholders in the crazy quilt –principle tries to achieve these same goals.
Finally, to conclude, Mort et al. (2012) suggest based on their empirical sample that firms engaged in Entrepreneurial Marketing achieve superior market performance when they practice strategies based on effectual logic. Also, small entrepreneurial firms usually practice EM in the first stages of their growth – the same goes also for effectuation (see e.g. Mort et al. 2012; Sarasvathy 2001). Both theories also imply perfectly for born global firms, and that is why the specialties concerning effectuation and born global firms will be discussed next.

2.3.2 Effectuation in born globals

Recently, a number of academics have investigated the evolvement of decision-making in the internationalization process of born globals (see e.g. Andersson 2011, Gabrielsson & Gabrielsson 2013, Harms & Schiele 2012, and Nummela et al. 2014). The dominant believe in the field seems to be that born globals start with effectual decision-making logic but during their expansion and evolvement to a more established firm they tend to change their decision-logic towards a more causation-based logic (Nummela et al. 2014). However, it should be noted that effectuation is an actor-dependent logic, and thus not only the firm should be investigated but also the decision-maker behind the strategic decisions of the firm (Sarasvathy et al. 2014). This also raises another question within the born global phenomenon: as the born global grows over time, the decision-making becomes less actor-dependent as more personnel become responsible for the decision-making process. So, it may be that a less actor-centered decision-making leads to a more causation-based logic. Furthermore, another actor-centered issue in born globals seems to be the fact that the decision-makers earlier business experience has an effect on speed of change in decision-making logic. If the decision-maker possesses a lot of previous experience, he/she is more likely to change from effectual to causal logic faster (Nummela et al. 2014).

Second, born global firms are characterized by altering periods of causation and effectuation-based logics, i.e. they do not stick with one but swap the use of the logics constantly. In practice, the use of a particular logic depends on what the decision is about. For example, for firms operating in rapidly growing high-tech industries it is common to use a more causal logic for decisions concerning the product but an effectuation-based logic for market decisions, as the newly created market’s future is a lot more unpredictable than the technology itself. (Nummela et al. 2014)

Thirdly, academics agree that the change in decision-making logic is triggered by some critical incident in the firm’s history. This kind of incident could be for example a
change of key personnel or the search for external funding (Nummela et al. 2014). An important thing to remember here is that a similar incident in two different companies does not necessarily lead to the same outcomes and changes because different actors have different interpretations of the same incident. The environment does not directly affect the firm since the firm’s decision-maker’s past experiences affect their cognitive understanding and interpretation of the incidents in the environment (Nummela et al. 2014; Weick 1979).

Finally, as born global firms’ top management is constantly under a tremendous time pressure when making decisions, often it may not even be possible to use more time consuming causation-based decisions. Thus, born globals are often forced to use effectual logic in their decision-making because of time pressure, or because of the unpredictable future of the market space that does not even exist yet (Gabrielsson & Gabrielsson 2013). In addition, external stakeholders of the born global company should allow born globals to engage in effectuation-based decision-making because if born globals are forced into using causal logic without sufficient knowledge of the newly created market, their decisions may end up being incorrect and cause harm for the company (Nummela et al. 2014).

2.4. International sales channel strategies

This section will discuss the various different sales channel alternatives though which companies may sell their products or services to international end-customers. Because this thesis is handling issues concerning export marketing, it is also relevant to briefly discuss the differences between operation modes (i.e. how to get firm’s products and services across the border) and sales channels (i.e. how to reach the end-customer), as those two separate, though linked, processes may easily be mixed up. In addition to this, different sales channel alternatives and intermediary choices will be discussed in more detail. Finally, the specialties of sales channel strategies in born global firms will be discussed.

2.4.1 Operation modes and sales channel strategies

The base of channel strategies is formed by two main groups of marketing operations carried out in the internationalization process: first, non-direct investment marketing operation modes (NIMOS), i.e. export operations, such as indirect export mode, direct export mode, and own export mode. Second, direct investment marketing operation
modes (DIMOS), i.e. operations, which require own sales and marketing subsidiaries. (Luostarinen 1979; Luostarinen & Welch 1990)

For companies originating from small and open economies (SMOPEC), like born globals usually, the most commonly accepted internationalization path suggests that the companies start to internationalize their activities first through NIMOS and then, as their international experience grows, through DIMOS (Luostarinen 1979). In the NIMOS phase companies may choose from three different operation mode alternatives, indirect export, direct export, or own export. In indirect export mode the company uses a domestic middleman who is totally responsible for the export activities. This is an alternative that does not demand a lot of resources or information about the target market. The difference in direct export mode is that the middleman is located in the target market, so the producing company handles the export activities itself while the middleman is responsible for the sales activities. In own export mode the producing company is directly in contact with the end-customer in the target market: the company’s own personnel is responsible for both the export and the sales activities. (Luostarinen & Welch 1990)

As already mentioned, as the company’s experience of the international markets grows, the operation mode changes from NIMOS to DIMOS. In DIMOS the company establishes its own sales or marketing subsidiary in the target market, which of course demands a lot of resources and is a more risky strategy (Al-Obaidi & Gabrielson 2002). The subsidiary can be characterized as the kind of middleman responsible for importer or wholesaler used in NIMOS, except in this mode it is not an external resource (Hentola 1994: 56).
In figure 1 the distinction of operation mode and sales channel is pictured. It is visible that the operation mode in use works as the base for sales channel strategy choice, which can either be an indirect sales channel or a direct sales channel (Al-Obaidi & Gabrielsson 2002). In indirect sales channel the marketing and sales activities to end-customers happen indirectly through an independent middleman located in the target market. These activities can happen either through a one-level structure (1st tier) or through a two-level structure (2nd tier). In one-level structure the local middleman operates as a retailer of reseller directly in contact with the end-customer, whereas in two-level structure a distributor is also present. Distributor works as separate level between the sales subsidiary and the retailers or resellers. On the other hand, in direct
sales channel the producing company’s export personnel is directly in contact with the end-customers, handling all sales and marketing activities itself (Hardy & Magrath 1988: 14-22).

However, the sales channel choices do not have to be exclusive but can both happen simultaneously (Hardy & Magrath 1988). This is the case of using multiple sales channel strategies, where the company has two different choices, a dual sales channel strategy or a hybrid sales channel strategy. The dual sales channel strategy simply combines the use of both indirect and direct sales channels. In practice this means that the producing company is usually responsible of being in contact with the major end-customers, while the independent distributors, resellers or/and retailers focus on the smaller accounts or the national markets with smaller customer segments (Al-Obaidi & Gabrielsson 2002: 7). In contrast, in the hybrid sales channel strategy the functions are shared between the producing company and the middlemen (Gabrielsson 1999). See figure 2 for illustration of these two strategies.

**Figure 2.** Multiple sales channel strategies (Al-Obaidi & Gabrielsson 2002).
2.4.2 Intermediary options

In addition to sales channel strategies, companies have to decide what kind of intermediaries they want to use in order to be in contact with international end-customers. The decision is important, as an ineffective intermediary may end up being very unprofitable for the company. In order to choose the right one the company has to consider the intermediary’s strategic fit to the producing company’s own philosophy and strategic fit for the product being produced. The reason producing companies use intermediaries is that intermediaries lessen the number of contacts required from the producing company and thus increase efficiency. For example, a company with three customers has to make three different contacts in order to reach them but with an intermediary in between the company only has to make one contact to the intermediary, while the intermediary handles those three customers interactions (Kotler & Armstrong 2004: 401-402).

Different channel intermediaries can be classified into distributors, agents, resellers, and retailers. Distributors do not communicate directly with end-customers but operate as a middleman between the producing company and resellers or retailers (Al-Obaidi & Gabrielsson 2002: 8). Distributors usually have strong and long-lasting ties with the producing company and they may have exclusive rights to a certain national market. Compared to agents, distributors usually have more information and knowledge about the industry the producing company is working in (Larimo 2003: 69). Agents on the other hand may operate directly with end-customers or also as a middleman between the producing company and reseller/retailer level. If they are selling directly to the end-customer they are called sales agents (Al-Obaidi & Gabrielsson 2002: 8). Agents are beneficial for SME firms because agents have a strong network to the target country and can therefore possess valuable information about the export activities there. On the other hand, agents may have numerous different representations and cannot therefore focus on certain company too much (Larimo 2003: 66). Resellers and retailers are the level closest to the end-customer, selling and promoting directly to them. The difference between resellers and retailers is that a reseller sells to industrial customers and a retailer sells to consumers through retail outlets (Al-Obaidi & Gabrielsson 2002: 8).

Furthermore, when a company is choosing its intermediaries, it also has to decide about the number of intermediaries. The company has to think about how many intermediaries it needs in order to cover the chosen market space effectively (Hutt & Speh 2004: 369). The widest possible market coverage can be obtained by an intensive channel strategy, where the producing company uses a number of different middlemen globally, each
having tightly connected networks (Hardy & Magrath 1988). This is especially suitable for products that are sold to big customer segments with low unit prices, e.g. consumer goods (Hutt & Speh 2004: 369).

When a company uses industrial distributors in its channel strategy, usually two, three, or even more carefully selected distributors are needed to obtain adequate geographic market coverage. This policy of carefully picking best suitable distributor partners in a certain geographical area is called selective channel strategy. A company operating with this channel strategy usually produce products, which usually do not demand a lot evaluating from the customer, but neither are simple or repetitive buys. Also, the customer usually needs after-sales services for these kinds of products (Hutt & Speh 2004: 369).

Finally, the strategy with a smallest number of intermediaries is referred as exclusive channel strategy. In this strategy the producing company gives one distributor exclusive rights to sell its products in a particular geographical market space. It may not be as effective as other channel strategies but it gives both parties more control over prices, promotion and services, which can add value for the brand. In addition, it creates closer co-operation between the intermediary and the producing company (Hardy & Magrath 1988). An example of product sold with exclusive channel strategy could be e.g. a high-tech business service solution.

2.4.3 Specialties of born global firm sales channel strategies

Next, the specialties that born global firms have to take into consideration in their sales channel strategies will be discussed. Furthermore, a very important special channel for born globals, the internet, will be discussed in detail. Internet is an important channel for all other companies alike but this thesis will discuss it in the view of born globals.

Because of the resource constraints that born globals have they have take other things into consideration than just their channel structure when reaching international end-consumers – they have to consider what kind of supplementary competences they can get from their intermediary partners. Because born globals have to form close co-operative relationships with their partners they are more likely to build hybrid sales channel structures (Madsen & Servais 1997). There exist various different channels for born globals to make their firm more effective and efficient through external partners. Namely, these channels for born globals that aim at improving their likelihood to survive in their rapid internationalization are: MNCs acting as systems integrators,
MNC distributing born global products, networks and internet (Gabrielsson & Kirpalani 2004: 560). Internet as a sales channel will be discussed in detail separately but the former channels will be discussed in the next paragraphs.

MNCs seek out born global partners from fields where technology is changing rapidly and markets are characterized with uncertainty because for them it is less expensive to outsource these processes than to produce them themselves. Also, another reason for MNCs to collaborate with born globals is that born globals usually have some kind of know-how, location or other kind of skill-set that would be hard to acquire or reproduce. In order for an MNC to create a lasting partnership with a born global firm they have to help born globals by funding their business development, training of personnel, giving long-term supply contracts and other kinds of knowledge and cooperative activities (Gabrielsson & Kirpalani 2004; Sharma & Blomstermo 2003). Naturally, these are the benefits that born globals get out of the collaboration. In addition, when a born global partners up with an MNC its internationalization can be significantly faster than it would be through own networks and the internet, when the creation of demand would be a lot trickier (Gabrielsson, Kirpalani, Dimitratos, Solberg & Zucchella 2008). Furthermore, as born globals battle with the liability of newness and foreignness, they may benefit from the brand value and legitimacy that the MNC has already built in the market space. This kind of recognition can help both as a distribution channel and as shared interest in co-marketing (Gabrielsson & Kirpalani 2004). The selection of the suitable partners depends on the special characteristics of the organization and its founders, plus on the specialties of the industry and the product offering (Gabrielsson et al. 2008).

In these partnerships with MNCs lies also a possibility for trouble for born globals. For example, when large institutional buyers purchase directly from born globals they usually tend to order in large volumes. Large sales are of course important for born globals but large volumes also demand big discounts. When born global is forced to give a big discount for the MNC they fail to make the surplus needed for resources required for their rapid international expansion. Thus, this tends to slow down their growth. Another thing born globals have to keep in mind right from the beginning of forming partnerships is to have a plan of getting independent. MNCs have a large bargaining power over born globals and thus born globals tend to very dependent of the MNC partner. Dependency is acceptable at first but in the long run it disallows born globals future growth. (Gabrielsson & Kirpalani 2004)
Networking is a viable skill when born globals form these partnerships with external players. Networking enables an effective way of overcoming the resource constraints that born globals are struggling with (Gabrielsson & Kirpalani 2004). There is no right way to engage in networking, the approach that a born global has towards networking dictates the right partners and network strategies (Gabrielsson et al. 2008). The ability to survive in the rapid global expansion stems from born global firm’s ability to form networks and leverage from the partnerships where the partner buys its products. One key here is to form relationships where the probability for future conflicts is minimized (Gabrielsson & Kirpalani 2004).

2.4.4 Born globals and the internet

Nowadays internet is an important sales channel for all types of companies, which we as consumers are accustomed to. As the ways to use internet are scattered, it is important to define what can be referred to as an internet sales channel. Interned based information sharing is something almost every firm does and thus usage of that alone does not qualify as a sales channel. In this thesis, internet based sales channel “should consist of either customer generation based two-way interaction between born globals and their customers or channel members in order to process sales orders, or then product fulfillment based on exchange of products or services over the internet” (Gabrielsson & Gabrielsson 2011: 89).

Theory wise, internet-based sales channels offer the same strategic channel structures as normal sales channels. Basically, there are two alternatives: first, the direct sales channel where the producing company carries out all the sales and marketing functions itself via internet. Second, the producing company uses a middleman to operate the sales and marketing communication with end-customers through internet, which is called an indirect sales channel. (Gabrielsson & Gabrielsson 2011)

However, like in normal sales channels, internet-based sales channels can also be used simultaneously. The alternatives are the same, dual sales channel strategy and the hybrid sales channel strategy (Gabrielsson & Gabrielsson 2011). The difference between the two can be read in the previous chapter discussing the normal multiple sales channel strategies. An illustration of the internet-based sales channels can be seen in figures 3 and 4.
Figure 3. Single internet-based sales channel structures (Gabrielsson & Gabrielsson 2011)

Figure 4. Multiple internet-based sales channel structures (Gabrielsson & Gabrielsson 2011)
Internet has huge potential in international marketing, which makes it important for born globals that have been found out to use internet intensively in their export activities (Moen 2002). Furthermore, studies show that internet offers born globals a rapid way to obtain significant revenues and cash flow (Gabrielsson & Kirpalani 2004). In addition, internet enables fast globalization as it helps to overcome the problems of liability of newness and foreignness and resource constraints (Gabrielsson & Kirpalani 2004; Arenius, Sasi & Gabrielsson 2005).

Nevertheless, even though internet-based sales channel structures are proved to enhance the export performance of born globals, they cannot rely too much on them. SME firms, such as born globals, should only have internet-based channels in addition to physical channels as the use of internet does not automatically lead to enhanced performance (Sinkovics, Sinkovics & Jean 2013). Born globals are eager to strongly engage in internet-based sales channel as they help them to overcome the export barriers in their initial stages (Gregory, Karavdic & Zou 2007; Prasad, Ramamurthy & Naidu 2001) but born globals are also likely to put themselves in a “virtuality trap” if they rely too strongly on internet as their dominant medium (Sinkovics et al. 2013).

Born globals using internet-based channels tend to use multiple sales channel strategies, dual or hybrid, rather than a single sales channel strategy. The decision to use an internet-based channel seems to be related to born globals’ managers’ previous international experience. Also, the use of internet as a part of the sales channel is more common for B2C than B2B companies, which can be explained by the nature of the products typically offered by these firms. Furthermore, internet is used in all different product categories, except systems. (Gabrielsson & Gabrielsson 2011)

Finally, relationships with MNCs are important for born globals using internet-based sales strategies, which means that born globals prefer partner-based sales channels (indirect, dual and hybrid). Part of the reason born globals like to use partner-based channels is to gain partnership advantages from them, e.g. legitimacy and market access (Gabrielsson & Gabrielsson 2011). An interesting point here is how these advantages are similar with the strategies of Entrepreneurial Marketing (Mort et al. 2008), a theory which was presented in section 2.2. In practice, born globals plan and implement their internet-based sales channel carefully in order to avoid channel conflicts (Gabrielsson & Gabrielsson 2011).
2.5. Theoretical framework and propositions

The purpose of this chapter is to tie all the previously discussed theories together as a single theoretical framework, which will guide the empirical part of this thesis. The framework is built in such a way that it will help answering the research question and research objectives. Furthermore, several propositions are separated from the framework, which will then be examined in the empirical part and will hopefully offer interesting results for this thesis.

The choice of sales channel strategy has traditionally been explained by three theoretical approaches, namely (1.) the globalization process, (2.) transaction cost analysis, and (3.) long-term relations (see e.g. Gabrielsson & Gabrielsson 2011; Gabrielsson et al. 2002). However, this thesis is focusing on how different logics in decision-making affect the choice and structure of sales channel strategy, not the strategic components that have an effect on it.

The theoretical framework used in this study is built thinking that the decision-making logic in use has an effect on the choice of sales channel structure and to the level of EM in that structure, which together form the sales channel strategy in use. While this is an aspect that has not been previously studied, the findings of Harms and Schiele (2012) give insight for this problem as well: they found out that the decision-making logic in use has an effect on the entry mode in use, and as this thesis has discussed earlier, entry mode and sales channel strategy have a linkage between them. In addition, previous research in the field has found out that effectuation is a key logic in decision-making through the first steps in born global firms (e.g. Andersson 2011; Chandra et al. 2009; Gabrielsson & Gabrielsson 2013) but the findings on the field are versatile as some academics suggest that the decision-making logic can fluctuate between effectuation and causation (e.g. Kalinic et al. 2014). It is interesting to investigate whether or not the sales channel structure changes in the same way through the development of born globals as decision-making does. The two decision-making logics can also be present at the same time (Nummela et al. 2014), which makes their investigation more challenging but at the same time also more interesting.

Furthermore, this thesis is investigating how the decision-making logic in use affects the level of Entrepreneurial Marketing used in the sales channel strategy. EM is an approach that has a big influence on the marketing strategies that the firm uses, if it is present at the firm. Different dimensions of EM emphasize the importance of innovativeness in value creation, opportunity creation, customer intimacy, flexibility,
and resource enhancement (Mort et al. 2012). For born global companies, innovativeness and adaptation have been identified as especially important factors in enhancing their performance – to be more specific, innovativeness should be harvested through cocreation and low cost marketing, and adaptation through country and customer adaptation (Hallbäck & Gabrielsson 2013). All of these aspects can also be expected to play a role in the sales channel strategy. For example, when a company is using more effectual-based decision-making logic, it is likely that born global is choosing more innovative and partner dependent sales channel structures, which are also emphasized in EM literature. Furthermore, internet as a sales channel can offer born globals innovative ways to use EM strategies.

The theoretical framework used in this thesis is illustrated in the figure 5. It illustrates the important components of each theory that can be expected to have an impact on the sales channel strategy decision. In addition, the linkages between the different aspects are demonstrated with arrows.

![Theoretical framework](image)

**Figure 5.** Theoretical framework.
2.5.1 Propositions

This section will demonstrate how the propositions visible in the framework have been formed and also tries to provide arguments of why the propositions could be viable.

One of the five principles of effectuation, crazy quilt, suggests that firms engaged in effectuation-based decision-making need partnerships in order to expand their resources, which is essential for the affordable loss concept in the decision-making process (Sarasvathy 2014). Furthermore, born globals using effectuation as their dominant decision-making logic tend to be in the initial stages of their internationalization process, during which partnerships are also vital for born global survival (e.g. Gabrielsson & Gabrielsson 2013; Kalinic 2014; Sarasvathy et al. 2014). Based on these findings from previous literature it can be suggested that born globals also tend to choose partner-based sales channel structures (namely indirect, dual, and hybrid) when they are engaged in effectual decision-making. Thus, the first proposition (P1) of this thesis goes as follows:

**Proposition 1:** *The use of effectuation-based decision-making positively influences the use of partner-based sales channel structures in B2B born globals.*

On the other hand, previous literature suggests that as born globals grow and expand to global markets their decision-making logic tends to change from effectual to more causal decision-making (e.g. Gabrielsson & Gabrielsson 2013; Kalinic 2014; Sarasvathy et al. 2014). This might be because the decision-making has changed into less actor-based decision-making as the power in the company has divided amongst a larger number of managers (Nummela et al. 2014) or because the market environment is not as turbulent as it was in the early days. However, the most important reason for this might be that the company has already established itself as it has grown larger, and entrepreneur-minded effectual decision-making is not suitable anymore. If so, it is probable that the born global does not need partnerships anymore for survival and has established more direct sales channel structures for itself. Thus, the second proposition (P2) can be formed and the following can be suggested about born global engaged in causational decision-making:

**Proposition 2:** *The use of causation-based decision-making positively correlates with the use of direct sales channel structures in B2B born globals.*

Finally, EM and effectuation have been linked together in various previous studies and it has been suggested that EM is more effective when practiced together with
effectuation-based decision-making logic (e.g. Mort et al. 2012). When the dimensions of EM and the principles and core concepts of effectuation are compared, it becomes quite eminent that the two are interrelated. A number of the concepts are similar, like already discussed previously in chapter 2.3. – both of the theories emphasize partnerships, cocreation, leveraging of contingencies, enhanced performance, and they both are identified to be effective in SMEs operating in turbulent and unpredictable market spaces (Mort et al. 2012; Sarasvathy et al. 2014; Nummela et al. 2014). On the other hand, the characteristics of causation, the opposite of effectuation, are similar to a more administrative marketing approach, which is used by companies that have already established themselves, like MNCs (Sarasvathy 2001; Morris 2002). This is why it can be assumed that there is a linkage between effectuation and EM strategies in born global sales channel strategy. There might be EM characteristics in born global sales channel structures such as low-cost marketing, innovative use of internet, or resource enhancement through partnerships when effectuation-based decision-making is applied. On the other hand, the characteristics of causation have more similarities with traditional marketing than EM, which suggests that when a born global is engaged in causation-based decision-making, it is more likely to have lower level of EM in its sales channel strategy. Based on the points made in the discussion above, two separate propositions can be formed about the relationship between decision-making logic and the level of EM in the sales channel strategy:

**Proposition 3.** The use of effectuation as a dominant decision-making logic positively effects the higher level of Entrepreneurial Marketing in a born global firm’s sales channel strategy.

**Proposition 4.** The use of causation as a dominant decision-making logic negatively effects the level of Entrepreneurial Marketing in a born global firm’s sales channel strategy.
3. METHODOLOGY

This chapter will go through the methods by which the research in this study is conducted. First, the approach to research is explained and evaluated in detail. Second, the sample of the case companies is justified. Third, the tools used in the collection and analysis of the empirical data is described. Finally, the validity and reliability of the data used in this thesis are evaluated.

3.1. Research approach

This thesis aims at investigating the relationships between different kinds of decision-making logics and sales channel strategies in B2B born global firms, with special interest also laid on the level of entrepreneurial marketing present on the sales channel strategies. The theoretical framework and hypotheses taken from that framework were built from already existing and proven theories in the last chapter of this thesis. Now, the aim of the research conducted in this thesis is to examine the hypotheses formulated in the last chapter and through that to evaluate if the presented theoretical framework gets support.

The aim of testing previous theory, like described above, refers to a deductive research approach (Saunders, Lewis & Thornhill 2009). In deductive approach it is typical to first form hypotheses, express them in operational terms, test them, and examine the results compared to the initial theoretical framework, which should then be modified according to the results (Robson 2002). Furthermore, one characteristic in deductive research is to find causal relationships between variables (Saunders et al. 2009), which this thesis also aims at doing. The variables investigated in this study are decision-making logic and the used sales channel strategy. Controlling the testing of empirical data and structured methodology are also characteristics of deductive approach. They facilitate the possibility of replication of the study, which is important in order to increase reliability for the study (Gill & Johnson 2002). On the other hand, as the theoretical framework of this study has some elements that have not been empirically studied before, the research also has some characteristics of induction. Whereas deduction always sees theory as the first source of knowledge, induction starts from empirical research and then proceeds to theoretical results (Eriksson & Kovalainen 2008). In other words, this research first and foremost tests the hypotheses built in the second chapter but also aims at creating new theory of relationships that have not been
empirically investigated before. The combined use of these two approaches is called abduction, which offers the research a wider perspective on the research question (Eriksson & Kovalainen 2008). Saunders et al. (2009) also offer support for this claim by suggesting that abduction increases the likelihood of generating useful data.

Moreover, the purpose of this study to find relationships between two variables refers to a research purpose of explanatory research. In explanatory research the focus is to investigate a situation or a problem and find and explain the relationships between the investigated variables (Saunders et al. 2009). Furthermore, explanatory is a suitable method for research questions that ask “how”, like the research question asks in this thesis (Yin 2003).

Even though deductive approach and explanatory studies are often characterized with quantitative research, the use of qualitative data is also suitable (Saunders et al. 2009; Eriksson & Kovalainen 2008). Even though scientific work is dominated by quantitative work, qualitative research is in no way inadequate compared to quantitative studies (Eriksson & Kovalainen 2008). Whereas quantitative data investigates often a huge number of samples in order to be reliable, qualitative research methods have been identified as procedures that aim at “coming to terms with the meaning not the frequency” (Marschan-Piekkari & Welch 2004:6). Qualitative research may have been considered as a less accurate form of research but an increasing number of qualitative research seems to have erased this kind of thinking as it proves that some type of problems are impossible to investigate with quantitative data. Also, in specific case studies qualitative research can even be seen as more accurate research method as it digs deeper in to the roots of the problem in order to create in-deep understanding, rather than just investigating the rationalized and superficial responses (Webb 2002).

Like already mentioned above, qualitative research is often characterized with case studies, even though other kind of methods exist as well. Case studies have various definitions but common to all of these is the emphasis on creating detailed and holistic information based on the analysis of multiple and context rich sources. Furthermore, the aim at case studies is to avoid overly simplistic research studies and create an opportunity to understand more diverse and complex issues (Eriksson & Kovalainen 2008). One important characteristic of case studies is also that the phenomenon investigated happens within its real life context (Robson 2002). Yin (2003) further highlights the importance of context by stating that within a case study, the boundaries between the target of investigation itself and the context it is studied within are not necessarily that clear. Case study is a suitable method when one wishes to gain a rich
understanding of a particular phenomenon and when asking questions such as “why?”, “what?” and “how?” (Saunders et al. 2009).

In order to make the case study more suitable for deductive approach, this thesis uses a multiple case study method. In a multiple case study method all the featured cases are not necessarily investigated with such depth as in a single case study but the researcher usually has a more specific point of interest when investigating multiple cases. Multiple case study is a form of extensive case studies, which in general are interested in some particular issue that does not necessarily have an existing theory or has some gaps in the pre-developed theory (Eriksson & Kovalainen 2008). Most importantly, the reason to choose multiple case study instead of single case study is to create the possibility to form theories that can be at some level generalized and the study can be replicated (Yin 2003). The factors mentioned above make a multiple case study an especially fitting method for this research.

3.2. Sample selection

In a multiple case study the selection of samples should rather follow replication logic than statistical sampling logic (Eriksson & Kovalainen 2008), which means that samples should be selected based on their fit to the particular study in hand and no specific sampling method has to be used. Yin (2003) further specifies that samples have to be carefully selected in a way that they would either “(a) predict similar results or (b) predict contrasting results but for predictable reasons” (Yin 2003: 47). In practice this means that the samples should be similar enough that a generalization and comparison between their results can be made or that the factor causing the difference in results is explicit. There is no single rule for the minimum number of cases in a multiple case study, the number that is needed for satisfying results depends on the case in hand (Eriksson & Kovalainen 2008). The main rule is that the number of cases should be limited to the amount where the contribution of extra cases is only marginal (Eisenhardt 1989).

In general the limitation of multiple case study is that the results cannot be extensively generalized. The results are applicable for that certain population in which the phenomenon is investigated in but no further (Eriksson & Kovalainen 2008).

In order for a company to fit for this research, it has to fulfill some specific criteria: first of all, the company has to be a born global company and it has to originate from
Finland. Second of all, the company has to operate in B2B area, either entirely or as a part of their business operations. Furthermore, in order for comparison to be possible, the companies have to be from the same industry, otherwise the nature of their business and products would have an effect on the way they do business. The software industry was chosen as an applicable industry for this study for clear reasons: because born global companies are very common in B2B software business, which would make generalization of this thesis more possible, and because the resources available for this thesis made it possible to contact such companies.

Moreover, in order for the comparison between the different case companies to be more interesting, the cases were selected from different phases of their growth. One case company is a startup company with rapid growth at the moment, one is a born global that has grown into a medium sized company, and one is a born global that has already established itself as a large multinational company. The presentation and comparison of the three case companies selected for this study is shown in the table below.

**Table 3.** The case companies in this study.

<table>
<thead>
<tr>
<th></th>
<th>SmarpShare</th>
<th>SSH Communications Security</th>
<th>F-Secure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundation</strong></td>
<td>2011</td>
<td>1995</td>
<td>1988</td>
</tr>
<tr>
<td><strong>Revenue (millions)</strong></td>
<td>0,3</td>
<td>13,2</td>
<td>153,8</td>
</tr>
<tr>
<td><strong>Personnel</strong></td>
<td>20</td>
<td>100</td>
<td>921</td>
</tr>
<tr>
<td><strong>Degree of internationalization</strong></td>
<td>30%</td>
<td>85%</td>
<td>69%*</td>
</tr>
<tr>
<td><strong>Degree of globalization</strong></td>
<td>25%**</td>
<td>60%</td>
<td>23%</td>
</tr>
</tbody>
</table>

*F-Secure does not publish the percentage of sales outside Finland; this number is the percentage out of Nordic countries.

**The number is a forecast for the year 2015.
3.3. Data collection and analysis

Like already explained in previous sections, this study is explanatory in its nature and aims at answering questions of “why”, “what” and “how” –type. Furthermore, the method of multiple case study is used. With this type of research approach, it is common to use semi-structured interview as a method for data collection. In a semi-structured interview the investigator has a list of themes and questions to be covered during the interview. This means that even though the structure of the interview will be the same in every interview, some questions may be omitted or the order of the questions might be different, depending on the company and on the way that the participant answers the questions. Additional questions might be often needed in order to explore the research question and objectives (Saunders et al. 2009). The data gathered through interviews will be used as the primary data for this thesis, while previous theory and companies’ publications will form the source of secondary data.

The semi-structured interviews where held face-to-face in the case company’s headquarters, with an exception of one interview, which was held via telephone because of the busy schedule of one participant. All of the interviews lasted around 40 minutes and they were audio-recorded and later transcribed into a written form. The interviews were held following the structure of the questionnaire form presented in the appendices of this thesis. All the participants were from the top management level of the company and there was no one else present during the interview than the participant and the investigator. Secondary data was gathered through various public releases of the companies, e.g. annual reports. Data gathering sources and information about the interviewees are listed in table 4.
Table 4. Data collection.

<table>
<thead>
<tr>
<th>Firm</th>
<th>Interviewee</th>
<th>Date</th>
<th>Location</th>
<th>Duration of recording</th>
<th>Other data sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>SmarpShare</td>
<td>CEO Roope Heinilä</td>
<td>3.3.2015</td>
<td>SmarpShare headquarters, Lauttasaari, Finland.</td>
<td>39m 14s</td>
<td>Financial reports provided by the company, company’s blog.</td>
</tr>
<tr>
<td>SSH</td>
<td>EMEA Vice President Samuli Siltanen</td>
<td>4.3.2015</td>
<td>SSH headquarters, Pitäjänmäki, Finland.</td>
<td>41m 57s</td>
<td>Annual reports, company. website</td>
</tr>
<tr>
<td>F-Secure</td>
<td>Anonymous top manager</td>
<td>15.3.2015</td>
<td>On the phone.</td>
<td>36m 41s</td>
<td>Annual reports, company website, interviews and presentations in YouTube.</td>
</tr>
</tbody>
</table>

First, each of the case companies will be analyzed separately in the light of the primary data through interviews and secondary data gathered from publications. The analysis is done by using the different theories and framework presented in chapter two. After the individual analysis all the companies are cross-analyzed based on the empirical findings in order to identify cohesions and possible variations existing amongst the firms (Yin 2003).

The cross-case analysis will be done using pattern matching and explanation building techniques. Both of these techniques are common for deductive studies but explanation building has also characteristics from inductive research approach, like this thesis has as well (Yin 2003).

In pattern matching the investigator has predicted a pattern of outcomes based on theoretical propositions that explain what is expected to be found through the empirical data. With this technique a theoretical framework based on existing theory has to be established and subsequently tested. Testing of the framework means analyzing if the framework was adequate based on the data or not. If the framework did not explain the
findings, a new framework based on the empirical data should be built. (Saunders et al. 2009)

The way the framework should be built using two kinds of variables that explain the patterns in the framework. The first set of variables is the set of dependent variables that suggest the likely outcomes that arise from another set of variables, the set of independent variables (Yin 2003). In this thesis the independent variables are the two decision-making logics, and it is expected that the dominant logic would affect the choice of sales channel strategy and the level of EM in it, which are the dependent variables of the study.

Explanation building on the other hand is a special form of pattern matching, as it has characteristics from inductive data analysis techniques (grounded theory and analytic induction). Explanation building attempts to build an explanation by analyzing the collected data, rather than only testing a predicted explanation, as in pattern matching (Saunders et al. 2009; Yin 2003). Still, explanation building aims at testing a theoretical proposition in an iterative manner, rather than in order to generate inductive theory, like inductive methods are designed to do (Yin 2003). Explanation building fits the inductive side of this thesis perfectly, as it is based on a theoretical proposition, but the proposition itself is not based on existing theory (the level of EM in sales channel strategy).

3.4. Validity and reliability

In order to ensure the quality of a research the validity and reliability of the study have to be proven. This section will describe how these factors have been considered in this thesis.

Yin (2003) suggests that there are four commonly used tests that help to assure the validity and reliability of research. These tests are fitting in any empirical social research and thus also in a multiple case study. First three of the tests are concerned with validity and the last is about reliability. Validity itself is concerned about the risk that the results of a study are not actually about what they appear to be (Saunders et al. 2009), i.e. are the results actually caused by the factors that were supposed to be measured. The first three tests to ensure the validity of research described by Yin (2003) are discussed next.
First test, construct validity, is particularly important in case studies and mostly criticized about qualitative studies. The problem this test aims at tackling is that investigator may not be able to develop set of measures that are sufficiently operationalized and that investigator’s interpretations of the data are too subjective to be reliable (Yin 2003). The data collected from e.g. management may be only “good news” or investigator’s analysis of the collected data can simply be wrong (Saunders et al. 2009). Tactics in order avoid these problems are to use multiple sources of evidence and to establish a chain of evidence (Yin 2003). In this study, these tactics are used by having multiple cases and by triangulation in data collection.

The second test, namely internal validity, is only applicable for explanatory and causal studies and thus is valid for this study. What is aimed to be done in this study is to establish real causal relationships by proving that certain conditions actually lead to the other conditions by leaving out the relationships that are spurious. If an investigator claims that a certain outcome is caused by a spurious factor, the research design has failed and the research is not valid (Yin 2003). An investigator has to be aware of all the factors that may have a role in causing the measured outcome or else the found relationship may be about something else than the investigator has interpreted (Saunders et al. 2009). Tactics to avoid these problems are hard to identify as the problems can be caused by so many different factors. Some possible tactics in data analysis phase are pattern matching, explanation building and the use of logic models (Yin 2003). This study uses a model built around proven theories to test these relationships.

The final test concerning validity is about the external validity of the study. That is, are the results of the study generalizable enough or are they only applicable for that particular case study. Critics especially claim that single case studies only provide deep understanding of that particular study and that the results cannot be applied to a larger universe (Yin 2003). Saunders et al. (2009) defend single case studies by stating that the purpose of case studies is not to create generalizable theory and thus these claims can be ignored. However, this study uses a multiple case study method, which has more potential to create generalizable information about the investigated topic. Moreover, a method of replication logic is used when choosing samples, which increases the study’s ability to generate generalizable information (Yin 2003).

In addition to the validity of the study, the reliability of the study has to be considered as well. Reliability refers to the level to which study’s data collection techniques or analysis procedures are able to produce consistent findings (Saunders et al 2009). In other words, a study is reliable if another academic is able conduct the same research
with the same cases and same methodology and arrives at the same results. The aim of reliability is to minimize all the risks for error and biases in a study (Yin 2003).

One of the most obvious threats to reliability relates to the participants and the observer: both may make mistakes in their role and be responsible of participant/observer error, or they can be bias about their role. For example, a participant can give wrong answers if he/she does not have accurate data about the subject or sufficient knowledge about the subject in question. Furthermore, answers may be bias if the participant e.g. wants to give a better picture of their company to the public that it actually is. The observer, however, may also be responsible of an error of bias, if he/she e.g. asks the question in a different way in different interviews or his/her interpretation of the answers might be bias (Saunders et al. 2009). This thesis eliminates the possibility for these errors by making sure that the representative from the company is the one with most information and knowledge of the subject in question and by checking the financial numbers from public publications. Also, all the interviews followed the same structure and same questions were asked from all the participants. In addition, the interpretation of the data relies heavily on the theory presented in chapter two, which ensures the same way of analyzing for all the cases.

Moreover, all the procedures and steps of the investigation have to be carefully documented in order to ensure the reliability of the research. Without this documentation, another investigator could not go through the same procedures. Furthermore, the steps along the way should be operationalized as much as possible, and the research should be conducted as if an auditor would be looking over your shoulder constantly (Yin 2003). This thesis has been conducted exactly in such a manner and the procedures have been carefully documented.
4. EMPIRICAL FINDINGS

This part of the thesis will present the empirical findings gathered through the methodology of this thesis and discuss them with the help of theory presented in chapter two. All of the case companies’ findings will be individually discussed and a table will summarize the findings from each case.

Each case will be analyzed in a three-stepped structure, which includes the theories presented in the literature review in chapter two and also the structure of the questionnaire form (see appendix 1) used in the interviews. First the respective firm’s sales channel structure is reviewed and analyzed. Second, the level of entrepreneurial marketing in the firm’s sales channel strategy is analyzed through the dimensions presented in table 1. Third, the decision-making logic dominant in the firm will be discussed and analyzed by the dimensions presented in table 2.

4.1. SmarpShare

SmarpShare is a startup company from Finland founded in 2011 by Roope Heinilä and Mikki Lauharanta during their university studies. The company specializes in social media marketing and their main product is a social media tool that allows sharing of pre-built content of your employer in employee’s own personal social media channels. SmarpShare was the first one to create such a product and their mission is to be the market leader in social media marketing by the year 2020.

Initially SmarpShare was founded as a consulting firm. Their second client already came from abroad and they had a global mindset right from the start. Even though SmarpShare was able to engage in successful business with their social media consulting business model, the founders quickly realized that there was no big enough global market for that business. The seed for their present business model was however discovered through their initial business: as they were planning a social media marketing strategy for a Finnish minerals processing firm Metso they noticed that even though the firm had a significant number of LinkedIn followers, the firm could reach an even bigger number of marketing coverage through the employees’ unique personal social media connections. They noticed this potential that pretty much every company has through their employees and decided to shift from a consulting company into a software developer firm and started to design and build software for employee advocacy based marketing.
SmarpShare’s revenue has fluctuated through the changes in business model. In the year of 2014 the company’s revenue was 300 000 euros but it is noticeable that a big number of their sales from that year does not go to the revenue of 2014 because of their 12-month contract based business model. 30% of their sales in year 2014 came from outside domestic market and almost entirely from European markets. This is expected to change a lot during the year 2015; SmarpShare forecasts that 40-50% of sales will come from abroad and 50% out of that will come from outside European markets (i.e. 25% of total sales).

4.1.1 Sales channel structure

Figure 6. SmarpShare's sales channel structure.

SmarpShare’s sales channel structure is basically a dual sales channel structure but the presence of two different types of partner channels also gives it characteristics of hybrid sales channel strategy. SmarpShare CEO and co-founder Roope Heinilä describes that in the year of 2014 the direct sales channel was responsible of most of the created
revenue but the importance of partner-based channels will grow significantly in the year 2015.

The direct sales channel used in SmarpShare consists both inbound and outbound sales: outbound sales happens via SmarpShare’s own sales personnel who are directly in contact with the end-customers, inbound sales on the other hand happens through internet leads and SmarpShare’s own web shop. Company CEO explains that it is vital for startups like SmarpShare to create initial sales for a new product by the company itself without using any partner channels, as partners will not be committed in selling a product that is not familiar for the customers already and has not been proven to be a well-selling product.

“Before you have a very strong base and client references no-one else is going to sell your product if you cannot succeed in it yourself. Many startups particularly start immediately building their partner-network and such but… You most definitely can develop a partner-network but you wont be able to get them to sell anyway you try. But if you can, you will get a lot of investments in your company. In practice this means that in the beginning you have to make the sales yourself, which in practice means mostly outbound sales because your product doesn’t have the awareness ... and it is too risky for the partner.”

In 2014 outbound sales created most of SmarpShare’s sales as the product was still fairly new to the market. The inbound sales through company’s own website was almost non-existent, so inbounds mostly came through internet leads. The CEO explains that at first outbound sales is the only channel to create revenue, and company’s own webpage has to exist mostly as a databank for the customer.

Partner-based sales channel are not in such an important role for SmarShare at the moment. The company uses almost 20 different partners but the CEO explains that only three out of ten partners creates any kind of revenue for them. At the beginning SmarpShare tried using a lot of external partners but they did not succeed at committing the partners for selling their products. The CEO says that their product was just one of the large portfolio of offerings that their partners were selling, and as it was only a small share of revenue for the partners, the partners did not use a lot of resources for selling SmarpShare’s product.

“Don’t even think about that you can just make a product and the partners start selling it. Well, we did try it just like everyone else! ... if a partner for example offers also its
own products they will first sell those, you are there just on the shelf waiting if somebody happens to pick you. We have tried all of these alternatives and, well, one of our advisors told us that every startup tries to use external partners and every startup also stops using them.”

At the moment SmarpShare uses and develops two different kinds of partner-based channels: a reseller channel and an agency channel. Both are directly in contact with end-customers but the difference is that resellers have their own customer relationship and they are totally in control of the relationship between them and the customer. Agencies on the other hand do not own the customer relationship but mostly introduce customers to SmarpShare’s product but they need sales resources from SmarpShare as well, which makes their commission for the sale smaller. Resellers are excellent for customers outside EU are, as SmarpShare does not have to have a juridical relationship with the end-customer, only with the reseller. The agency channel makes SmarpShare’s sales channel structure closer to a hybrid model, as the agency provides promotion and sales backup for SmarpShare but SmarpShare still owns the customer relationship. Company CEO highlights that even though a partner does not create profit for their company, it does not mean that a partner would be useless; partners are excellent promoters at best, and can create value for SmarpShare by raising awareness of their product.

4.1.2 Level of Entrepreneurial Marketing

This section will discuss the level of Entrepreneurial Marketing in SmarpShare’s sales channel strategy. The level of EM will be analyzed by using the different dimensions presented in table 2: proactiveness, risk management, value creation, opportunity creation, customer intimacy based innovative product, resource enhancement, and legitimacy. Each of these dimensions will be discussed separately in their own paragraph, not in the order presented above but in the order they were discussed during the interview.

EM is all about tackling the problems typical for small and new business in an innovative way. Such problems are e.g. lack of resources and the liability of newness. As SmarpShare is a startup born global company it could be assumed that they would possess a high level in EM.

Proactiveness: SmarpShare’s CEO states that it is very important for their company to constantly scan the possibilities in their business area in order to be ready to change
their sales channel strategy if it is needed to react to the changes in the business area. Indeed, company CEO claims that their sales channel structure is not planned to be stagnant but it is expected to change whenever needed. Thus, it can be stated that the level of proactiveness is very high in their company. They facilitate the possibility for this by having a business model in which each salesman operates as if they would be the owner of the company. This creates a lot of responsibility for the sales personnel but also creates incentive to them for long term and responsible business planning. Furthermore, SmarpShare has planned and is planning their partner network for years ahead, even though it does not bring their any kind of profit yet. This planning is done because it creates them more advantages for the future when they hope their business is a lot bigger than today.

Nevertheless, the CEO claims that too much change can also be as bad as no change at all. In a startup company, such as SmarpShare, there is no resistance for change at all, which can result in situations where the company starts making changes too quickly or e.g. new sales channels are not planned long enough. In a traditional company this is not a problem as there is typically a lot of resistance for change. For a small company it is easy to make changes in their sales channel structure but these changes still have to be considered carefully.

Resource enhancement: Because of the lack of resources in born global companies, especially in the early stages of growth, it is typical to use innovative solutions to enhance company’s existing resources. SmarpShare uses their partner’s resources and capabilities to get more leads from the market and to get more sales through partners’ sales personnel but most of all to get more awareness to their brand through their partners’ promotion. SmarpShare’s CEO states that of course they expect that improved sales would be the ultimate outcome from their partnerships but that all of these other benefits they receive during the process are valuable for the company as well.

However, it is important to remember that resource enhancement is a two-way street. The company CEO claims that in order to get investments from your partner your company has to be ready to make investments to the partner as well. The relationship has to provide real value for both parties in order for the relationship to be fully functioning. In practice this means that a born global has to carefully pick the right partners in order to form valuable partnerships that enable resource enhancement. At the moment SmarpShare does not rely on its partners’ resources too much but their level of resource enhancement is still fairly high.
Value creation: In addition to enhanced resources to the company, partners can also bring added value to the product. When a partner integrates SmarpShare’s product as a part of their service, it also increases the value of SmarpShare’s product in customers’ eyes, which is also beneficial for SmarpShare’s brand value. The CEO gives an example of how value creation for their product can happen through their sales channel structure:

“...if the partner is for example a PR company, which offers content for a customer, now they can offer a package like, hey, we can offer you the content and also a tool for sharing that.”

Risk management: The biggest risks in SmarpShare’s sales channel strategy according to the CEO are related to issues with partners: it is possible that the investments made into a partner relationship end up unprofitable and it is also possible that the actions of a partner operating under SmarpShare’s brand result in a loss of brand value. In order to lower the firm’s vulnerability for these possibilities SmarpShare always estimates the feasible amount of investment in each partner relationship. The problem of losing too much money in one relationship may only occur if there have been too much money invested in that particular relationship. The company CEO states that as long as the amount invested in the partner is the right amount, it also minimizes the possible risk of losing too much money. The decision to invest should not be about whether to not invest at all or invest everything, it should be about finding the right balance between the investments.

Customer intimacy based innovative product: SmarpShare aims at keeping the customer relationships really close and tries to gather as much information about and from their customer as possible. SmarpShare’s sales personnel are directly in contact with the customer’s administrator users and develop the product based on their feedback. With a product like SmarpShare, the customer is the one that ultimately creates the value for the product. Sales personnel are in a key position to gather the information from customers but also product developers are often in contact with customers in order to get more development ideas, which eliminates the middleman between the customer and the product developing team. Furthermore, the feedback from customers is given a top priority in product developing process, so customers are really kept close to product innovating.

Legitimacy: As SmarpShare is not just making an improvement to an existing market space but has created a totally new kind of market space with their product, normal promotion of their product is not enough to convince new customers; they need face-to-
face contact with potential new customers in order to convince them and their own resources are not sufficient for that. That is why awareness raised by their partners is a vital tool for them to get recognition. In addition, every person inside the company is involved in marketing through every step of the way through the ownership-like business model that SmarpShare has, which creates incentive to the personnel to promote their company as much as possible. SmarpShare uses all of the conventional channels to promote their product but their sales channel strategy creates more awareness for their product through partners, which is typical for born globals struggling with lack of legitimacy.

*Opportunity creation:* This dimension is a hard one to measure, as it does not necessarily happen consciously through an active process. SmarpShare’s switch from a consulting company into a software company on the other hand is a perfect example of how a company revalues its capabilities and resources and evaluates, how they can harness these into a more profitable business model. Their consulting business mode was not an unprofitable one, so they were not in pressure to change their operations, but they rapidly engaged in change when they noticed this potential in the market place, and in themselves. SmarpShare changed their business plan around and started to develop their new product, which very quickly turned out to be a fruitful venture. Furthermore, as personnel in the company are considered as the owners of the company, every person is able to make a change they desire to do because they are given so much responsibility. This facilitates an active process for creating new opportunities through personnel’s possibility to make changes.

Based on the discussion held above it can be stated that the level of EM in SmarpShare’s sales channel strategy is very high. This was expected, as SmarpShare is still in its early stages of growth, so it still suffers from resource constraints and from the liabilities of newness and foreignness, which may be overcome by engaging in EM. All of the points raised in the analysis are not directly linked to the sales channel strategy but they may indirectly make the present sales channel strategy possible or they may affect it in the future.

4.1.3 Decision-making logic

This section aims at investigating whether SmarpShare uses causation or effectuation based decision-making logic in its business operations. The analysis will go through the dimensions presented in table 2 in the order they were discussed during the interview with the company representative.
**Basis for taking action:** SmarpShare CEO explains that they always set pre-determined goals when they plan their future business operations. These goals are typically financial numbers but e.g. in product development they set more abstract goals than just numbers. Nevertheless, the CEO states that even though they use pre set goals in planning their future operations, they also plan the possible operations based on their personnel’s capabilities. Capabilities are in the focus of recruiting in SmarpShare; they are not only recruiting to fulfill a certain position in the firm but they recruit people who’s capabilities bring something new to the firm. This way they facilitate more alternatives for future business opportunities. Thus, it can be stated that the basis for taking actions starts from creating a certain goal that the firm wants to pursue and the means possessed by the firm make that possible. In a way the whole process starts from recruiting the right kind of capabilities that facilitate the potential growth and the future business operations. Thus, the basis for taking action has characteristics from both causation based and effectuation based decision-making.

On the other hand, the CEO explains that when they started the business they did not have any kind pre determined goals, and those where actually introduced to the company during the year 2014. So, they operated three years without any kind of goal-based planning, only concentrating on their own capabilities, resources and networks – i.e. pure effectual decision-making. The CEO further explains that forming any kind of goals was impossible because there was not any kind of possible benchmarking to be done, as the market was so new. Now, as the market space has a little bit more history and competitors, it easier to plan the future in e.g. financial terms.

**View of the future:** SmarpShare does make plans for the future and in some degree tries to predict the uncertain future as well. Nevertheless, the company CEO states that their business plan is more “make plans and then change them” –type of planning. That being said, it is quite obvious that SmarpShare does not see future as something that has to be predicted too precisely. Furthermore, the CEO says that particularly in the European market, SmarpShare can control the future and has an affect on the way that things may turn out in the future. This is because they are the biggest player in the market in the European region and that takes them a step ahead of the competitors and gives SmarpShare an opportunity to somewhat control the way the industry evolves.

**Market definition:** When SmarpShare started their business model of promoting employee advocacy, they created a whole new market space. Because they are pioneers in the business they have an 18-month head start compared to their competitors, which also gives them a lot of influence in the industry. A number of different innovations
SmarpShare has created in product development have been copied by their competitors: this suggests that SmarpShare has an opportunity to set trends to the industry with their own innovations. This is possible because SmarpShare has the biggest market share in the business, so they get more feedback from customers than other firms (which then leads to innovation). Of course SmarpShare also explores the market space by industry analysis, but as the industry is so new it is hard to estimate the future. As SmarpShare is the pioneer in the still young industry, they have a good chance of affecting the market’s trends.

**Attitude towards risk:** Possible risks in the industry are constantly evaluated and SmarpShare sees itself very good in doing this. Risk is evaluated and managed, but only the risks involved in projects outside of SmarpShare’s focal business are evaluated purely by expected return and other financial terms. Like said in the previous section, the right amount of investment in a project, e.g. partnership, makes the risk affordable. In other words, SmarpShare is only involved in operations it can afford to lose.

**Relation to uncertainty:** Like mentioned before, SmarpShare does business with a mindset of “make plans and then change them”. Thus, they know that unexpected events will happen and they are ready for them. They see these unexpected events as positive possibility for them because their size gives them an opportunity to react quickly to these events, which may offer them even more leverage compared to the competitors. The CEO also states that when the industry matures at some point, these kinds of unexpected events will be less common in the future, and before this time SmarpShare needs to be the market leader globally, as leveraging from the contingencies offered by uncertainty will not be available anymore.

**Attitude towards outsiders:** Basically, SmarpShare sees competitors as a positive phenomenon because without competitors there would not be a market space at all. New markets always need competition in order to evolve and grow. Other players in the market also promote the existence of the new market called employee advocacy; without the competitors SmarpShare would have to do it alone, which would take a lot longer time. SmarpShare also communicates with the competitors quite closely but does not have partnerships with them. Competitors are also benchmarked based on their actions, which makes planning future business operations a lot easier for SmarpShare.

In conclusion, all of the dimensions of decision-making logic in SmarpShare refer to the using of effectuation-based decision-making, except basis for taking action. That dimension had characteristics from both logics but it is worth mentioning that
measuring that particular dimension is exceptionally hard. Especially in a startup, decision-making is not a clearly planned process but can happen more unconsciously as well. All in all, it can be stated that decision-making in SmarpShare has a lot more characteristics of effectual decision-making than causal one, which was expected. A summarization of the empirical findings considering SmarpShare is found in table 5.

**Table 5.** Empirical findings from SmarpShare.

<table>
<thead>
<tr>
<th>Sales channel structure</th>
<th>Hybrid channel structure.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of EM</td>
<td>Very high.</td>
</tr>
<tr>
<td>Dominant decision-making logic</td>
<td>Effectuation.</td>
</tr>
<tr>
<td>Other relevant findings</td>
<td>The decision-making logic had already developed to a more causal way of thinking since the establishment of the venture. It may be that the basis for taking action and view of the future are more based on the growth of the industry rather than growth of the company.</td>
</tr>
</tbody>
</table>

4.2. SSH Communications Security

In 1995 Tatu Ylönen invented the Secure Shell protocol for data-in-transit security, and founded a company that is today known as SSH Communications Security (formerly known as Tectia Oyj). The protocol soon became a gold standard in the industry. Today Secure Shell is one of the most widely used protocols in the world and SSH Communications Security (SSH) has grown to serve over 3000 customers worldwide. SSH is a publicly traded company listed on the NASDAQ OMX. The company has operations in Americas, EMEA, and APAC areas and its headquarters locate in Helsinki Finland.
Today SSH offers the service of securing, automating and governing confidential information to customers with their Tectia solutions in fixed, mobile and cloud environments. SSH’s revenue and size have fluctuated a lot during the years. After founding the company in 1995 the firm grew rapidly, and the firm’s size peaked in the year 2001 with revenue of 19.9 million euros and 181 employees. After the technology bubble burst the company had to make strategic changes and the number of employees decreased, as did the revenue. Furthermore, the company was unprofitable for years. Today the company is profitable again and the revenue in 2014 was 13.2 million euros and the number of employees is around 100 (99 in the end of 2013) (SSH Communications Security 2013).

SSH Communications Security lies in the definition of born global: in 1999, after three years of establishment, the share of foreign sales was 56%. In the year 2001, six years after foundation, the globalization degree (sales outside home continent) was 63%. Today the percentage of sales outside of Finland is 85% and the globalization degree is 60%. The founder of SSH Tatu Ylönen has stated that before foundation it was clear to him that the firm would seek global markets right from the beginning (Hashimoto 2001: 69). It is also worth mentioning that the very first client of SSH was from abroad.

4.2.1 Sales channel structure

The structure in SSH’s sales channel strategy is clearly a dual channel structure. The firm engages in both direct sales and partner-based channels. Partner-based channel can go up to a three-tier level structure, depending on the product and the customer’s needs. Basically, the amount of support needed for the product dictates which channel is used in delivering the product to the end customer. If the product demands a lot of support SSH wants to be closer to the customer, and chooses the direct channel or a partner-based channel with fewer tiers. If the product is more of a consumer type of product (still B2B product nonetheless) SSH does not need to facilitate the support itself but a partner can be responsible for that.

Like mentioned above, the partner-based channel can have up to three-tier structure, depending mostly on the product. First level in the channel is a distributor that e.g. distributes the products on a country-level to the second tier. The second tier consists of IT resellers who can sell directly to the end customers but not always. They can also sell the products to a third tier of value-added-resellers (VAR) who integrate SSH’s product into their own product and sell them together as a package. This is typical for products
that have similar characteristics with consumer software products and are simpler in nature and do not demand a lot of support.

It is interesting how SSH’s vice president of EMEA area, Samuli Siltanen, describes the development of SSH’s sales channel structure over the years. He states that SSH has had to move closer to the customer because there is so much competition in the market that it is hard to stand out when using partner-based channels. Furthermore, partners do not invest in a single brand that much anymore because their profit margins have shrunk as well because of the increasing competition in the market space. Partners used to be dynamic and make custom strategies with software developers but now their processes...
are more stable and they will not do the extra effort for a single firm because it would not be profitable for them. Partners are careful especially with new product because they are more risky in their perspective, thus software developers have to sell all new products themselves. These issues make it seem possible that firms have to engage themselves in more direct sales channel structures as the industry maturates.

4.2.2 Level of Entrepreneurial Marketing

This section will discuss the level of EM in SSH. As SSH has been around for a lot longer time than SmarpShare, it is expected that the level of EM could be a little lower since SSH has probably already established its processes and its position in the market. On the other hand, since the burst of the technology bubble in the early 2000’s, SSH has had to change its way of operating quite drastically, which can affect the level of EM today.

Proactiveness: SSH’s vice president of EMEA area states that the relatively small size of SSH facilitates a quick reaction to changes in the market space. Nevertheless, he also claims that SSH is still using a channel structure formed by contracts 10 years ago, and it does not fit the needs of today’s business environment. These contracts tie SSH in using them, which makes them stiff for any kind of change in their channel structure. This is a reason SSH is lacking e.g. in cloud environment product offering, as their present channel structure does not facilitate bringing them into the market that easily. Thus, the level of proactiveness is low in SSH’s channel structure.

On the other hand, the VP states that they demand proactive action from their partners operating in the local market areas. This may tackle the stiffness of their own sales channel structure and facilitate opportunity creation locally, but it does not increase the level of proactive behavior in SSH’s own sales channel strategy.

Resource enhancement: As SSH is a global company with only around 100 employees, it is impossible for it to have representatives in every market area. That is why the most important resource enhancement they can get from their partners is the locality in every market area. So, in other words, SSH tackles the global/local dilemma with using local partners in each market area. This is logical for this kind of a product because the local feeling of the seller makes the purchasing decision easier for the customer, as vice president explains:
“Why customer buys a product from somewhere vs. competitors’ solutions? Well, the first reason is usually the local support offered, belief in continuous relationship and belief in that this will not create IT risks for our organization.”

SSH also has to give its support for its partners in order for them to fully function. This is done by sharing qualified leads of potential customers with partners, which increases the sales revenue for both parties and thus is in both of their interest.

Value creation: The same reason as explained above falls into the category of added value created through the sales channel structure: customers want local support which SSH’s partners usually create. This of course depends on the nature of the product but e.g. in consumer goods –type of products local support is important, especially if VAR has integrated SSH’s product into their service package. So, locality is the most important added value created through SSH’s sales channel strategy but of course also the package that VAR creates increases the value of SSH’s product, as customer is more willing to buy the whole package.

Risk management: The most obvious risk in SSH’s channel structure is the possibility of bankruptcy of some of their partners. This has happened couple of times during the company’s history but it luckily has not created big monetary losses. Despite that risk has potential monetary losses, the biggest risk in SSH’s channel structure is the unnecessary investment of resources into an unproductive partner. SSH may invest a lot of time and manpower into a partner that is not committed in making profit for the partnership.

Even though these risks are very well known, the VP claims that SSH does not pay enough attention on preparing for these risks. The company does not actively try to lower their vulnerability or dependency on factors caused by these obvious risks, which is a clear problem inside the company. Perhaps SSH is too concentrated on its own operations that it does not consider external factors enough. Thus, the level of risk management is low inside the company.

Customer intimacy based innovative product: Vice president states that he likes to think their customers are relatively close to SSH. Sales personnel communicate with them and gather customer feedback for product development, so it is obvious that customers are involved in the process of product development through customer-facilitated innovation. Nevertheless, the VP says that even though SSH as firm has this great opportunity to gather customers’ feedback as their asset and harvest it into added value
for the product, they do not do this nearly enough. He explains that they have a lot of
great technical experts who are very strong in their field but maybe because of personal
characteristics they do not like to listen to the customer. They count on themselves to
know what is best for the customer and what is the best possible product, i.e. they are a
technically-oriented firm: a typical sin for a Finnish tech firm. So, the possibility for
customer based innovative product development exists but it is not used enough.
Customer is not in the focus of value creation, but the technical ability of the product is.

**Legitimacy:** As SSH has been around for some time and actually created the whole
industry with their protocol standard, they are a relatively legitimate player in the
market. Nevertheless, they still aim at raising their awareness among potential
customers through their partners’ newsletters and other forms of promotion where they
communicate recent events in SSH. Furthermore, especially couple years ago, they
presented their brand alongside with big tech MNC’s in order to get legitimacy through
MNC’s large awareness. Today this sort of marketing cycle is about to begin again.

In addition to these partner-based channels to raise legitimacy, SSH uses all possible
social media communication and analyses their website traffic closely. This way they
get really accurate data about who is interested in their products, which then helps them
to segment their marketing actions. So, even though SSH has gained a solid recognition
during their years of operation, they still try to raise their awareness to get legitimacy.

**Opportunity creation:** SSH’s sales channel strategy does not directly facilitate great
opportunity creation as it makes it hard for SSH to make any kind of change rapidly. Of
course independent partners may be good at opportunity creation but that does not
directly affect SSH. It is important to notice that even though the technology field is
growing all the time, this market has in some sense reached its maturity, and new
opportunities in this market are becoming more rare. SSH’s strong technical experts of
course try to develop their products all the time, which may create new opportunities for
the company, but their sales channel strategy itself does not facilitate that.

On the other hand, the company itself is based on opportunity creation. The whole
industry was created when the founder Tatu Ylönen invented the SSH protocol and this
opportunity creation facilitates the company’s dominant position in the market space
even today. A new innovation of this nature could again make rapid growth possible for
the company.
The level of EM in SSH’s sales channel strategy seems to be a lot lower than SmarpShare’s based on the discussion held above. This might be because SSH’s processes have stabilized strongly over their 20 years of operation. Also, the industry has matured quite a lot, which makes innovative way of operating a lot harder, as there is not that much room for any new opportunities. Furthermore, the company’s focus on their technological ability may blindside them from other type of development. Still, some of the dimensions of EM were on high level (resource enhancement, value creation, legitimacy) and SSH used innovative methods to tackle the problems related to these dimensions, so it can be stated that the level of EM is medium in SSH.

4.2.3 Decision-making logic

*Basis for taking action:* The VP of EMEA states that SSH does not concentrate too much on formal business planning in the form of goals or numbers or estimates. They mostly count on their technological ability and their basis for taking action starts from their own resources and capabilities to drive their technology even further. Of course some financial and technological goals are set but the action does not start from that – action is mostly driven through SSH’s own desires to accomplish something new they know they can produce. Networks also have some affect on what they are capable of achieving, but they are mostly concerned on their own abilities. Thus, the basis for taking action strongly leans towards effectual logic.

*View of the future:* Sometimes SSH is able to predict quite accurately where the market is going and what is going to be the next trend in the market, like they were e.g. two years ago. Nonetheless, they do not proactively try to predict the future because it is not necessary for them: they operate on their pretty small niche market, which they single-handedly created and that is why they control the market. They own the protocol on which the market space has been created and they know it inside out and are responsible of developing, thus they have full control over it.

“The name of our company is a protocol … so of course it gives us some unique opportunities to operate … we practically control that protocol, we have designed that protocol, we know everything about it and how it works in every single environment … so we don’t have to look around too much, that is our thing and we dominate our niche market.”

So, SSH sees the future as a horizon of opportunities they have control over. Other players do not have an effect on them that much and that is why prediction is not useful
for SSH. They sometimes do predict when it is easy and beneficial for the company but it is not a proactive process. This refers to effectuation-based decision-making logic.

**Market definition:** As already explained earlier, SSH dominates its own niche market, which has already somewhat reached its maturity. That is why there is not that much room for new opportunities. Nevertheless, the VP states that SSH’s technical experts are always trying to advance their technology, which then can lead to innovation-based new opportunities. Market is not analyzed actively to find new spaces for opportunity but the opportunities are create in-house by innovation. This way of thinking is characteristic for effectual thinking.

**Attitude towards risk:** The vice president claims that SSH has pretty well managed to clear all possible risks for them with contract-based planning. When asked about active estimation and prediction of possible risks, the VP does not have much to say. SSH simply does not do that because they do not see any possible risks for them in the industry because they have managed that well. The risks that still exist are so small that they do not need any kind of attention, i.e. they are affordable. This is also very common in effectual decision-making.

**Relation to uncertainty:** SSH does not try to avoid any uncertainties, as in this industry it would be really hard. The industry is constantly changing and predicting that change is most often impossible. No one can predict what kind of solution or crisis comes next around the corner and thus resources dedicated for that would be a waste of time.

As SSH has such a strong control over its niche market space, according to the VP any kind of unpredicted event would always have positive affect on them, and they are always trying to leverage from them. An unpredicted event can expand the market or at least raise awareness of the market space of SSH itself. This kind of event can also increase competition in the market but because SSH has such a strong position the positive effects of an unpredicted event always win the negative effects. This way of seeing uncertainty as a positive factor for the company is a very strong sign of effectuation based decision-making.

**Attitude towards outsiders:** The VP says that their company acknowledges that competitors can also be an asset for the company:

“We have a really open attitude, we are very aware of that it might be reasonable to form partnerships with competitors … nowadays it is very rare to have the resources to
deliver whole packages alone, even in niche markets. We have different kinds of projects and operations with our direct competitors.”

So, SSH is engaged in projects with their competitors and is very open about this way of operating. The VP admits that the attitude towards competitors might be different in different regions and it also might depend on the manager making decision but this is how the headquarters in Finland perceive this idea. SSH’s openness towards their competitors refers to very strong effectual way of thinking in decision-making.

To summarize, the dominant decision-making logic strongly seems to effectuation. This is interesting because the level of EM was only medium but the lean towards effectuation is a much stronger than in e.g. SmarpShare. Perhaps the strong technological orientation has an affect on the matter. The summarization of all of the empirical findings from SSH can be seen in table 6.

<table>
<thead>
<tr>
<th>Sales channel structure</th>
<th>Dual channel structure.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The level of EM</td>
<td>Medium.</td>
</tr>
<tr>
<td>Dominant decision-making logic</td>
<td>Effectuation.</td>
</tr>
<tr>
<td>Other relevant findings</td>
<td>The maturity of the industry seems to control the sales channel strategy quite strongly. Also, technical orientation of the company seems to lower the level EM but increases the use of effectuation in decision-making.</td>
</tr>
</tbody>
</table>

Table 6. Empirical findings from SSH Communications Security.

4.3. F-Secure

F-Secure Corporation (formerly known as Data Fellows) is an anti-virus, cloud content and computer security company founded in 1988 by Risto Siilasmaa and Risto Allas.
The company is based in Helsinki, Finland (where it was also founded) and it serves over million consumer and business clients globally. The company has offices in 20 countries and presence in more than 40 countries through partners. F-Secure is a publicly traded company in the Helsinki stock exchange.

F-Secure spread rapidly after its establishment in 1988 and expanded to international markets very quickly due to the nature of the product and the rapid growth of internet. Actually, F-Secure did not start as an anti-virus company. They started off with developing custom software for different companies and consulted customers with lectures, articles and books about software and data related issues, including data security. One of the key members in the company, Ari Hyppönen, explains that they were often asked about anti-virus software and they could not recommend any company that developed quality anti-virus software. This is how they started thinking about developing one themself and stepped into that market. This change was actually what made the global growth of F-Secure possible (Hyppönen 2013).

The company’s revenue in 2014 was 153,8 million euros and it made a profit 23,1 million. F-Secure currently employs 921 persons around the world. F-Secure does not publish the sales number from Finland but 69% of its sales came out of the Nordic countries in 2014. Sales out of home continent were 23% (25% in the year 2013). (F-Secure 2015)

4.3.1 Sales channel structure

F-Secure’s sales channel structure is clearly a dual channel structure as a whole: it is divided into direct sales and partner-based channels, and these two do not intertwine. Naturally, F-Secure’s website works as a marketing tool for both but for the partner channel it mostly operates as a data bank for customers. The sales channel strategy in F-Secure has clearly been divided into B2C and B2B channels. B2C channel consists of direct sales channel via F-Secure’s own internet web shop and partner-based sales channel through internet operators. B2B channel on the other hand mostly consists of partner-based channel through various resellers. The operator channel to consumers is clearly the biggest channel for F-Secure, roughly generating 50% of the total sales. B2B channel through resellers is the second biggest with roughly 33% share of the total sales and direct sales channel to consumers is third with 16% share.

An anonymous top manager from F-Secure states that sales through operators has proved to be a very efficient channel for F-Secure. It is more convenient for a consumer
to buy data protection together with the broadband connection as a package straight from the operator. F-Secure’s products are sold via operators both as a white label brand and co-branded with the operator. White label brand means that F-Secure’s brand is nowhere seen in the package while in co-branding both F-Secure’s and operators brands are present. The direct sales channel to customers is not as important as the partner channel but its importance might grow in the future.

![F-Secure's sales channel structure](image)

**Figure 8.** F-Secure's sales channel structure.

As this thesis focuses in B2B sales channel, the reseller channel of F-Secure will be given more focus than B2C side. B2B sales are mostly done through resellers but some direct selling is also done. The use of direct channel is really small in F-Secure and it is
only used if customer’s needs demand it. For example, different countries’ governments and defense forces demand the use of direct channel because of the delicate nature of the information they hold. The reseller channel is used because it is the most efficient for F-Secure. Company manager tells that F-Secure has done investigation about the typical behavior of the kind of companies that hit the sweet spot for their products. For companies of that nature it is typical that their IT departments are so small that they do not want to buy data security directly from F-Secure, as it is more convenient for them to buy the service from an IT reseller that they typically do business with. Customers know that they buy a F-Secure product but because of their limited resources it is easier to buy the service as a complete package from a reseller, than directly negotiate with F-Secure for a custom package. Nevertheless, F-Secure has to be active in the reseller channel as well. Because their resellers are quite small and only operate on a quite small geographical area, F-Secure has to provide assistance in customer recruitment. They handle this by hosting local events and by digital marketing, as the resellers might lack the enthusiasm to engage in this type of activity. Because F-Secure is also included in the communication towards potential customer, it makes the B2B channel itself a hybrid channel structure.

The structure of the sales channel strategy has been stable since the establishment of internet operators in the early 2000s. Since then the operator-based channel has grown rapidly till the year 2009. Before that the B2B sales were the most important for F-Secure and it created most of the revenue. Also today, B2B side is more suitable for F-Secure because of the market position they have. Consumer market is massive but there are a lot of free alternatives for customers as well and F-Secure has always focused more on the quality of the product rather than the price. Business customers are willing to pay more than the consumers so F-Secure suits them better. According to the company manager, F-Secure has also evaluated the increase of direct sales in B2B side but at least today it interferes too much with the reseller channel.

4.3.2 Level of Entrepreneurial Marketing

Because this thesis focuses on the B2B software born globals, it is relevant to only focus on the reseller channel in the analysis of F-Secure. This enables the comparison between the three case companies, as the nature of B2C and B2B markets is drastically different and the involvement of B2C side would unable the comparison. So, even though it would be interesting to analyze the direct channel and the operator channel, the discussion below will only focus on the B2B side of business in F-Secure.
**Proactiveness:** F-Secure’s top manager states that changing their sales channel structure for a better fit in the environment is relatively hard. The sales cycle in their partner channels is really long, which does not enable rapid change in them or proactive seek for change in the marketing mix. Furthermore, presenting new products in the sales channels is slow, so if F-Secure wants to achieve a better fit for changing external environment they have to adapt their existing products. Of course change in their direct sales channel is very fast but the revenue it creates is a lot smaller compared to the partner-based channels.

F-Secure does have active management of its sales channels. They measure the best better fit for them in the terms of size, quality and quantity of the channels on a daily basis. New channels can be introduced and the ones that do not work can be abandoned but not that quickly. The active scanning of the environment identifies new trends in the market place but the reaction for them takes time because of the channel structure, which is common for a company of this size.

**Resource enhancement:** The big number of resellers enables F-Secure to reach the kind of customers that they could not get by themselves. The customers that resellers contact demand more service than just selling the F-Secure product: they demand assistance for the installation of the software and they also want to buy different IT products at the same time. F-Secure would never have enough resources to do all this by themselves and resellers have more capability to do it. Moreover, resellers promote F-Secure and communicate the possibilities of the products to potential customers more than F-Secure itself could invest in it. So, the sales channel strategy in F-Secure does enable resource enhancement through partners.

F-Secure commits resellers in selling F-Secure’s products through different reseller programs. The amount of sales of the reseller influences their level of partnership, which then affects the discounts they get from F-Secure products. More sales means more discounts, obviously. The amount of resellers means that F-Secure cannot communicate with every one of them, so these programs are the best to secure commitment.

**Value creation:** The resellers that F-Secure uses are mostly value added resellers (VAR) that offer the customer a whole service package around the F-Secure product. This increases the value of the product significantly as the end customer has now e.g. help for the installation and for the selection of the right features for their company. Basically, the customer would not choose F-Secure if the reseller would not offer this
service package form them, so the value that VARs create is vital for them. Furthermore, as the customer is accustomed to do business with a certain reseller, the legitimacy that the reseller has increases the value of the product as well. Thus, the sales channel strategy does facilitate value creation for F-Secure.

Risk management: Risk mapping is done very actively in F-Secure. The biggest risks lie in the B2C operator channel, where F-Secure is quite dependent on each operator. A loss of one channel would have significant effect on the revenue in the short run. On the B2B side however, the financial risks are not that big because F-Secure has thousands of resellers. If a single one bankrupts for example, it would not have a big financial impact. Furthermore, the products resellers are selling are standard products, so it is hard to imagine that VARs would have any problems e.g. installing them to the end customer. F-Secure’s cash reserve is so strong that they do not have engage in any kind of securing activities in case of single reseller would create credit loss for them. Furthermore, F-Secure’s manager explains that increasing operators/resellers sales is the best way to eliminate the risk of losing them. F-Secure aims at creating as much added value for the partner as possible so that they want to stay in a relationship with F-Secure and no one else. A partner rarely is interested in the costs if the sales are growing. Thus, it can be stated that F-Secure does active risk management whenever it is needed.

Customer intimacy based innovative product: Because the products that F-Secure produce do not demand active actions from customers, the relationship between F-Secure and end customers tend to be quite distant. Moreover, e.g. in the operator side F-Secure does not even own the customer relationships and thus does not communicate with the customers at all. Nevertheless, F-Secure does include customers in the product development process but the company manager admits that they could be better in that. When F-Secure is developing a new product it may do cooperation with partner customers but the end customers are only included in consumer products in the form of beta-tester focus groups. F-Secure’s manager tells that at the moment they are actually trying to make their products more active so that they could create closed customer relationships. Furthermore, consumer-testing process is being developed at the moment. Still, customers are not in the focus point of innovative product development so it cannot be stated that F-Secure would have a high level in customer intimacy based product development.
Legitimacy: F-Secure is quite known globally already, so it only has to raise its legitimacy in the eyes of consumers that are not familiar with technology. IT departments everywhere know F-Secure as a brand but of course the company still has to educate potential customers about the features of their products and possible new products. For consumers, operators do this on the behalf of F-Secure because they have more resources to do so, but in B2B side F-Secure has to be active itself as well. The resellers are such small players and they only act on a small geographical area that they do not promote F-Secure too much. F-Secure has to communicate with potential customers and recruit new customer relationships for the resellers by hosting local events and by using digital marketing in any way suitable. Thus, in the B2B market F-Secure already is such a legitimate player that it does not need innovative ways to raise awareness to its brand or products. In the B2C field the story is different because consumers are not that educated about data security itself.

Opportunity creation: Creating new opportunities facilitated by sales channel strategy is hard for F-Secure as the channel structure is quite stiff for them and they have not really changed it during the last ten years. In addition, new opportunities are mostly found from the existing external environment by active scanning and evaluation, not creation by firm’s own capabilities. Technical abilities within the firm may facilitate an opportunity for creation, as it is typical in the software business that every firm tries to invent that “silver bullet” that could revolutionize the market. New opportunities mostly come in a form of an unexpected event, which F-Secure then tries to leverage from. Opportunity creation within the sales channel strategy thusly is not on a high level in F-Secure.

In conclusion, F-Secure has some signs of the use of EM in its sales channel strategy but it is not on a high level. This is most probably because F-Secure has already grown to a big corporation and its operations and position in the market have stabilized. Thus, there is no such big demand for the use EM. History of F-Secure tells us that they did use EM a lot more in the past but today F-Secure is a known player, at least in its own market and especially in B2B market. Consumers in general are not that familiar with data protection and that is why they demand a bit more innovative use of marketing to get attracted to F-Secure products.

4.3.3 Decision-making logic

Basis for taking action: F-Secure’s manager explains that in software business it is common to have both pre-determined goals and resource-driven planning. On the other
hand every company is trying to invent the next big thing that is going to revolutionize the market through their own capabilities but mostly market trends set the basis for action. F-Secure actively scans the environment by analyzing its customers’ and partners’ behavior, which then determine which way the business operations have to go. Competitiveness in existing markets is the main driving force for action. Thus, goals are set because of external factors and the company has to figure out a way to reach those goals, which is typical causation based decision-making.

Even though F-Secure tries to innovate and develop new revolutionizing products, that basis for action is only secondary way of doing business. The existing business is so big that running in demands most of the resources so there is no room for investing that much in totally new products, as the company’s top manager states:

“The size of the business you have is so much bigger than the opportunity for the new thing in the early stages of it. You have to look at things market driven and competitiveness driven, when planning your strategy.”

*View of the future:* F-Secure uses active processes for predicting the future of their market place. Company has a three-year strategy cycle that is updated once a year if something relevant has changed during one year. Furthermore, in addition for the strategy cycle the company uses a three-tier system for predicting the possible trends of the future: first “horizon” includes the next three years, second one predicts the following three to five years, and the third horizon aims at forecasting what could happen in ten years time. This horizon-thinking helps F-Secure to find out if there is something upcoming in the future that would have to take into consideration in the three-year strategy planning.

The company manager tells that F-Secure would like the idea that they could affect the possible trends in the market place. Instead, he explains that the size of the company restricts this possibility. If there a new trend in the market and F-Secure would succeed in being in the forefront of that movement, a big player can quite easily “suck” that opportunity away from smaller players as a part of their large offering. Even these kinds of trends are not self-created but they come from the external environment. View of the future in F-Secure is clearly causation-based.

*Market definition:* Like already explained when basis for taking action was discussed, F-Secure is engaged in active scanning of their external environment, as their strategic planning is based on market orientation. This is a clear implication that F-Secure sees its
market as place that it has to explore and exploit by analysis and estimation, i.e. opportunities for new market spaces are given, not created. F-Secure of course also does product development and tries to innovate new kind of technology to facilitate growth and new opportunities, but that is only a secondary way of planning business, like already explained before. F-Secure’s definition of its market space and attitude towards the opportunities offered by the market space is clearly based on causal logic.

**Attitude towards risk:** F-Secure does active risk mapping of the external environment’s risks on a daily basis. The goal is to evaluate the worst possible scenarios and to forecast what could happen if those would happen. Potential risks are evaluated through various scales that measure the likelihood of the risk and its possible negative impact on business operations. If both of these scales were measured high, the risk measured would be too risky to take. This way of analyzing possible risks with financial and other kind of numbers is typical for causation-based thinking.

**Relation to uncertainty:** The manager from F-Secure explains that usually unexpected events in the market space have a positive impact on the firm’s operations, of course depending on the nature of the event. Usually these types of events open new opportunities to expand business operations or they are risks that no one in the market could predict, and because of F-Secure’s size they are able to react to these kinds of events in a rapid fashion:

“We are very fast anyways as a company to produce solutions to our customers or partners, so usually these types of changes are a positive factor for our company, unless the change would make the whole industry of data security obsolete in some way.”

The way of leveraging unexpected events to a positive factor for your company is characteristic in effectuation-based decision-making. It is typical for companies that are agile because of their size. Even though F-Secure is a big company it is still small compared to the MNCs competing in the same market space.

**Attitude towards outsiders:** It is typical in the data security market that competitors share together all the samples of different viruses they have. Firms engage in this because sharing this information is beneficial for everyone. Furthermore, it is typical that even direct competitors license the use of their technology for the use of other competitors since in enhances the efficiency of the whole industry. On this technological level firms in the industry can be really open but on any other level companies in the market space are only competitors and partnerships between
competing companies are not common. Thus, F-Secure as well may engage in some kind of technical sharing with competitors but external players are still considered purely as competitors, not possible partners. This is typical for causal logic.

The conclusions made from the discussion held above is relatively simple: F-Secure is clearly engaged in causation-based decision-making logic. The only dimension with characteristics of effectual logic is the relation to uncertainty and all the other dimensions clearly referred to causal thinking. This was expected as former research (e.g. Nummela et al. 2014) states that effectual thinking might change to causal thinking as a born global grows to a more established player in the market. Furthermore, as F-Secure has grown through the years the responsibility of decision-making has also been divided to more people, which has been suggested to lead towards more causal decision-making logic (Nummela et al. 2014). The summarization of the empirical findings from F-Secure is listed in the table 7.

Table 7. Empirical findings from F-Secure.

<table>
<thead>
<tr>
<th>Sales channel structure (B2B only)</th>
<th>Hybrid structure.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The level of EM</td>
<td>Low.</td>
</tr>
<tr>
<td>Dominant decision-making logic</td>
<td>Causation.</td>
</tr>
<tr>
<td>Other relevant findings</td>
<td>The nature of the product has a strong impact on the level of EM and to channel structure that should be used.</td>
</tr>
</tbody>
</table>
5. CROSS-CASE ANALYSIS AND PROPOSITION EXAMINATION

This chapter will discuss the empirical findings presented in the previous chapter and further analyze the findings in the light of the theory presented in this thesis. The analysis will be done by a cross-case analysis, where each case company’s findings will be compared to other case companies.

Furthermore, this chapter will examine the hypotheses formed in chapter two based on the findings of the empirical research. In addition, based on the new findings that the empirical research has provided, a revised theoretical framework will be presented.

5.1. Cross-case analysis

This section discusses and analyzes all the empirical findings as a whole by conducting a cross-case analysis. The goal of the analysis is to identify the commonalities and crucial differences amongst all the case companies, and to identify a pattern of behavior in the investigated subject. The analysis will be held in the same three-step structure as they were in the individually, after which other interesting findings aroused from the empirical data are discussed.

5.1.1 Sales channel structure

All of the born global case companies in this study use a partner-based sales channel structure to contact their end customers. This is common for born globals, as they often need help of other companies because of the lack of resources. SmarpShare and F-Secure are engaged in hybrid channel structure, while SSH uses a dual structure, but the differences between these structures are not that important. The investments that SmarpShare and F-Secure put in their hybrid channels are not on a high level so they do not demand a lot of resources from them. Previous research suggests that hybrid channel structure is more common for born globals (Al-Obaidi & Gabrielsson 2002), which is the case with these samples as well. The role of internet is important in all of the case companies because of the nature of their software product. Their products are not physical goods that are exchanged over the counter, but software divided through the internet. Other include an actual application that has to be installed or e.g. website-based software that only demand signing in in the company’s website.
Table 8. Cross-case analysis of sales channels.

<table>
<thead>
<tr>
<th></th>
<th>SmarpShare</th>
<th>SSH Communications Security</th>
<th>F-Secure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Channel structure</td>
<td>Hybrid</td>
<td>Dual</td>
<td>Hybrid</td>
</tr>
<tr>
<td>Most important channel(s)</td>
<td>Direct channel</td>
<td>Direct and partner-based channel</td>
<td>Partner-based channel</td>
</tr>
<tr>
<td>Change over the years and predictions for future</td>
<td>Partner-based channels were tried in the beginning but they did not work as the product lacked awareness. Direct channel has been important but the company will focus on partner channel in the future.</td>
<td>The directness of the channel has increased because of the increased competition in the market and this trend will continue in the future</td>
<td>The structure has been stable for over 10 years now. Direct channel structure will be focused on more in the future.</td>
</tr>
</tbody>
</table>

Based on the literature review in this study, it was expected that born global companies would start by using partner-based channels and invest more in their direct channels as they grow and gain more resources, but this was not the case based on the empirical findings of this study. Empirical evidence from SmarpShare suggest that it is vital for a small born global in the early stages of growth to gain awareness for the product through own direct sales. They have experience from using partner-based channels right from the start but it did not work out for them, as the partners were not committed enough to sell a product that did not have legitimacy in the market. Thus, SmarpShare started to invest in their own sales channels but they will focus on building their partner channels in the upcoming years. The results from SSH and F-Secure also state the same – a new product is impossible to launch through partner-based channel, it has to be done via direct sales channels. Partners are not willing to take the risk of engaging in selling a product that does not yet have a foothold in the market. Both SSH and F-Secure also state that they are investing more into their direct channels because of the increasing competition in the market, which demands new products, and in order to introduce new products to the market a stronger direct channel is needed, especially in F-Secure.
Based on the discussion above and other empirical evidence, it seems that at first, born globals have to sell their products through direct channels because partners want to see that the product actually sells and there is a space in the market for it. After that, partners are willing to invest in the product and the use of partner-based channels facilitates the fast growth of born global companies. As the company grows, the industry matures as well, which means that there is larger number of competitors in the market and not so much room for opportunity creation. All the processes inside the market have been stabilized and the profit margins have shrunk, which also means that dynamic behavior of partners becomes rare. Companies have to get closer to the end customers and they have to search competitive advantage from better service and possibly new offerings, like the evidence from F-Secure states. In order to succeed in this, firms have to start developing their direct channel on the side of their partner-based channels. For example for F-Secure this has not started yet but the trend seems to lean towards this development. This does not mean that companies would abandon their partner-based channels, just that they will invest more in their direct channels as well.

Industry factors and the nature of the product seem to have a strong impact on the way companies want to reach their end customers. Since all of the case companies provide a software product for their business customers, the sales channel strategies they use have a lot of similarities. On the other hand, the markets they play in are in very different phases and that affects their sales channel structures greatly. SmarpShare’s employee advocacy is still in its baby shoes, SSH’s private connection is somewhere in the middle, and the anti-virus business of F-Secure is somewhat mature already.

5.1.2 Level of Entrepreneurial Marketing

The results from empirical evidence concerning the level of EM in case companies’ sales channel strategies are in line with what was expected. The literature review in chapter two suggested that the level of EM would diminish as the company grows bigger and gains more resources. EM is particularly needed when a company has to struggle with resource constraints and e.g. F-Secure has grown into a multinational company and has gained a lot of resources, thus its demand for the use of EM is no longer there. SmarpShare on the other hand is a small player in a young market area, so there is a lot room for the use of EM. Furthermore, EM makes their operations possible, as they lack the resources needed to engage in all of the actions alone.

Still, as all of the case companies are born global companies they all have some level of EM in use in their sales channel strategies. They have most probably used EM in some
part of their growth, which has left some traces of it because it is slow to change a company’s sales channel strategy. For example, it is interesting how the level of EM is high in resource enhancement and value creation in all of the three case companies, regardless of the overall level of EM in the sales channel strategy. In other words, all of the companies use the help of partners to tackle their research constraints (e.g. to get a better reach in the market space) and to add more value for their products in end customers’ perspective. This might be just because it is typical in this industry to target customer in such way or because it is typical for born globals in general.

**Table 9.** Cross-case analysis of the level of EM in sales channel strategy.

<table>
<thead>
<tr>
<th></th>
<th>SmarpShare</th>
<th>SSH Communications Security</th>
<th>F-Secure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactiveness</td>
<td>Very high</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Resource enhancement</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Value creation</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Risk management</td>
<td>Very high</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Customer intimacy based innovative product</td>
<td>Very high</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Opportunity creation</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Overall level of EM</td>
<td>Very high</td>
<td>Medium</td>
<td>Low</td>
</tr>
</tbody>
</table>
Because this research is not a longitude study and these companies have not been investigated through a long period of time, it is hard to say if the development of EM in these case companies has been from high to low, as it seems. For example, we do not know if the level of EM in F-Secure has gone from high to low, or if it has always been on a low level. Nevertheless, based on previous research on born globals, one could expect that the level has changed from high to low as the firm has grown in size.

In addition to the fact that firm’s size and amount of resources affect the level of EM in sales channel strategy, the life cycle of a market also seems to have a strong impact. As company representatives explained how and why they operate in such a way, the explanation often referred to the competition in the market or to the potential opportunities and risks in the market. The trend seems to be that the more matured the market space is, the harder it is to engage in EM-type of action. In order to compete in a strongly competed market with lowered profit margins, a company needs stable processes to survive. Furthermore, partners in the market cannot operate in such a dynamic manner and companies are not able to leverage from their resources. Most importantly, there is no room for opportunity creation inside the market, new opportunities have to be sought elsewhere.

5.1.3 Decision-making logic

The analysis of the dominant decision-making logic seemed to be tricky for the case companies as the matter rarely is an either or –kind of situation. For example, when asking about basis for taking action, the representatives always started by saying that they have to use both perspectives in their business planning. The representatives stated that particularly in software business it hard to only focus on either way of planning. Nevertheless, it was obvious in every case company, which was the dominant decision-making logic used, even though they all had characteristics from both logics.
As it was expected based on previous literature, born global firms seem to start their growth with using effectuation-based decision-making logic and as they grow they tend to shift towards causal thinking. As the firm grows in size, more planned processes are needed to keep the firm operating, which demands more causal way of planning things. Furthermore, as the decision-making is divided into the arms of more personnel in bigger firms, the decision-making starts to have causal characteristics (Nummela et al. 2014). In addition, the life cycle of the market space also seems to affect decision-making, especially in firm’s view of the future, basis for taking action and market definition. This is most probably because when the market space maturates and competition is strong, firms have to be more market oriented than product oriented. This means that the firms have to analyze and estimate the market space a lot more, and they cannot just focus on their own resources and capabilities, which is characteristic in more effectual way of thinking.

Moreover, it is interesting how the empirical evidence shows that relation to uncertainty had strong effectual characteristics in every company. Perhaps the fact that all of the
companies are born globals affects this, as even though the firms would have grown into bigger players, they are still small compared to the MNCs in the market. Born globals’ size still facilitates a rapid reaction to the unexpected events in the market space, which enables the firms to leverage from them. On the other hand, attitude towards outsiders is effectual only in SSH, which is interesting. Based on the empirical evidence gathered from the interviews, this dimension seemed to strongly relate to the nature of the product. SmarpShare and F-Secure both had some kind of communication with their competitors, but only SSH could genuinely see them as possible partners, as their product made it possible to have joint projects even with direct competitors.

5.1.4 Other interesting findings

This section wants to highlight other findings that raised interest during the analysis of the empirical data. All of the aspects have already been discusses when analyzing the variables of the original theoretical framework, but a more thorough discussion is in order to shed light on these factors.

The most interesting finding considering the factors that were not in the original focus of this research are about the external factors that affect the choice of sales channel structure. The original point of interest was to investigate the relationship between the dominant decision-making logic and the sales channel structure but besides that, other factors aroused from the interviews. Based on the empirical data, it seems that instead of decision-making logic, growth phase of the born global, nature of the product, and the current life cycle the industry is in have more effect on the chosen sales channel structure.

The chosen sales channel structure seems to be linked to the growth phase that a born global is in. In the introduction phase born global has to prove its products demand in the market by selling the product first through its own direct sales channel because partners are not willing to take the risk themselves before they actually now that the unknown product has demand in the market space. After the product has received legitimacy, born globals tend to facilitate rapid expansion through partner-based channels. Direct channels exist all the time, as the presentation of new product would be impossible without them. As the born global reaches its maturity as a MNC, the importance of direct channels increases again as companies do not want to be dependent on partners that much anymore.
Nature of the product on the other hand affects how end customers want the product to be delivered for them. If the customers demand help in e.g. installation or administration of the product, a more active role from the sales channel is needed. It depends on the product and the manufacturing company if they want to offer these services themselves, or do they outsource it to partners because of lack of resources. Then again, if the product is simple enough, a simple retailer channel might be more suitable.

The effect of the current life cycle of the industry affect the choice of sales channel structure very much in a similar way as the growth phase of the company. When the whole market space is new, there are no partners willing to sell that unfamiliar product. More players enter the market when it reaches more awareness amongst customers and when the industry has matured, there might be even too much competition. In this mature phase partners are not as dynamic as they were before, and the profit margins have shrunk. All the processes of the sales channels have stabilized and dynamic leveraging of new opportunities is harder than it used to be. Partners are still willing to sell born global companies’ products but the importance of own direct channels has increased.

5.2. Proposition examination

This section will go back to the second chapter and evaluate the adequacy of the proposition formed alongside the theoretical framework. The evaluation will state if the proposition receives support or not and a discussion about the proposition itself and the empirical evidence regarding it will be held.

**Proposition 1:** The use of effectuation-based decision-making positively influences the use of partner-based sales channel strategies in B2B born globals

**Proposition 2:** The use of causation-based decision-making positively correlates with the use of direct sales channel strategies in B2B born globals.

Propositions 1 and 2 will be evaluated and discussed together as they both are related in the same subject. Even though proposition 1 seems to be true as every time a case company was engaged in effectual decision-making it was also engaged in partner-based sales channel strategy (indirect, dual, or hybrid), the proposition cannot be given support as the empirical evidence shows that decision-making does not have an effect
on the sales channel strategy used. This is proven by the fact that even though F-Secure is engaged in causal decision-making, it is still using a partner-based sales channel, which also rules out support for proposition 2.

**Table 11.** Evaluation of propositions.

<table>
<thead>
<tr>
<th>PROPOSITION</th>
<th>SUPPORT</th>
<th>EVALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROPOSITION 1</td>
<td>None</td>
<td>When a company is engaged in effectuation-based decision-making logic it is always using a partner-based channel but as all the companies were engaged in partner-based channels it seem the decision-making logic does not matter.</td>
</tr>
<tr>
<td>PROPOSITION 2</td>
<td>None</td>
<td>Firms engaged in causation-based decision-making were not mainly using direct B2B channels.</td>
</tr>
<tr>
<td>PROPOSITION 3</td>
<td>Full</td>
<td>Level of EM seemed to be a lot higher when a company was engaged in effectuation-based decision-making logic.</td>
</tr>
<tr>
<td>PROPOSITION 4</td>
<td>Full</td>
<td>Level of EM in a sales channel strategy seemed to low when a company was engaged in causation-based decision-making logic.</td>
</tr>
</tbody>
</table>

The nature of the product, growth phase of the company and life cycle of the industry seemed to have the biggest influences on the sales channel strategy. For example, SmarpShare has to focus on their direct channels as a startup because partners do not want to take a risk with their unknown product. After they get the sufficient recognition for their product they can start investing more in their partner channels. On the other hand, F-Secure and SSH stated that they need to start investing more in their direct channels, as in their more mature market space their partners cannot be as dynamic as they used to. Thus, direct channels are needed in order to introduce new products to the market, now F-Secure and SSH mostly have to find competitive advantage by adapting their existing products in the partner channels. The nature of the products in software business mostly affects how close to the end customer the company has to be in order to
provide customer support and/or if a partner is able to provide this type of services better than the company itself.

**Proposition 3.** *As the use of effectuation changes to more causation-based decision-making the level of Entrepreneurial Marketing in sales channel structures diminishes as well.*

**Proposition 4.** *The use of causation as a dominant decision-making logic negatively effects the level of Entrepreneurial Marketing in a born global firm’s sales channel strategy.*

Propositions 3 and 4 will be also examined together because of their similar nature. The empirical evidence from this multiple case study gives support for both of the propositions. The case companies engaged in effectual decision-making in this study, SmarpShare and SSH, both had characteristics of EM in their sales channel strategy, which offers support for the proposition 3. Even though their level of EM was different (very high in SmarpShare and medium in SSH) the finding is important, as it is logical that SSH’s level is lower due to its bigger size and industry’s more mature state. Furthermore, SSH is a lot bigger organization, which makes it harder for it to reach a higher level in EM. On the contrary, the case company engaged in causation-based decision-making, F-Secure, has a low level of EM in its sales channel strategy, which offers support for proposition 4.

The characteristics of both EM and effectuation are very similar, which makes it logical that the two exist mutually. A comparison between the similar characteristics of the two was held in chapter two. Furthermore, it is logical that born globals still in their growth phase have characteristics of EM in their sales channel strategies, as previous research suggests that EM accelerates the growth of born global companies (Mort et al. 2012).

On the other hand, causal thinking has the same characteristic as more traditional marketing in established companies has, which was shown with F-Secure. As a born global grows bigger in size, it is logical that its way of operating and thinking turns into more causation-based, and its level of EM diminishes. More people are involved in decision-making and stiff processes make it harder to act in an EM kind of way. These findings support previous research as well, e.g. Hallbäck and Gabrielsson (2013) suggested that INVs lose their ability to innovate and adapt to local markets as their grow in size (i.e. lose their ability for EM) and e.g. Sarasvathy et al. (2014) and Kalinic
et al. (2014) found out that effectuation turns into causation in time in born globals. This research now links these two separate findings into an empirically proven finding.

Still, the change in decision-making logic may not be the only thing that affects the decline of EM in sales channel strategy. Alongside the change in decision-making, firm characteristics and the life cycle of the market space affect it as well. The relationship between the change in decision-making and decline of EM might not be direct but the changes in both do happen simultaneously.

5.3. Revised theoretical framework

Figure 9. Revised theoretical framework.

Based on the novel empirical evidence and previous literature, a revised theoretical framework presented in figure 9 can be presented. The revised model focuses on the relationship between decision-making logic and the level of EM in sales channel strategy, rather than the relationship between decision-making logic and sales channel strategy, which was the case in the original framework. As the research did not give any support for the linkage between those factors, it had to be abandoned.

This revised framework also presents the factors that do have an affect on the structure of the sales channel strategy, as was discussed earlier. These factors, growth phase of the born global, nature of the product and the life cycle the market space is currently in, affect what kind of structure is optimal for a B2B software born global in its current situation. The evidence suggests that in the beginning born globals should focus on their direct channel in order to raise legitimacy for their new product(s). After a born global is able to prove that there is demand in the market space for their product, it can start
investing more in their partner-based channels. In the beginning partner-based channels do not necessarily create profit for the company but they can still be beneficial in other ways, e.g. in order to raise awareness to the product. Partner-based channels can facilitate rapid growth for a born global for years but born globals should not be too dependent on their partners, otherwise they will have troubles with them in the future. During the development of the market space, the trends seem to be that closer to maturation of the market firms should invest more into their direct channels. This does not mean that born globals should abandon their partner-based channels, but in order to raise their competitive advantage they should have a well-functioning direct sales channel as well. A direct channel enables dynamic behavior for the company, as in a mature market space partners are often less capable in that. In addition to these two factors, the nature of the product dictates what is the optimal way of contacting the customer and how close to the end customer the manufacturer should be.

The novel finding of this thesis relates to the relationship between decision-making logic and the level of EM in the sales strategy, which is in the focus of the revised framework. The empirical evidence suggests that effectuation and higher level of EM go hand-in-hand, i.e. when a born global is engaged in effectual decision-making it also has a higher level of EM in its sales channel strategy. On the flipside of the coin, if a born global is engaged in causation-based decision-making, which is characteristic during the later growth phases of born globals, its sales channel strategy has more characteristics from traditional marketing. In other words, the effect of effectual decision-making is positive towards the level of EM in a sales channel strategy of a B2B born global, and the effect of causal decision-making towards the level of EM is negative.
6. SUMMARY AND CONCLUSION

This final chapter of the thesis will give a conclusive summary of the whole thesis. First, the thesis will go back to its first chapter and discuss what kinds of answers were found for the initial research question and objectives. This first section will also summarize all the key findings of this study.

Furthermore, a discussion will be held about the ways this thesis is able to contribute to the academic field in terms of theory. After this section, more practical implications are drawn from the results of this study to the use of business practitioners. Finally, this thesis will suggest avenues for future research, which would able to elaborate the questions that were raised during this research.

6.1. Summary and key findings

This study was focused in investigating the relationship between born global firms’ decision-making logic and sales channel strategies. Even though this was a new point of view in the academic born global literature, this study was able to build a theoretical framework based on previous literature about born globals, decision-making logic (namely effectuation and causation), sales channel structures and Entrepreneurial Marketing. Thus, the study was able to both evaluate existing theory and create propositions for new theory, as the existing theories have not been investigated in this focus before.

First, this thesis will evaluate its key findings by answering the initial research question and objectives, which were as follows:

**Research question:** How do different approaches in decision-making of born globals affect their choices of sales channel strategy?

**Objective 1:** To investigate how does the decision-making logic in use influence the choice of sales channel structure in B2B born global firms.

**Objective 2:** To investigate how does the decision-making logic in use influence the level of Entrepreneurial Marketing in the sales channel strategy of B2B born globals.

Best way to build an answer to these problems set above is to begin with answering the objectives, which will then lead to an answer to the initial question. Firstly, based on the
empirical evidence gathered during this study, it seems that there is no relationship between the dominant decision-making logic and the choice of sales channel structure in a B2B born global firm. The evidence suggests that born globals are engaged in effectuation-based decision-making logic during the first phases of their growth but tend to switch towards more causation-based decision-making as they grow in size. This supports the findings of previous research (e.g. Anderson 2011; Evers & O’Gorman 2011; Gabrielsson & Gabrielsson 2013; Kalinic et al. 2014; Sarasvathy et al. 2014).

Even though there seems to be a change in decision-making during the growth of born globals, the choice of sales channel structure does not seem to change in the same way. All of the born global case companies in this study were engaged in partner-based channels (dual and hybrid) despite the growth change they were in, so there seems to be no relationship between these two variables.

Secondly, there seems to be a direct relationship between the dominant decision-making logic and the level of Entrepreneurial Marketing in B2B born globals. The results from these case study companies suggest that when a company is engaged in effectuation-based decision-making the level of EM in born global’s sales channel strategy is on a high level. Vice versa, when a company is engaged in causation-based decision-making the sales channel strategy is not characterized with EM but more with traditional approach to marketing. This finding is to in the academic literature but it has been suggested by previous literature that EM approach enhances the performance of born globals (Mort et al. 2010; Hallbäck & Gabrielsson 2013). Furthermore, as effectuation is the dominant logic during the first phases of born globals’ growth pattern, it is logical to suggest that EM is also important for born globals during their first phases of internationalization. This is logical, as the concept of EM is most importantly about having a more innovative approach to marketing in order to tackle the problems caused by resource constraints, which makes EM fitting for small and young entrepreneurial firms, such as born globals (Hills et al. 2008).

This discussion above leads to the final answer to the initial research question, how do different approaches in decision-making of born globals affect their choices of sales channel strategy. It seems that the different approaches in decision-making do not affect the choice of sales channel structure but they have an effect to the level of EM in the sales channel strategy. Thus, there is a relationship between the dominant decision-making logic and the sales channel strategy; the relationship is between the decision-making and the level of EM but not between decision-making and the structure of the sales channel.
Furthermore, this study was able to identify other findings than the ones related to the research question and objectives. As the dominant decision-making logic was not identified as the effecting variable in the choice of sales channel structure, the empirical evidence was able to offer other suggestions for the effecting variable. Based on the empirical evidence from this study, it seems that the current growth phase of the born global, the nature of the product and the current life cycle that the market space is in do have an effect on the choice of sales channel structure.

Growth phase of the born global and the life cycle of the market space seem to have a similar effect on the sales channel structure; at first as the industry and the company are new, the company has to create initial sales by themselves through direct sales channels because partners are not willing to sell an unknown product in an unknown industry. As both the industry and the product raise awareness amongst potential customers, partners get more eager to sell born global’s products and a rapid growth can be facilitated through partner-based channels. In the end, as the firms reaches an established position as a MNC and the market maturates, more focus has to be put on direct channels again, as partners are not as dynamic anymore and they are not willing to offer new products to the market. Furthermore, the born global has more resources now and it is able to offer its products through both direct and indirect channels.

Nature of the product affects what is the best possible channel to reach the end customers. For example, if a product demands a lot of supportive services, like installation and customer support, it might be best for a resource-constrained born global to outsource the production of these services to a partner who has better capabilities for providing such services. On the other hand, if a product demands know-how that only the manufacturing born global possesses, it has to provide the services itself. I.e. this type of product demands a closer relationship between born global and the end customer. Then again, if a product is very standard in nature it might be best to have a traditional reseller selling it, as they most often have a far better market coverage than the born global would be able to have.

To conclude, the key findings of this thesis are the relationship between dominant decision-making logic and the level of EM in born global’s sales channel strategy, and the factors that have an effect on born global’s sales channel structure.
6.2. Theoretical contribution

The theoretical framework and the propositions were based on previous literature on born globals, decision-making, Entrepreneurial Marketing, and sales channel strategy. Still, this thesis is able to contribute to the existing academic literature on the subject, as the thesis has a fresh point of focus on the issue. The literature on born global sales channel strategy is fairly limited (e.g. Gabrielsson & Gabrielsson 2011; Gabrielsson et al. 2008; Gabrielsson & Kirpalani 2004) so this thesis can most importantly bring new insights on this literature.

The linkage between effectuation and EM has already been established by previous literature (e.g. Mort et al. 2012). Still, the level of EM has not been investigated in the terms of sales channel strategy. The way, in which the level of EM diminishes as the firm grows in size and the industry maturates, as effectuation-based decision-making simultaneously changes to causation is a new finding. It proves that in addition to the similarity of the key concepts of the two theories they also go hand-in-hand during the development of the company. Furthermore, this finding offers further support for the relationship between effectuation and EM.

In addition, this study has identified factors that do have an effect on the choice of B2B born global sales channel structure, and confirmed that there is no relationship between dominant decision-making logic and the choice of sales channel structure. Furthermore, this study found a pattern in the development of the sales channel structure in born globals. Same sort of findings were identified by previous literature (Gabrielsson & Kirpalani 2004) and the findings from this study bring further support for these findings.

During the past years scholars have conducted a lot of research about effectuation in general and its suitability in international entrepreneurial firms, such as born globals. The findings have suggested that effectuation facilitates the rapid internationalization of such firms during the first phases of their growth, after which the decision-making tends to get more causal characteristics (e.g. Andersson 2011; Evans & O’Gorman 2011; Gabrielsson & Gabrielsson 2013; Kalinic et al. 2014; Sarasvathy et al. 2014). This study gives further support for these findings, as the case companies of this multiple case study seemed to be characterized with similar pattern.
6.3. Managerial implications

The most fruitful practical implications from this study’s findings are regarded to the development of born globals’ sales channel structure. Managers of international entrepreneurial firms can benefit from the finding that during the first step of internationalizing they should focus creating sales through their own direct sales channels. They should also start developing partner-based channels but they should not be worried about them creating profit through sales – partners can be beneficial during the first steps by e.g. raising awareness and enhancing resources.

After the product has raised awareness, managers can start focusing more on their partner channels, which facilitate the rapid expansion of born globals. The use of partner-based channels seems vital for the survival of born globals, which managers should notice. As the industry maturates and the born global grows in size managers should focus also on their direct channels in order to raise the company’s competitiveness.

Also, born global managers should focus in more effectual decision-making during the first growth phases of the company, as it seems to enhance their firm’s performance. In practice, this means that managers should focus more on their company’s capabilities and build future plans around them, rather than carefully analyzing the business environment they are in. Furthermore, the use of Entrepreneurial Marketing approach should further increase the performance of born globals, but the use of EM approach and effectuation should happen simultaneously as their key concepts are similar. This also means that managers have to pick the right partners for their indirect sales channels in order to facilitate the use of effectuation and high level of EM in the sales channel strategy. The partners have to bring advantages to the company that facilitate the high level of EM, otherwise the attempt to have an EM approach in company’s sales channel strategy will fail.

6.4. Suggestions for future research

This study has a lot of limitations because of its resource constraints, which advocate most of the suggestions for future research. The empirical findings would be more trustworthy if the companies had been investigated for longer period in time. This would ensure e.g. that the level of EM would have a similar development in all of the companies. Now the results are from a given period in time so the empirical data does
not show what has been the development in each case company. A more longitude study would also be necessary in order to bring further evidence for the pattern of sales channel structure development in born globals. The findings from this study are interesting but they demand more research to be conducted.

In addition, it would be interesting to investigate whether the pattern of sales channel structure development is similar in B2C born globals or not. As the nature of the product is so much different in B2C markets the results may be different from B2B business environment.
7. LIST OF REFERENCES


APPENDICES

APPENDIX 1. Interview guide.

Interview questionnaire form

Sales channel and overall information

1. What is the yearly revenue of your company?

2. What kind of percentage of your sales comes from abroad? What about outside Europe?

3. After how many years did the company expand to international markets?

4. Can you describe / draw the sales channel strategy in use?

5. Why are you engaged in this particular strategy?
   • Why no direct sales / why no intermediaries?

7. How has the sales channel strategy changed during the years of operation?

Entrepreneurial Marketing –dimensions in the sales channel

1. Do you think that the sales channel strategy in use and its structure enables rapid reaction to the changes in the market space?
   • Does this strategy enable active leveraging of opportunities / creation of opportunities?

2. How easy it is for your company to rapidly change your sales channel structure or add new channels to the existing ones?

3. What kind of advantages do your partners create to your company? How do you manage these partnerships?

4. Do your sales channel create added value for your product in the eyes of end customers?

5. What kind of risks do your sales channel include and do you prepare for these?
6. How would you describe your relationship with your end customers?

7. How do you manage innovation? Are customers included in this process?

8. How do you promote your products? What tools do you use? Is the help of partners used in promotion?

**Decision-making logic**

1. How do you plan future projects?
   - Do you start with forming a set of goals or do you plan them through firm’s own capabilities and resources?
   - What resources do you have, what are the capabilities and whom you know?

2. How long to the future do you plan your operations?
   - Do you try to predict your industry’s future?
   - Do you think that your company is able to affect the future trends and opportunities of your market space?

3. How do you see your company compared to others in the market space?
   - Are you able to set future trends or are they handed to you?
   - How do you see your company compared to other companies?

4. How do you evaluate industry’s risks and how do you manage them?
   - Are risks measured financially?
   - Affordable risk?
   - How do you decide if a risk is worth taking?

5. What is your attitude towards unexpected events?
   - Do you try to avoid them or do you see them as opportunities?

6. What kind of relationships you have to other companies in the industry?
   - Competitors or possible partners?
   - If partners, how do you get them committed to your partnership?
7. Has your company changed its way of making decisions during the years of operations? How and why?