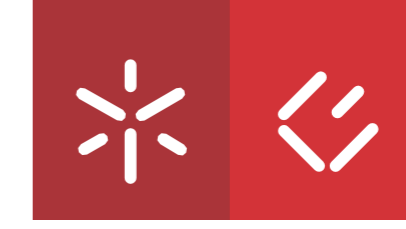




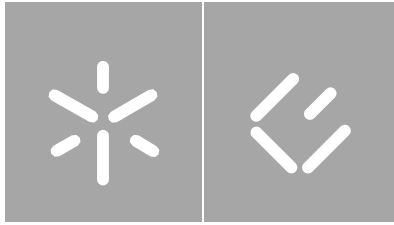
**The Importance of Incubators Support  
for the Fast Internationalization of  
Startups**

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## **STATEMENT OF INTEGRITY**

I hereby declare having conducted this academic work with integrity. I confirm that I have not used plagiarism or any form of undue use of information or falsification of results along the process leading to its elaboration.

I further declare that I have fully acknowledged the Code of Ethical Conduct of the University of Minho.

## Resumo

No atual panorama empresarial altamente competitivo e interligado, as Startups, em particular, enfrentam inúmeros desafios no seu processo de internacionalização. Para enfrentar estes desafios, as incubadoras podem atuar como uma fonte crucial de apoio para acelerar o seu crescimento e potenciar o seu sucesso nos esforços de internacionalização. O processo de internacionalização das Startups tem ganho uma atenção significativa na literatura sobre negócios internacionais. Este estudo centrou-se em preencher uma lacuna na literatura ao compreender, através da perspetiva dos fundadores de Startups, qual era o papel e importância das incubadoras nos seus processos de internacionalização.

Para atingir este objetivo, este estudo assumiu uma abordagem exploratória e, portanto, uma metodologia qualitativa. Mais especificamente, um estudo de caso relativo à incubadora Startup Braga. Foram realizadas seis entrevistas semiestruturadas, uma com o Diretor da incubadora e cinco com os fundadores de *Born Global Startups*.

Os resultados deste estudo indicam que, ao oferecer acesso a recursos, redes e conhecimentos especializados, as incubadoras podem ajudar as Startups a ultrapassar desafios e barreiras associadas à internacionalização, tais como falta de conhecimentos, recursos financeiros limitados, e dificuldade em construir redes de contactos em mercados estrangeiros.

Em suma, encorajar as Startups a terem uma visão global e a explorarem ativamente os mercados internacionais desde o início pode contribuir significativamente para uma internacionalização rápida. Além disso, pode-se salientar que uma rede solidificada de parceiros empresariais e institucionais nacionais e internacionais provou ser o aspeto mais crucial que as incubadoras proporcionam para a internacionalização rápida de Startups.

Palavras-chave: *Born Global Startups*, incubadoras, internacionalização

## **Abstract**

In today's highly competitive and interconnected business environment, Startups, in particular, face numerous challenges in their internationalization journey. To address these challenges, business incubators can act as a vital source of support to accelerate their growth and potentiate success in their internationalization efforts. The internationalization process of Startups has gained significant attention in the literature on international business. This study focused on filling a gap in the literature by understanding, from the Startups' founders' perspective, what was the role and impact of incubators in their internationalization processes.

To achieve this goal, this study assumed an exploratory approach and, therefore, a qualitative methodology. More specifically, a case study concerning the incubator Startup Braga. Six semi-structured interviews were conducted, one with the Director of the incubator and five with founders of incubated Born Global Startups.

This study's results indicate that, by offering access to resources, networks, and expertise, incubators can help Startups overcome the challenges and barriers associated with internationalization, such as lack of knowledge, limited financial resources, and difficulty in building networks in foreign markets.

In sum, encouraging Startups to have a global vision from the beginning and actively explore international markets early on can greatly contribute to fast internationalization. Furthermore, it can be highlighted that a solidified network of national and international corporate and institutional partners proved to be the most crucial aspect that incubators provide for the fast internationalization of Startups.

**Keywords:** Born Global Startups, incubators, internationalization



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# 1. Introduction

Given the rising international competition, and the advantages of being a Born Global (BG) firm, incubators have begun to offer services and actions geared to help the internationalization of incubated firms, in addition to supporting the early phase of the business and the growth of creative activities (Engelman et al., 2015). The purpose of this study is to better understand the importance of incubators' support towards the fast internationalization process of Startups. These new ventures usually struggle to consolidate this process but can benefit from incubators' help, considering their important role in supporting innovation ecosystems where the likelihood of Startups' success is greater (Engelman et al., 2015). This will be achieved by using the case study method, focusing on the perspective of Startups' managers integrated in the incubator "Startup Braga".

Incubators are organizations that give organizational resources such as space, coaching, capital, and networks to Startups, as well as monitoring and business support, with the aim of accelerating the growth and success of entrepreneurial projects, while also assisting in reducing the costs associated with launching a business and increasing entrepreneurs' confidence (Alpenidze & Pauceanu, 2019; Bandera & Thomas, 2017; Bergek & Norrman, 2008). Incubators support and promote the establishment and growth of new businesses, by providing support infrastructure and mitigating highly qualified entrepreneurs' lack of management and business development skills (Bøllingtoft & Uihøi, 2005; Franco et al., 2020). During the incubation stage, Startups are accompanied and assisted in their introduction to and consolidation in the market, increasing their prospects of becoming successful organizations (Engelman et al., 2015).

According to the literature on international business, overseas expansion is an opportunity for firms to expand and produce value. Enterprises that join foreign markets typically strengthen their technology and market experience, improve their performance, and frequently become more inventive, making them better competitors in their home markets (Engelman et al., 2015). Business incubators provide social and business networks, which are of great help for internationalization (Alpenidze & Pauceanu, 2019; Bandera & Thomas, 2017; Engelman et al., 2015; Franco et al., 2020).

According to Engelman et al. (2015), there are four main factors that influence the internationalization of Startups in incubators, which are related to: (i) the traits and experiences of entrepreneurs in relation to the foreign market; (ii) the organizational characteristics, referring to the internal capabilities related to internationalization of the companies; (iii) networks, including national and international social and business networks of the incubator; and (iv) the foreign market, which has to do with the characteristics of the global environment in the particular industry/sector and the specificities of each foreign country.

As pointed out by the literature on BGs and International New Ventures (INVs), the traditional stage theories that explained the internationalization of larger companies as a slow, gradual process, although still of value, do not have the power to fully explain the fast internationalization process of these companies (Hennart, 2014; Oviatt & McDougall, 1994, 2005; Øyna & Alon, 2018). According to the same authors, these companies usually prefer alternative governance structures, opposed to more costly internationalization strategies.

To the best of my knowledge, and as mentioned by Franco et al. (2020), there is very little research done on the role that business incubators play in the internationalization process of Startups. Engelman et al. (2015) and Franco et al. (2020) have worked on this topic but focused mainly on the perspective of the incubators managers. Franco et al. (2020) have suggested for future research to focus on the perspective of the Startups' managers on the role that the incubators play in their fast internationalization process. This dissertation aims to fill this gap and contribute to a better understanding of the importance that business incubators have towards their Startups' internationalization, from their managers' perspective.

To achieve this goal, this dissertation aims at evaluating the importance of the incubators' different services, social capital, and networks, from the perspective of the Startups' managers, in terms of their contribution to their fast internationalization process. In order to do so and further knowledge on this topic, this dissertation will focus on the following research question: *How important is the institutional support of incubators for the fast internationalization process of Startups?*

## **2. Literature Review**

The literature review section of this dissertation provides an overview of the existing literature on the importance of incubators' support for the fast internationalization of Startups, as well as some of the main internationalization theories. It critically examines the relevant theoretical frameworks, empirical studies, and key concepts related to internationalization, international business, Startups, and business incubators. It aims to synthesize and analyze the existing body of knowledge in these areas and identify research gaps. By critically reviewing the literature, this section sets the foundation for the subsequent analysis and discussion of the empirical findings and contributes to the overall understanding of the research topic.

This section is divided into two main sections: Internationalization Theories and Models; and Incubators' Role in the Internationalization Process. The next section specifically focuses on the following internationalization theories: Uppsala Internationalization Model; Innovation-Related Internationalization Model; Resource-Based View Theory; Network Approach Model; and Born Globals/International New Ventures.

### **2.1. Internationalization Theories and Models**

The internationalization process involves complex strategic decision, it can appear in a variety of forms and is influenced by several factors (Mejri & Umamoto, 2010; Roque et al., 2019). According to the literature, the key market entry modes consist of: (i) wholly owned subsidiary, (ii) joint ventures, (iii) acquisitions, (iv) exports, (v) foreign direct investment, (vi) contracts, (vii) greenfield and (viii) licenses and franchising (Schellenberg et al., 2018).

There is a variety of conflicting and inconsistent definitions of Internationalization due to its eclectic nature and the range and diversity of investigators and investigations dedicated to the topic (Canabal & White, 2008; Morschett et al., 2010). While Johanson & Vahlne (1977) define internationalization as an increasing involvement of the firm in individual foreign country, Calof & Beamish (1995) define it as an adaptation of firm operations to international environments. For the purpose of this study, internationalization is considered the expansion of a company's operations into foreign markets.

As per their analytical perspective, theories dealing with company internationalization can be divided into two major groups (Engelman et al., 2015). One is the group of approaches to internationalization based on economic factors aimed at profit maximization, that are designed to guide the decisions of multinational corporations (Mejri & Umemoto, 2010). The other is the group of behavioral approaches, which posits that the internationalization process is dependent on the decision makers' knowledge and attitudes, perceptions, and conduct in the pursuit of risk reduction (Engelman et al., 2015). The behavioral approaches are primarily represented by the Uppsala Model (Johanson & Vahlne, 1977), the Innovation-related Model (Cavusgil, 1980), the Resource-Based View (Barney et al., 2001; Wernerfelt, 1984), the Network Approach Model (Coviello & McAuley, 1999; Coviello & Munro, 1997; Johanson & Vahlne, 2003), and the Born Globals (Rennie, 1993) and International New Ventures viewpoint (Oviatt & McDougall, 1994).

Considering the focus of this work is the internationalization of Startups integrated in incubators, which are usually micro and small companies, the focus will be on the behavioral approaches. Although Small and Medium-sized Enterprises (SMEs) and Startups have different characteristics, the literature related to the internationalization of SMEs is relevant for the internationalization of Startups as well (Engelman et al., 2015; Franco et al., 2020).

### **2.1.1. Uppsala Internationalization Model**

The Uppsala Internationalization Model (U-model), developed by Johanson & Vahlne (1977), depicts the internationalization of a company as a process of increasing a company's activities as a result of organizational learning. They argue that commitment decisions and present business operations are influenced by general and experiential market knowledge, as well as resource commitment (Johanson & Vahlne, 1977).

This model, also known as establishment chain, posits that a company begins foreign operations with low commitment and preference for low-risk, and gradually builds involvement in international markets as knowledge and experience accumulate. This progression of 'stages' leads to modes of operation that entail more commitment and financial risk and follows the following four different stages: (i) no regular export activities, (ii) export

via independent agents, (iii) establishment of an overseas sales subsidiary, and (iv) overseas production (Johanson & Vahlne, 1977).

According to this model, increased market commitments will be made in tiny gradual stages. However, there are exceptions. Firms with vast resources face little risks with their commitments and can take bolder efforts toward globalization (Andersen, 1992). According to the author, when market circumstances are steady and uniform, useful market information may be obtained in ways other than via experience. If the organization has extensive expertise in markets with similar characteristics, it may be able to apply this knowledge to other markets (Andersen, 1992).

Following this approach, businesses expand their operations and involvement in the foreign markets where they already operate. The companies are expected to enter 'psychically' more remote countries after that (Schellenberg et al., 2018). The firm's internationalization is driven by this acquired expertise in conducting international operations, which influences entry mode decision-making (Schellenberg et al., 2018).

### **2.1.2. Innovation-Related Internationalization Model**

The Innovation-Related Internationalization Model (I-Model), as developed by Cavusgil (1980), also views internationalization as a process with different stages, but considers the internationalization itself as an innovation. This model focuses on senior managers' learning sequence in adopting an innovation. According to the author, internationalizing firms goes through five different stages in the following order: (i) domestic marketing, where firms are preoccupied with the home market and solidification, (ii) pre-export stage, when information starts to be gathered and the feasibility of international activity is evaluated, (iii) experimental involvement, when foreign activity is initiated at a limited pace, (iv) active involvement, when there is a systematic exploration of international expansion, and (v) committed involvement, when there is resource allocation based on international opportunities (Cavusgil, 1980).



### **2.1.3. Resource-Based View Theory**

The Resource-Based View (RBV) views the company as a unique collection of tangible and intangible resources, including assets, knowledge, capabilities, and processes (Schellenberg et al., 2018). This idea, which originated in the discipline of strategic management (Wernerfelt, 1984), focuses on the firm's unique, costly, and difficult-to-copy traits and assets, which are seen as the drivers for long-term competitive advantage and organizational performance required for internationalization (Schellenberg et al., 2018). These same authors argue that the capacity of a company to achieve and maintain a successful market position is dependent on its ability to acquire and defend advantageous resources.

Researchers have compiled a list of alternative characteristics that those resources should possess in order to maintain a long-term competitive advantage. Resources ought to have transparency, durability, transferability, and replicability (Grant, 1991). Resources must also be valuable, rare, imperfectly imitable, and non-substitutable (Barney et al., 2001). RBV also argues that a high country risk heightens the need to safeguard the firm's assets and advises against complete ownership entry modes (Agarwal & Ramaswami, 1992).

In contrast to the other theoretical lenses presented before, RBV has completely incorporated the role and effect of key decision-makers on crucial internationalization decisions (Alvarez & Busenitz, 2001). Learning can take place over time in an international context as important personnel are exposed to new experiences, and this resource can help influence the decision-making process. Managerial learning, for example, was discovered as a significant variable that reflected how the primary decision-maker learned through time, as well as the management team's roles and expertise (Reuber & Fischer, 1997).

Given that, in SMEs and Startups, the traits of the decision-makers drive organizational strategy, their personal passion, or lack thereof, for international expansion and their international mindset are thought to heavily weigh on the chances of greater international participation (Crick & Spence, 2005). RBV has made a significant contribution to the understanding of smaller enterprises' internationalization choices (Canabal & White, 2008). Schellenberg et al. (2018) suggest that when there is a lot of competition and a lot of demand, a market-oriented approach to internationalization should be expected rather than a resource-based strategy.

#### **2.1.4. Network Approach Model**

The Network Model confirms the relevance that individual decision-maker traits have (Schellenberg et al., 2018). When small businesses are viewed as actors in business networks, decision-makers are heavily influenced by social interactions, and since SMEs and Startups have a harder time accessing resources and market knowledge in overseas markets, networks help these businesses overcoming their resource limits (Coviello & McAuley, 1999).

A network is made up of two or more institutions that allow for interconnected exchanges as well as the exchange of resources among its members (Andersson, 1998; Coviello & Munro, 1997). As a result, businesses establish relationships that enable them to gain access to resources and sell their goods and services, resulting in improved performance and profitability (Andersson, 1998). Companies profit from the ability to employ diverse technical and economic knowledge, due to mutual flexibility, and also the collective assumption of costs and risks, according to Network Theory (Johanson & Mattsson, 1987).

Internationalization, according to this theory, is a process that establishes links that can be maintained, developed, or cut based on the company's aims (Johanson & Mattsson, 1987). The ties formed in a network might provide the potential and motivation for a company to internationalize (Johanson & Mattsson, 1987). Without being a part of a market network, it is extremely difficult to obtain essential information (Andersson, 1998; Coviello & Munro, 1997; Engelman et al., 2015).

The entry process changes over time as a result of interactions between network actors and involves trial and error learning (Andersson, 1998). The process of entering a foreign market is viewed as a learning process in which many actors gain knowledge of one another (Andersson, 1998). The main takeaway of this approach is that it is not competition, but cooperation that is more efficient for the firm's development, thus the resources in a network can be more efficiently organized if companies trust each other and build links and communication channels between them and as a result, firms become more competitive (Andersson, 1998).

### **2.1.5. Born Globals/International New Ventures**

The term Born Globals (BGs) was first introduced in a paper looking at the global competitiveness of Australian firms (Rennie, 1993). Rennie explained these were firms that began exporting very early after their foundation, having a considerable amount of total revenue from these exports, although he did not go in depth into conceptualizing the term. Later the term was better defined as “business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries” (Knight & Cavusgil, 2004, p.124).

The term International New Ventures (INVs) was first used by Oviatt and McDougall (1994), which they defined as “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” (Oviatt & McDougall, 1994, p.49). According to the prior definitions, INVs are firms that engage in both inner and outward internationalization, whereas BGs do not have to necessarily source abroad. The BG definition is more restrictive, focusing on global Startups, whereas INVs can be any sort of business organization with an early emphasis on internationalization, including multinational enterprises’ (MNEs) spin-offs (Øyna & Alon, 2018). Despite these differences, both terms are often used interchangeably (Hennart, 2014).

BGs and INVs have in common the fact that they have overseas sales from the start, or very soon after (Hennart, 2014). These enterprises, distinguished by their early and quick internationalization, called into question the heavily supported internationalization stage theories, which mostly concentrated on the gradual internationalization of larger corporations with a longer track record but did not fully explain BGs/INVs internationalization behavior (Madsen & Servais, 1997; Øyna & Alon, 2018).

Hennart (2014) claims that BGs/INVs are accidental internationalists, due to their business models being centered around providing niche items to geographically scattered clients at minimal communication, transportation, and adaption costs. Unlike the enterprises indicated by the Uppsala model, for BGs/INVs selling to overseas consumers requires no additional time or effort (Hennart, 2014).

There are three main measures to define a BG/INV which are the speed, extent, and scope of internationalization (Øyna & Alon, 2018). According to Oviatt and McDougall (2005), speed of internationalization is the main distinguishing feature of a BG/INV, being divided into the time between discovery of an opportunity and first international market entry; the rate at which the country scope is expanded; and the speed of the foreign revenue growth (Oviatt & McDougall, 2005).

Extent of internationalization refers to the firm's commitment to its global markets and the quantity of revenue generated from those markets (Oviatt & McDougall, 2005). Commitment is frequently evaluated in conventional International Business (IB) literature based on entry mode. However, BGs/INVs are usually relatively small Startups that prefer more flexible and hybrid entry modes and leverage their networks to internationalize quickly (Hennart, 2014; Oviatt & McDougall, 1994; Øyna & Alon, 2018).

Lastly, scope of internationalization refers to the number of foreign markets that companies have activity in or the geographic distribution of these markets (Øyna & Alon, 2018). Being an INV requires presence in markets other than the home market, whereas being a BG necessitates activity in several areas of the world (Crick, 2009; Øyna & Alon, 2018).

According to Hennart's (2014) conceptualization of BGs/INVs, based on their business models, the distinctive characteristics of these firms consist of selling niche products and services in demand by internationally dispersed customers, for which they are not required to make international marketing mix changes, as well as they can use low-cost means of communication and delivery. Furthermore, it is more likely that a firm is a BG/INV if their home country is small, since the percentage of foreign revenue is likely to be higher (Hennart, 2014).

BGs/INVs tend to prefer less expensive governance methods such as networks rather than equity investments such as wholly owned subsidiaries (Oviatt & McDougall, 1994, 2005). BGs/INVs are said to be able to spread worldwide faster than MNEs researched by Uppsala academics since they rely on networks (Hennart, 2014; Øyna & Alon, 2018).

According to the seminal article on INV, by Oviatt & and McDougall (1994), there are three necessary and sufficient elements for a firm to be an INV, which are: (i) internalization of some transactions, (ii) alternative governance structures, and (iii) foreign location advantage. Furthermore, they state that for an INV to be sustainable, there is a fourth element required

which is unique resources, otherwise the firms are likely to fail. They further classify INVs as four different types, with these being: (i) export/import Startups, (ii) multinational traders, (iii) geographically focused Startups, and (iv) global Startups (Oviatt & McDougall, 1994).

As mentioned by several authors (Hennart, 2014; Knight & Cavusgil, 2004; Madsen & Servais, 1997; Oviatt & McDougall, 2005; Øyna & Alon, 2018; Rialp et al., 2005), there are three main factors that explain the existence of BGs/INVs. First, these companies have, in alignment with RBV theory, rare, valuable, non-imitable and non-substitutable resources that enable them to successfully compete internationally. Rialp et al. (2005) further define these resources for BGs/INVs as technological, organizational, relational, and human. Second, they opt for alternative governance structures and make use of network relationships to internationalize (Hennart, 2014; Madsen & Servais, 1997; Oviatt & McDougall, 1994, 2005). Lastly, the third factor consists of the internet and other technologies which have enabled a huge reduction in transportation and communication expenses, facilitating fast internationalization for firms with fewer resources (Hennart, 2014; Oviatt & McDougall, 1994).

The literature on the field of international business has emphasized that expanding internationally presents an opportunity for company growth and value creation. However, small businesses, particularly Startups, often require substantial support in the process of consolidation and achieving internationalization. Instead of relying solely on natural market dynamics that may take considerable time, it is feasible to establish an environment that nurtures project development and enhances the likelihood of success, and this is where business incubators step in (Engelman et al., 2015).

## **2.2. Incubators' Role in the Internationalization Process**

Even though few small businesses and new ventures survive their initial years, they play an indisputable role in a country's development since they are the most important source of employment creation and profits, while also being an important generator of GDP (Franco et al., 2020). Entrepreneurs are crucial to this process. Entrepreneurs, in general, are people who perceive and capitalize on possibilities created by the recombination of existing production elements and/or recognized market needs and/or new technologies (Bøllingtoft & Ulhøj, 2005). Incubators aid entrepreneurs in attempting to overcome several market shortcomings,

such as information prices, lack of services and business aid, and funding (Bøllingtoft & Ulhøi, 2005).

There are several varying, although similar, definitions of incubators in the literature, but in general, incubators are understood as organizations that give organizational resources such as office space, support services, coaching, capital and networks to Startups, as well as monitoring and business support, with the aim of accelerating the growth and success of entrepreneurial projects, while also assisting in reducing the costs associated with launching a business and increasing entrepreneur's confidence (Alpenidze & Pauceanu, 2019; Bergek & Norrman, 2008; Franco et al., 2020). Most incubators have time limits on how long a new enterprise may stay at the facility and are usually limited to new companies exclusively (Bøllingtoft & Ulhøi, 2005).

During the incubation stage, Incubators often strive to offer a supportive business environment by actively ensuring that Startups have access to the resources, services, and help they require, accompanying and assisting them in their introduction to and consolidation in the market, increasing their prospects of becoming successful organizations (Alpenidze & Pauceanu, 2019; Engelman et al., 2015; Franco et al., 2020). These resources are frequently something that Startups lack or cannot afford (Bøllingtoft & Ulhøi, 2005). (Bøllingtoft & Ulhøi, 2005). Business incubators also provide social and business networks, which are of great help for internationalization (Alpenidze & Pauceanu, 2019; Bøllingtoft & Ulhøi, 2005; Engelman et al., 2015; Franco et al., 2020).

Engelman et al. (2015), who studied the importance of incubators in the internationalization of Startups in Brazil from the incubators' managers perspective, have found that the four main factors influencing the internationalization of Startups, in order of importance, consist of: (i) entrepreneurs, concerning the traits and experiences of entrepreneurs in relation to the foreign market, (ii) organizational characteristics, referring to the internal capabilities related to internationalization of the companies, (iii) networks, including national and international social and business networks of the incubator, and (iv) foreign market, which has to do with the characteristics of the global environment in the particular industry/sector and the specificities of each foreign country.

According to Franco et al. (2020), in some European incubators, there is a lack of formal internationalization programs included in the incubation phase of the companies due to the European Regional Development Fund (ERDF) viewing the internationalization as a phase to be considered only post-incubation, when the companies are already more mature. Nevertheless, incubators tend to offer internationalization assistance to Startups, even if after the initial stage of incubation (Franco et al., 2020).

Regarding the actions and services offered by incubators geared towards the internationalization of Startups, these include: (i) identification of business opportunities and partners in foreign countries, (ii) access to information about external markets through databases and research, (iii) international diffusion of incubated Startups' products and services, (iv) attraction of foreign incubated ventures, (v) consultancy regarding import and exportation, and (vi) advice or services regarding international knowledge/technology transfer (Engelman et al., 2015). These services were found in fewer incubators and are considered to be still at a relatively early stage, when compared to some of the more classic services provided by incubators, such as: participation in national trade fairs, consultancy and services on intellectual property, strengthening of national business networks, trainings to foster the companies' capabilities in innovation and management (Engelman et al., 2015; Franco et al., 2020).

### 3. Methodology

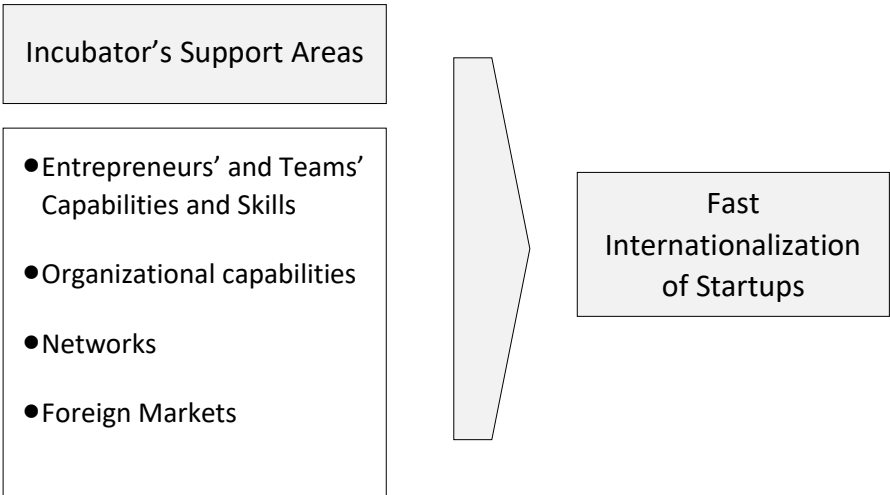
In this section, the methodology used for this investigation will be clarified. Thus, it will focus on presenting the research question and theoretical model used to guide the investigation; the methodological approach used; the case and participants' characteristics; and the data collection and analysis procedures.

#### 3.1. Research Question and Theoretical Model

As previously mentioned, this dissertation's goal is to understand the importance of incubators' support for Startups fast internationalization, focusing on the perspective of both the incubator's management and the Startups' managers. Accordingly, the research question under focus is: *How important is the institutional support of incubators for the fast internationalization process of Startups?*

Based on the literature review, particularly, the contributions of Engelman et al. (2015), regarding the types of incubator's support for internationalization and of Oviatt and McDougall (1994) and Øyna and Alon (2018), regarding the characteristics of BG/INV, the theoretical model depicted in Figure 1 is proposed to guide this investigation.

Figure 1. Theoretical Model





### **3.2. Methodological Approach**

Given the limited literature regarding the role of incubators in the internationalization process of Startups, this study assumes an exploratory approach. To achieve the goal of answering the earlier mentioned research question, a qualitative case study methodology, following an interpretative paradigm, is regarded as the most appropriate, according to Yin (2011), as it allows:

- i. Detailed investigation of a small number of cases, granting an in-depth and contextualized understanding of the phenomenon;
- ii. Iterative process and dynamic process of data collection and analysis, resulting in emergent themes and patterns that can be identified and explored in-depth;
- iii. In-depth data collection, which provides rich, detailed, and multi-faceted data from interviews and observations to capture the complexity and nuances of the phenomenon being studied;
- iv. Emphasis on meaning and interpretation, to understand the meaning and interpretation of experiences and behaviors from the perspectives of the participants, aiming to capture their experiences and subjective interpretations;
- v. Subjectivity and reflexivity, as the researcher's subjectivity and perspectives may influence the research process and findings.

In qualitative research, data can be collected from various sources, including interviews, observations, documents, audiovisual materials, field notes, surveys, existing data, reflexive journals, audio, or video recordings, and online or digital data (Ahmad et al., 2019; Yin, 2011).

For this study, semi-structured interviews were selected as the primary data source. These interviews were recorded and transcribed to capture participants' perspectives, experiences, and insights related to the fast internationalization of incubated Startups. The use of semi-structured interviews and transcription of the recordings allow for in-depth analysis and interpretation of the data to uncover important factors influencing the internationalization process (Yin, 2011).

### **3.3. The Case and Participants**

#### **3.3.1. The Incubator**

The incubator under study, Startup Braga, was chosen to be the focus of this case study due to it being a well-established incubator in Portugal, with almost 10 years of experience, a close proximity to the University of Minho and also because it has been able to successfully incubate several successful Startups, with a good track record of effective internationalization processes, including incubating the Portuguese unicorn Sword Health. Startup Braga's Director has explicitly allowed for the reference to the organization's name in this study.

According to the Director of Startup Braga, the organization operates as the innovation hub of the municipality of Braga. Startup Braga was created in 2014 as part of InvestBraga, which is the municipal company responsible for economic development, investment attraction, and innovation and entrepreneurship development. Startup Braga focuses on supporting the creation and development of technology-based projects in five innovation verticals: (i) digital economy, (ii) health technologies, (iii) nanotechnology, (iv) biotechnology, and (v) sustainability. It offers different programs for Startups in various stages of development, including pre-acceleration programs, acceleration programs, and an incubation program.

The pre-acceleration programs are short-term programs that are designed to validate innovative business ideas that emerge mainly in the university or academic context. The acceleration programs are more intensive and last for about three to four months. These programs cover different needs and challenges of Startups, including product roadmap, business development, legal issues, intellectual property, company building, financials, fundraising, marketing, sales, and internationalization strategy. The Director emphasizes that Startup Braga tries to cover as many challenges and needs of its Startups as possible to help them address new markets and reach significant investment rounds.

In addition to these programs, Startup Braga also offers training and qualification programs for entrepreneurs who may not necessarily have a business idea. These programs are designed to help entrepreneurs boost their personal development or business skills in different domains. One example is the School of CEOs, which is a training program run in partnership with the Business School of the University of Minho. The program is structured in four

different modules, covering strategy, sales and marketing, human resources and leadership, and financial and management tools, ending with corporate law. The program also features masterclasses from reference CEOs and entrepreneurs in the ecosystem who share their testimonials and specific knowledge in a particular domain. Startup Braga also provides Startups with on-site working spaces, including coworking spaces and individual working rooms.

Startup Braga fosters its participation and footprints in different global networks, such as the Global Startup Cities Network, which is part of a network of different innovation ecosystems that tries to foster new economic opportunities based on innovation across the globe.

Startup Braga's value proposition is focused on supporting business development, but the Director also recognizes the importance of validating technology in laboratories and scientific facilities. Therefore, Startup Braga has formed partnerships with universities, R&D centers, and the International Iberian Nanotechnology Laboratory (INL) to provide Startups with access to these facilities.

Furthermore, the Director explains how Startup Braga's strategic plan was developed nine years ago to align with the core areas of innovation in the Braga region. Startup Braga mostly supports technology-based Startups with innovative products or services. These Startups must have a competitive advantage in their field of innovation to be part of Startup Braga's community. He believes that this differentiation and niche strategy has been critical to Startup Braga's success, so the incubator is selective regarding the field of innovation of the projects it supports.

According to the Director, Startup Braga's community is composed of 185 Startups that went through incubation and acceleration programs and have raised more than 375 million euros in venture capital. The Director estimates that they have around 50 Startups that are already well established in international markets, which is approximately a 30% rate of success in the internationalization process. The fact that Startup Braga has supported around 30% of their Startups to successfully internationalize demonstrates the effectiveness of their incubation and acceleration programs. Table 1 summarizes the characteristics of the incubator and the interviewee.

**Table 1.** Characteristics of the Incubator

Incubator	Type of Companies Supported	Programs Offered	Innovation Verticals	Years of Activity	Director Education	Interview Duration
Startup Braga	Technology-based Startups	3	5	9	Communication Sciences and Digital Marketing and Strategy	60 min

The Director notes that Startup Braga has brought a Startup mindset to the city, which was a market need that was not being met before the incubator's establishment. He also notes that Portugal has done a great job in creating an environment and landscape for business development, with over 160 incubators and accelerators across the country.

According to the Director, Portugal has a high ratio of unicorns per million people and has more unicorns than Spain, Italy, and Greece combined. This shows that the country has been successful in creating an ecosystem where entrepreneurs can find help in developing their businesses, which was not the case a few years ago when there was no proper network of business angels and venture capital firms in Portugal.

### **3.3.2. The Startups**

Aiming to build a study with a variety of perspectives, different types of companies were involved in this study, differing in terms of field, years of activity, rate of internationalization, among others. To that end, five Startups, incubated at Startup Braga, from different fields of activity were selected to take part in this study. Their names are omitted and substituted by a code for confidentiality reasons.

Regarding the structure and focus of the five companies that were analyzed, all operate in different industries, each with a unique focus on their respective markets. S1 specializes in developing products for cleaning and maintaining solar panels, S2 focuses on artificial intelligence solutions for orthopedic surgeons, S3 collects data on the emotional impact of media, S4 focuses on software solutions for helping dietitians improving eating habits, and S5 creates interactive experiences for children. The companies all have a global market focus, with the goal of expanding internationally.

These companies are committed to developing products that meet specific customer needs, creating innovative and technology-driven solutions, building partnerships and networks, and understanding cultural differences. For example, S1 addresses the issue of dust accumulation on solar panels, S2 helps orthopedic surgeons better prepare for surgeries, S3 measures the emotional impact of media, S4 improves the connection between dieticians and patients, and S5 provides safe and engaging content for children.

Overall, the analysis of the companies reveals the importance of a clear problem-solving focus, innovation, and understanding the global market, while tailoring products to specific regions, specific needs and building partnerships with other businesses to expand into new markets. Table 2 presents a brief description of the companies included in the study.

**Table 2.** Characteristics of the Startups and Interviewees

Company	Field of Activity	Years of Activity	Expansion Abroad	Countries with Activity	Team Size	Founder Education	Interview Duration
S1	Solar Panel Chemicals	5	1 <sup>st</sup> Year	+43	8	Biotechnology and Physics	32 min
S2	Artificial Intelligence Health Technology	8	1 <sup>st</sup> Year	+75	52	Biomedical Engineering	24 min
S3	Media Measurement	7	1 <sup>st</sup> Year	5	18	Psychology and Neuroscience	20 min
S4	Health Technology	8	1 <sup>st</sup> Year	+120	93	Computer Sciences	22 min
S5	Educational Technology	7	1 <sup>st</sup> Year	+150	12	Economy	27 min

*Note.* S = Startup

The interviewees in each Startup were the founders since they were present throughout their incubation process and closely accompanied the various stages in Startup Braga, experiencing firsthand all the services and support provided. Thus, they were able to give the most thorough report of their Startups' experience with the incubator Startup Braga and its support to their internationalization processes.

The founders were from diverse backgrounds ranging from biotechnology to economics to computer science indicating the significance of a broad skill set in starting and running successful Startups. Many of the founders had previous experience working in tech-related fields, such as software development or cognitive neuroscience research, before starting their

companies. This suggests that having a strong understanding and experience in technology can be valuable for entrepreneurs looking to start a tech-based Startup.

### **3.4. Data Collection and Analysis**

The research instruments used were semi-structured interviews to Startup Braga's Director and to Startup Braga's incubated Startups' founders. The interviews were conducted online through Zoom or Google Meet. To minimize researcher bias, the interviews were conducted according to guides which were elaborated according to the literature and the research question (Appendix 1 and Appendix 2).

The interviews took place from January 20<sup>th</sup> to March 2<sup>nd</sup> and the duration was twenty five minutes on average. This number of interviews was considered sufficient, as this study consisted of an exploratory approach, and the new data from the final interviews was no longer adding new insights or expanding the themes and patterns previously discovered (Braun & Clarke, 2006; Saldaña, 2016; Yin, 2011).

The identification of key themes and patterns is a commonly used data analysis technique in qualitative research. According to Braun and Clarke (2006), this approach involves "identifying, analyzing, and reporting patterns within data" (p. 79). In this study, the transcribed interviews were analyzed using the key themes and patterns approach. The data was read and re-read to gain a thorough understanding of the content, and then relevant categories, themes, patterns, and insights were identified. Additionally, Saldaña (2016) suggests that the identification of key themes and patterns involves a recursive process of constant comparison, where the data is compared to itself and to the research question to identify relevant codes and themes. The identification of key themes and patterns allowed for a comprehensive analysis of the data to identify patterns and themes that may not have been immediately apparent. By using this approach, the findings of the study were grounded in the actual data collected from the interviews, providing a more comprehensive understanding of the research topic.

## 4. Results

In this section, the results obtained from the interviews conducted are analyzed. First, the results concerning the institutional perspective regarding the importance of the incubator's support for the internationalization of the incubated companies are presented. Then, the perspective of the Startups' founders is put forth, and emergent key themes and patterns are identified. Table 3 presents the categories, driven mainly by the theory and the codes that emerged from the data.

**Table 3.** Data Coding Structure

Categories	Codes	Mentions					
		Incubator's perspective	Startups' perspective				
			S1	S2	S3	S4	S5
Entrepreneurs' and Teams' Capabilities and Skills	Training programs	x	x	x		x	
	Skills development	x	x	x		x	
	Global mindset	x	x	x	x	x	x
	Startups' willingness to take risks		x	x	x		x
Organizational Capabilities	Exposure to international markets	x	x	x	x	x	x
	Corporate partners	x	x	x	x	x	
	Internationally oriented product	x	x	x	x	x	x
	Digital tools	x				x	x
Networks	Mentors	x			x		
	Business partners	x	x	x	x	x	x
	Investors	x		x	x	x	x
	Connection to wider ecosystem	x	x				
	Startups Network	x	x	x	x	x	x
Foreign Market	Types of industries supported	x					
	Niche Startup with scattered clients	x	x	x		x	x
	International validation	x	x				
	Incubation period	x					

### 4.1. The Incubator's Perspective

As described in the previous section, the case study under analysis is that of the incubator Startup Braga, with focus on the support provided to the incubated Startups' internationalization process, aiming to understand how incubators' services contribute to their successful fast internationalization. One interview was conducted with the Director of

Startup Braga, which allowed for a better understanding of the incubator's services and resources specifically important for internationalization and the institutional perspective regarding the most significant assistance towards the fast internationalization of the incubated Startups.

#### **4.1.1. Entrepreneurs' and Teams' Capabilities and Skills**

This category, based on the work of Engelman et al. (2015), refers to the characteristics, experiences and knowledge of the entrepreneurs and their teams in regard to foreign market expansion. The codes within this category: (i) training programs, (ii) skills development, (iii) global mindset, and (iv) Startups' willingness to take risks, were found due to the interviewees' mentions as to their importance for incubators' support for Startups' fast internationalization.

The Director of Startup Braga emphasizes the importance of several factors that contribute to the success of a Startup's internationalization efforts. The first and most important factor is the team. The Director highlights that having the right people on the team is crucial for taking a product to market, regardless of how advanced or disruptive the product is. This emphasizes the significance of having a talented and experienced team that can execute on the company's vision.

Although Startup Braga does not have a specific program for internationalization, it tries to bring awareness and preparation for it through their different *training programs*. The Director mentions that «*We try to bring this kind of content and this kind of preparation and awareness through our different programs. (...) In every kind of acceleration program, we always run a boot camp called Going Global*». This bootcamp teaches Startups how to address international markets and what particular issues they should be aware of when addressing different markets such as the US, Europe, or Asia.

The Director emphasizes that the incubator tailors its approach to address the specific challenges that the Startups in each program may face, taking into account their focus or core activity. This is a valuable approach because it recognizes that each Startup is unique and requires different types of support to internationalize successfully. The importance of providing tailored support to incubated companies, based on their specific needs and stages of development is highlighted by the Director, as he adds: «*We don't have some kind of one-*



*size-fits-all program. We have different programs to address specific needs of specific Startups in different stages of development, and this is crucial».*

Specifically, the Director also highlights the importance of *developing skills* to create networks of people, mentors, and available resources to support entrepreneurs. The Director mentions that if entrepreneurs are honest in the work that they have been developing, they will suddenly find someone who is interested in being part of their path as a board advisor, investor, potential client, or partner. Therefore, the Director suggests that developing the skills to create networks should be one of the main concerns and focus of every entrepreneur.

Startup Braga's Director emphasizes the importance of a *global mindset* for Startups, as their business models need to be scalable and replicable. This global mindset is crucial for the success of their business models, especially considering the size constraints of the Portuguese market. In his words:

*We try as much as possible to keep the global mindset always in the landscape of every Startup and every entrepreneur. We do believe that every Startup needs to start from this kind of global mindset. Their business models need to be scalable and replicable (...) also because of the dimension size constraints of the Portuguese market.*

#### **4.1.2. Organizational Capabilities**

Organizational capabilities are relevant for Startups' internationalization within incubators as they refer to the Startups' internal capabilities and characteristics that are important for their internationalization (Engelman et al., 2015). In this category, the following codes were found by analyzing the interviewees responses: (i) exposure to international markets, (ii) corporate partners, (iii) internationally oriented product, and (iv) digital tools.

The Director explains that the incubator gives Startups *exposure to international markets* through roadshows to innovation ecosystems that are the hottest tech scenes across the globe, such as the ones located in the US, the UK, Germany, and other countries. He shares that *«Through these roadshows, we try to also give them the exposure to different stakeholders, to investors, to potential partners, to potential clients within or across different markets».*

It is important to note that the Director mentions that the incubator does not provide direct resources for internationalization through Startup Braga. Instead, they rely on their *corporate partners* to provide this support, as he adds:

*We are talking about a team of five people at Startup Braga. We cannot have a specialized team to answer to all the needs that an entrepreneur or a Startup might have so these networks of partners play a huge role on the importance of our value proposition.*

Another factor that favors fast internationalization, highlighted by the Director is the technology or product itself. The Startup's capability to develop an *internationally oriented product*, based on a strong or differentiated technology or product and that has a concrete business model and market strategy is considered very important for internationalization, which the Director states:

*The product and the technology are always important. That's the reason why we believe that we can help the success of Startups that are technology-based and have a concrete and well-founded business model and market strategy, obviously trying to address the proper international markets.*

Furthermore, the Director states that it is easier to scale and find internationally successful companies in the digital products sector due to the lower cost of communication and delivery associated with these products. Furthermore, the Director notes that companies that combine digital and physical elements also have a greater potential for success, as well as those who utilize *digital tools* to address markets, which he comments «*When we are speaking of digital or digital economy based solutions, software solutions, software as a service, obviously for us it is much easier to identify successful cases, also due to the utilization of digital tools to communicate and sell internationally*».

#### **4.1.3. Networks**

Networks as a category, supported by the work of Engelman et al. (2015), refers to the national and international networks of institutional and corporate partners that the incubator provides to their Startups, as well as the Startups' own network of business relationships with several actors in their ecosystem, be it other Startups, investors, entrepreneurs, etc., which support their internationalization. The codes found in this category are: (i) mentors, (ii) business partners, (iii) investors, (iv) connection to wider ecosystem, and (v) Startups network.

Startup Braga's Director emphasizes the importance of networking in the internationalization process of Startups. He argues that networks are crucial for entrepreneurs to succeed as they can bring in clients, partnerships, investors, and other opportunities that can open doors to economic, innovation, and investment opportunities.

Startup Braga boasts an impressive network of *mentors*, which is essential for young entrepreneurs to gain valuable insights and guidance from experienced professionals. He also emphasizes the significance of a strong network of *business partners*, which includes multinational and international companies, as well as local partners with relevant expertise in areas such as consultancy and law.

This network is vital in helping Startups access the resources and connections they need to grow and succeed in the foreign market, including securing relationships with *investors* who then facilitate their expansion, as the Director comments «*Through our different networks, we can always find someone interested in being part of our path as a board advisor, as an investor, as a potential client, as partners...*»

It is worth noting that Startup Braga's network partners are not necessarily located or tied to the Braga region. This approach allows the incubator to tap into a wider range of resources and expertise, which can benefit the Startups they support. The Director states that creating these forums and connecting entrepreneurs to networks is their main contribution for internationalization. Furthermore, he says:

*Definitely network is the key thing to succeed. I wouldn't name any other words better than network. This should be one of the main concerns and focus of every entrepreneur, how to develop their own skills that will allow them to create their own networks.*

Startup Braga has a small team of five people who design the programs and support entrepreneurs, and one person responsible for communication and community management. The Director recognizes that this team cannot have specialized support to answer all the needs that an entrepreneur or a Startup might have, and hence networks play a significant role in the importance of their value proposition.

The Director of Startup Braga identifies the Startups' *connection to the wider innovation ecosystem*, in which the incubator operates, as a factor that favors their internationalization. The interviewee mentions that Braga has been successful in emerging as an innovation ecosystem, which also contributes to the improvement of the network the incubator is able

to provide and thus positively impacts the likelihood of the incubated Startups at Startup Braga to internationalize. He identifies the University of Minho as the base of knowledge and science in the city, with the university's different R&D centers being mentioned as important players in the ecosystem, as they provide knowledge and help Startups in the validation and testing of their products.

The Director mentions the importance of peer-to-peer learning and knowledge sharing within the *Startups Network*, which can help Startups validate their business models, increase their knowledge, reach the market faster, and secure investment rounds. He comments «*This kind of peer-to-peer knowledge sharing and learning process is also something that we believe that is crucial for the younger entrepreneurs*».

#### **4.1.4. Foreign Market**

The foreign market category, also supported by Engelman et al. (2015), refers to the characteristics of the global environment and the relevance and dimension of the particular industry the Startups operate in, as well as the features of each international market that the companies are targeting for internationalization, both in general and in particular for their industry, and the ways Startups go about entering those markets. In this study, the relevant codes identified for this category were: (i) types of industries supported, (ii) niche Startup with scattered clients, (iii) international validation, and (iv) incubation period.

From an internationalization perspective, it is clear that the interviewee sees Braga and Portugal as having a lot of potential for growth in the areas of biotechnology and nanotechnology, as these *types of industries* may offer more opportunities for Startups looking to expand globally. Startup Braga chooses to support a niche sub-set of high-tech companies in specific industries, as these are more specialized and prone to take more advantage of the support provided by Startup Braga for internationalization. In the Director's own words:

*We decided that we should not be just another incubator or accelerator aimed at supporting any kind of project from any field of innovation and we do believe that this is definitely one of the critical points of what we believe is part of our success.*

*Niche Startups with scattered clients* are typically more prone to internationalize successfully. So, to heighten the internationalization potential, the Startup's product or technology must address a significant market need, and increase their market size by going global, which is crucial when talking about companies that want to scale and raise millions of dollars. It is not enough to believe that a product can address a market need, the Startup must have a significant number of people interested in paying for their solution and that is where *international validation* comes in, as he states:

*Preparation is essential for every business. The product can be very interesting, the technology can be amazing, but if they don't respond to a market need, to a need of significant number of people, they won't succeed. We're talking about companies that want to scale, that want to raise millions of dollars, and in many cases need to raise thousands or millions of users or clients, so we really need to have this international market validation properly done.*

It is also noteworthy that Startup Braga's *incubation period* for Startups is up to three years, after which the Startups are expected to be mature and self-sustainable, which is based on their goal of creating strong and self-sufficient companies that can thrive without the support of the incubator. This aligned with the fact that, in this timeframe, Startups are expected to be able to identify and address their international target markets, and the fact that Startup Braga pushes for them to have a global mindset and to focus on internationalizing quickly, serve as added motivating factors for the Startups to be Born Globals and quickly expand into foreign markets.

## **4.2. The Incubated Startups' Perspective**

For this study, five Startups' managers incubated at Startup Braga were interviewed to understand their perspective on the importance of the incubator's support for the fast internationalization of their Startups.

### **4.2.1. Entrepreneurs' and Teams' Capabilities and Skills**

Coaching and support, through *training programs* were highlighted as key factors of the incubator support for these companies' internationalization processes. Several of the founders mentioned that Startup Braga provided training, education, and coaching in areas such as sales, fundraising, and product validation. This coaching support was important in their

knowledge and *skills development*, which were critical for approaching new markets and growing the business internationally. One of the founders illustrates this well as he comments:

*I don't see S4 happening without Startup Braga. They were very important on teaching us new skills. everything we learned about sales, about fundraising, etc., it was with them. It was very important for the company and for our internationalization process (S4).*

S1's founder adds to this point by saying «*The incubator taught us how to create the company, how to recruit or go to projects, how to address specific markets, how to do a lot of things...*».

Having documentation and internal processes in place and in the right language, particularly English, allowed companies to go to market quickly and efficiently and build trust with international clients and investors. This is specifically mentioned by most of the founders as a skill that was critical, and which the incubator assisted with developing. All the interviewed Startups referred the importance of developing a *global mindset* from the beginning and hire multilingual staff to adapt their products more easily to new markets and activate digital channels to bring in customers. This is mentioned by S5's founder: «*Being international was our goal since the beginning. I think that was one of the key factors about this internationalization around the world*». Furthermore, S4's founder adds that «*From day one we quickly understood that our mission was really to be a global company, to help people all around the world*». This is further validated by S3's founder who says «*We've always been an international company. Without internationalization we would have no business*».

The founders highlighted the role of their own company's *willingness to take risks* and pursue their goals in their internationalization processes. While Startup Braga provided important support and resources, the founders noted that their own company's drive and determination were critical factors in their success in internationalization, in tandem with Startup Braga's support. It is notable that S5's founder attributes most of their success in internationalization to their own efforts within their own context, indicating that while the support provided by the incubator was helpful, it was not entirely responsible for their faster internationalization. He comments «*They had some importance, but that desire to be global has to already be within you. Most was done by us in our context*».

#### 4.2.2. Organizational Capabilities

The *exposure to international markets* through a variety of means was also identified by the interviewed managers as being an essential contribution from the incubator to their Startups' fast internationalization, as all the Startups' founders mention it as helping them navigate their internationalization process better with more knowledge. S2's founder says, «*It was kind of our first touch point with the international markets because all of a sudden we were having a lot of meetings with companies coming from abroad or representatives of those companies*». This is further supported by S5's founder who comments that «*They helped us to move forward more quickly by exposing us to investors, other entrepreneurs, and people from other countries, which helped us to ignite our path*». Finally, S3's founder states «*I did a roadshow in San Francisco, organized by Startup Braga, and supported by FLAD, Federação Luso Americana. It was enlightening and very rich*».

Access to internationalization knowledge and support from the incubator and other industry and *corporate partners* was identified as beneficial for Startups looking to expand globally. Startup Braga provided resources and networks that helped Startups to navigate the complexities of internationalization. S4's founder states:

*It was easy to find international talent here in Portugal and that's also an advantage. Startup Braga always told us that we need to go international and put us in contact with multiple other companies that told us the same, so that helped and motivated us a lot.*

The Startups' founders mention that planning from the start to have an *internationally oriented product* or service is key to succeeding in the highly competitive global market of today, as they are able to expand to more and more markets without needing to make too many adaptations or changes to their companies. The following comment made by one of the founders highlights the impact that designing their products with international markets in mind had:

*We purchased a lot of software to evaluate the different legislations, so we could simulate the right raw materials to facilitate the sale to different countries, without adding too many costs. The production was more standardized, and we avoided issues when exporting to different countries (S1).*

The use of technology was highlighted as crucial for facilitating internationalization, and this was also supported by the incubator. Software and *digital tools* and channels were used to streamline processes, facilitate sales, and hold international meetings to secure customers

and partnerships. Using digital tools can help Startups make their products available globally and spread them easily. In line with technology and digital channels serving as tools to internationalize faster, S5's founder comments *«We have customers in more than 150 countries. (...) Our products are available on app stores (...) and that is the main reason why we can have our product spread to so many countries around the world»*. S4's founder adds by saying *«Startup Braga helped us to understand what we needed to change in order to be successful in specific markets. With that we were able to adapt the tool and to activate our digital channels in order to bring customers»*.

#### **4.2.3. Networks**

*Mentors*, as important members of the network that enable the fast internationalization, were only specifically mentioned by S3, as he states, *«Startup Braga introduced me to my first mentor and advisor, who then introduced me to my international advisors»*, who assisted S3 to successfully navigate through the internationalization process to other countries, especially the United States.

However, all five companies emphasized the importance of Startup Braga's network of *business partners*, and other business representatives from abroad. The networking opportunities provided by Startup Braga enabled these companies to make important connections with potential partners and customers, which helped them grow and succeed in new markets. This comment from S3's founder showcases the importance of Startup Braga's business partners, since he mentions *«Startup Braga introduced us to key partners... who allowed us to accelerate very much our product road map by being in the industry and understanding what clients wanted, and also developing our product on the brand side»*. The following contribution further supports the importance of these business partner networks:

*It was crucial in our case. We started having meetings with companies and representatives coming from abroad. (...) A lot of intros to ambassadors, C-levels of big corporations, investors, potential partners, and customers. (...) There was a steep growth as soon as we entered Startup Braga (S2).*

It is clear that the networking and connections provided by the incubator were critical for these companies' success in expanding into new international markets. It is worth noting that the extent to which Startup Braga played a direct or indirect role in these companies' internationalization processes varied. While all five companies acknowledged the importance



of Startup Braga's networks' support and resources, some companies noted that their participation in the incubator's program had a more indirect role in their internationalization, providing national networks and connections that eventually facilitated their international growth. Other companies, such as S4, emphasized the direct role that Startup Braga played in their internationalization process, providing critical support, education, and connections that helped the company grow and succeed.

S3's founder claims most of the support they received from Startup Braga was national, even though that national network facilitated their international network. Therefore, he states that Startup Braga played more of an indirect role in their internationalization process, which would be expected in their case, as he adds:

*Our network is very specialized, so I wouldn't even expect any incubator in Portugal to have access to the type of network that we need, which is the media measurement network, so, where would they even start? The area hasn't existed in Portugal, so we had to make that reach out on our own.*

*Investors* were also referred by Startups as important members of the Network. The importance of the incubator's institutional contacts and networking opportunities with investors, as well as C-level executives, and ambassadors from other countries, was highlighted. As identified by S4's founder, «*It was at Startup Braga that we met (...) our first investor, which was very important for the company and our internationalization*». Not only did Startup Braga introduce Startups to investors, but InvestBraga, its parent organization also invested in the Startups themselves, as S3's founder comments «*InvestBraga invested in S3 during our first convertible. I would say that fifty percent of the contacts that I had initially which ultimately led to investment, I made them through Startup Braga*».

The importance of Startup Braga's network of investors is further highlighted and corroborated by S2's founder, as he mentions:

*This type of relationship that you start to have with all these peers is crucial for your business to grow because an investor can either invest in you or, if it's too early for them, they could make an introduction to a different investor that is the right one for that particular stage you are in.*

*Connecting to the wider ecosystem*, by establishing relationships with other incubators, universities, other Startups, and customers was considered critical by S1's founder for expanding into new markets, as he comments «*I approached Startup Braga to help us in the Startup phase to make partnerships, validate and certify the products that we were*

*developing, making contacts, and approaching other Startups to function as a community, asking how to sell to other countries, what is their strategy...».*

All founders also commented on the impact to their internationalization of being inserted in a *Startups network* and some patterns emerged. All noted that being part of a community of Startups, under the incubator's umbrella, provided them with access to knowledge and support from other founders, which was valuable in helping them navigate the challenges of growing their businesses and expanding abroad. This support came in various forms, such as exchanging experiences, problem-solving together, and learning from each other's perspectives. S3's founder comments *«It was very important, because (...) people have very frank interchanges and help each other. (...) There's this class spirit, which I think is important because it allows you to know other perspectives and learn».*

Several founders mention that being part of a network of Startups provided them with confidence and encouragement during the early stages of their companies when they faced negative feedback from investors. Having other founders who were going through similar experiences and could offer support and encouragement was essential for them to keep going. Being part of a network of Startups allowed the companies to learn from the successes and failures of other companies, which was valuable in shaping their own growth strategy. This was particularly important for Startups in their internationalization process, where having access to information about how other companies had expanded globally was beneficial. To this respect, one founder shares that:

*We contacted with a lot of companies that were working with different countries, and I talked with a lot of people about how to achieve or how to sell to the United States, for example. If we asked a question about the market or anything that other companies had already went through, they would help a lot (S1).*

The founders note that while being part of a network of Startups was beneficial, the support provided by Startup Braga's network was more essential, particularly in the early stages of their internationalization process. The incubator's network provided them with a higher level of support as they had more significant portfolios of contacts and partnerships in other countries that helped them during their internationalization processes.

#### 4.2.4. Foreign Market

*Niche Startups with geographically scattered clients* were found to have an advantage in exploring international markets early on. All the Startups comment that if it was not for internationalization, they would have no business, or at the very least, they would not be able to survive for long just relying on the Portuguese market, even more so if they are focused on a niche market, which in and of itself is a driver for internationalization and being a BG. S4's founder states that *«Since we offer a very niche product and our customers are scattered all around the world, it was obvious that internationalization would be one of the first steps in starting our company»*.

It is clear that internationalization is crucial for Startups to grow and succeed in today's market, which can be exemplified by S3's founder's comment: *«Today we have no revenue in Portugal, and we have no operation in Portugal. Our revenue today is 100% international, and all my main market is the United States»*.

Internationalization provides Startups with access to more significant markets and customers, allowing them to reach dimensions that would not be possible in their domestic market, Portugal in this case. This is particularly important for companies operating in niche markets, where the market is small globally and even smaller in their country. As a result, internationalization provides opportunities for Startups to gain a competitive advantage by expanding their business globally. S2's founder shares their experience:

*We started selling our products abroad from day one (...) and then, later on, we could start selling in Portugal. (...) Portugal is a fairly small market and we also have this weird syndrome that everything that sells abroad is good and then we will buy after someone abroad actually buys it.*

Emphasizing the importance of *international validation* and recognition of their products in international markets S1's founder states that *«Startup Braga helped us in making those partnerships to validate our products in a way that they would be approved and recognized in other countries»*. Startup Braga played a role in providing institutional contacts and helping them create partnerships to validate their products, which enabled them to get their products recognized in other countries. Validation and recognition are critical for gaining the trust and confidence of potential customers and partners in new markets, and Startup Braga's support in this area was critical for this company's success in internationalization.

## 5. Discussion

In this section, the findings from the results analysis above will be interpreted in light of the research question, and the literature review. Drawing upon that, the implications of this study to the literature on incubators' support for the fast internationalization of Startups will be presented, as well as the strengths, limitations, and recommendations for future research.

### 5.1. The Incubator

Regarding the entrepreneurs' and teams' capabilities and skills, Startup Braga offers pre-acceleration programs, acceleration programs, and an incubation program, which is consistent with the literature reviewed. As noted by Bergek and Norrman (2008), incubators typically offer different programs for Startups in various stages of development, including pre-incubation, incubation, and post-incubation. Important to note that, even though Startup Braga offers some support post-incubation, it does not have a specific program to that effect.

Startup Braga also provides training and qualification programs for entrepreneurs who may not necessarily have a business idea, which is consistent with the literature's findings. According to Franco et al. (2020), incubators should also provide training and mentorship programs to help entrepreneurs boost their personal development or business skills in different domains, including internationalization.

Another critical factor for Startups' internationalization is having a global mindset, which the Director of Startup Braga emphasizes. Bøllingtoft and Ulhøi (2005) argue that a global mindset is crucial for Startups, especially those in small markets, to be able to enter and succeed in larger markets. In this regard, Startup Braga fosters its participation and footprints in different global networks, such as the Global Startup Cities Network, which is part of a network of different innovation ecosystems that try to foster new economic opportunities based on innovation across the globe. This access to global networks is critical for Startups' internationalization, as it provides them with the necessary connections to succeed in international markets (Alpenidze & Pauceanu, 2019).

While the programs and support offered by Startup Braga are important for supporting the development of Startups, Bergek and Norrman (2008) suggest that incubators should also

provide specialized support for Startups that are looking to expand internationally. According to these authors, successful internationalization requires access to specialized resources and expertise, such as market knowledge, networks, and internationalization experience. While Startup Braga provides these through their partners, it does not have a specific program geared for Startups internationalization.

The fact that they do not have a specific program for internationalization, and instead rely on their corporate partners to provide this support, could limit the availability of resources for Startups to internationalize if their corporate partners are not able to provide the required support. Bergek and Norrman (2008) emphasize the importance of incubators providing direct resources for internationalization, such as training programs, mentorship, and access to global networks. However, Franco et al. (2020) clearly state in their study that in some European incubators, there is a lack of formal internationalization programs included in the incubation phase of the companies due to the European Regional Development Fund (ERDF) viewing the internationalization as a phase to be considered only post-incubation, which explains this.

Startup Braga's structure aligns with many of the key success factors identified in the literature on incubators, Born Globals and their importance for Startups' internationalization. By providing Startups with a supportive environment, access to resources and networks, and by incentivizing a global mindset, Startup Braga helps its Startups overcome the various challenges they face in their growth journey and succeed in international markets.

Startup Braga follows best practices for incubators, such as providing tailored support to incubated companies based on their specific needs and stages of development. This approach recognizes that each Startup is unique and requires different types of support to internationalize successfully, which is supported by the literature (Bergek & Norrman, 2008). Additionally, Startup Braga's network of corporate partners, mentors, and exposure to international markets through roadshows aligns with the literature's findings, which suggest that having a strong network is vital in helping Startups access the resources and connections they need to grow and succeed in the market (Alpenidze & Pauceanu, 2019).

The literature also emphasizes the importance of the innovation ecosystem in the success of Startups and incubators. The Director of Startup Braga identifies the University of Minho and its R&D centers, as well as INL and TecMinho, as important players in the development of the

innovation ecosystem in Braga. This is supported by Franco et al. (2020), who suggest that the presence of a strong innovation ecosystem can provide Startups with access to knowledge, resources, and networks that are essential for their growth and success abroad. The interviewee's mention of Portugal's success in creating an environment and landscape for business development, with over 160 incubators and accelerators across the country and a high ratio of unicorns per million people, is also supported by the literature, which suggests that a developed ecosystem of business angels and venture capital firms can provide Startups with the necessary funding and support to grow and succeed (Alpenidze & Pauceanu, 2019).

The Director's emphasis on the team, technology, product, and market validation as key factors for Startup success is supported by previous literature on incubation and internationalization (Engelman et al., 2015). Bergek and Norrman (2008) suggest that the team's experience and expertise are crucial for a Startup's success, while Bøllingtoft and Ulhøi (2005) argue that Startups need to have a well-developed product or service that addresses a clear market need. Franco et al. (2020) also emphasize the importance of market validation for Startups, as it helps to ensure that there is demand for the product or service.

The Director's observation that Startups in the digital products sector are more likely to succeed internationally is supported by Engelman et al. (2015) and Franco et al. (2020), who found that digital Startups are more likely to internationalize than traditional firms. Furthermore, Alpenidze and Pauceanu (2019) suggest that digital Startups have lower barriers to entry in international markets, as they can use digital tools to communicate with customers and distribute products.

The Director's comment on the potential for successful MedTech and life sciences Startups, despite the longer time to market, is supported by previous literature. Bergek and Norrman (2008) note that Startups in these fields often require longer development times but can have significant potential for growth and impact.

The success of S3 and other Startups mentioned by the Director in raising venture capital, supported by Startup Braga, is also in line with previous research on incubation and internationalization, as the literature suggests that incubation can help Startups to access funding and networks that can support their internationalization efforts.

In the context of incubators, the role of the director is crucial in providing strategic guidance and support to Startups. According to Franco et al. (2020) and Bøllingtoft and Ulhøi (2005), incubator managers should understand business in order to provide effective support for Startups. The Director's academic background in communication sciences with a specialization in information and journalism, as well as their executive programs in digital marketing and digital strategy from Columbia Business School, are valuable in providing Startups with effective communication and marketing strategies, which are essential for the success of a Startup, as highlighted by Engelman et al. (2015). Furthermore, the Director's experience in developing and implementing strategic initiatives as a marketing and communications director, and as the coordinator of fundraising and alumni relations strategy at the University of Minho, is also useful in providing Startups with strategic guidance and support during the incubation process, as mentioned by Franco et al. (2020). The importance of strategic guidance in the context of incubators is also emphasized by Bergek and Norrman (2008), who suggest that incubators should provide Startups with a range of services, including business planning and strategy development.

In terms of the Director's entrepreneurial experience, their insights into the challenges of starting and running a business could be valuable in supporting Startups through the incubation process, as highlighted by Alpenidze and Pauceanu (2019). The Director's perspective on internationalization aligns with the importance of internationalization for Startups, as emphasized by Franco et al. (2020) and Alpenidze and Pauceanu (2019). Startups often need to expand into international markets in order to achieve growth and success, and the Director's push for a global mindset and belief in the importance of exposure to other cultures and markets could be valuable in supporting Startups' internationalization efforts.

Startup Braga's focus on technology-based Startups aligns with the literature, which suggests that technology-based Startups are more likely to internationalize and grow faster than non-technology-based Startups (Engelman et al., 2015). Engelman et al. (2015) argue that technology-based Startups have an advantage in terms of innovation and scalability, making them more attractive to investors and customers. Startup Braga's emphasis on innovative products and services and its partnerships with universities and research centers provide its Startups with access to scientific facilities and validation of their technology, enabling them to develop competitive advantages in their field of innovation. Alpenidze and Pauceanu (2019)

note that incubators usually focus on supporting technology-based Startups with innovative products or services. However, it is important to note that some literature argues that incubators should not focus solely on technology-based Startups and should also support Startups from other industries (Bergek & Norrman, 2008).

Startup Braga's approach to incubation, where Startups are expected to be mature and self-sustainable after three years, is also in line with the goal of creating strong and self-sufficient companies that can thrive without the support of the incubator, as suggested by Engelman et al. (2015). Furthermore, the incubator's approach of not having a specific program for internationalization but trying to bring awareness and preparation for it through different programs, such as the "Going Global" boot camp and the roadshows to innovation ecosystems in the US, the UK, Germany, and other countries is supported by Bøllingtoft and Ulhøi (2005), who suggest that one-size-fits-all programs are not effective in addressing the unique challenges and opportunities faced by Startups. Instead, tailored programs that address specific challenges are more effective.

## **5.2. The Startups**

The analysis of the five companies identified in this study aligns with the literature on BG, which refers to Startups that have an international focus from their inception (Oviatt & McDougall, 1994). These companies exhibit several characteristics that are typical of BG, including a global market focus from inception, a commitment to innovation, and a focus on solving specific problems in their respective industries (Oviatt & McDougall, 2005; Rennie, 1993). The companies in this study also demonstrate a clear understanding of the importance of building partnerships and networks, as well as understanding cultural differences, which are key strategies for BG to achieve fast internationalization (Hennart, 2014; Knight & Cavusgil, 2004; Øyna & Alon, 2018).

Internationalization is a critical aspect of Startup growth and success in today's global market. As noted in the literature review, there are various theoretical approaches to internationalization, namely, the Uppsala Internationalization Model, Innovation-Related Internationalization Model, Resource-Based View Theory, Network Approach Model, and Born Globals. In this discussion section, the information retrieved from the interviews and



presented earlier in the results section, will be compared with the relevant literature to evaluate how it relates to these different theoretical approaches to internationalization and the previous research on incubators' support for the fast internationalization of Startups.

The interviewees highlighted the need for a strategic approach to internationalization that involves identifying markets and customer needs, building partnerships and networks, adopting multiple strategies for internationalization, having a global vision from the beginning, using technology to facilitate internationalization, and understanding cultural differences. This does not align with the Uppsala Internationalization Model, proposed by Johanson and Vahlne in 1977, that emphasizes the importance of gradual and experiential internationalization, where firms start with markets that are close and familiar before expanding to distant markets. Andersen (1992) further elaborated on this model, stating that firms need to accumulate knowledge and experience in the domestic market before venturing into foreign markets. Schellenberg et al. (2018) also supported this notion, highlighting the need for a strategic approach to internationalization that involves identifying markets and customer needs. While there is a focus on identifying markets and customer needs, as supported by Schellenberg et al. (2018), the findings from the Startups' internationalization processes in this study do not follow this model, as most of them have a global mindset from the beginning and actively explore international markets early on, as they immediately started selling to markets very far away, such as the US or countries in Asia, which does not align with the Uppsala model's suggestion of a gradual internationalization process (Andersen, 1992; Johanson & Vahlne, 1977; Schellenberg et al., 2018).

The interviewees emphasized the need for Startups to understand the specific needs of their customers to develop niche products that meet those needs, which is consistent with the Resource-Based View Theory. This theory suggests that the key to firm success is to have valuable, rare, inimitable, and non-substitutable resources and capabilities that enable firms to develop unique products and services that meet the specific needs of their customers (Agarwal & Ramaswami, 1992; Alvarez & Busenitz, 2001; Barney et al., 2001; Canabal & White, 2008; Crick & Spence, 2005; Grant, 1991; Reuber & Fischer, 1997; Wernerfelt, 1984).

One of the most recurrent topics was the importance of building partnerships and networks, which is consistent with the Network Approach Model. This model emphasizes the importance of relationships and networks in facilitating internationalization, with firms relying on

networks of contacts and relationships to gain access to resources, knowledge, and opportunities in foreign markets (Andersson, 1998; Coviello & McAuley, 1999; Coviello & Munro, 1997; Engelman et al., 2015; Johanson & Mattsson, 1987).

The importance of having a global vision from the beginning and hiring multilingual staff, as mentioned by the founders, is consistent with the BGs approach. This approach suggests that some Startups are Born Global and have an international focus from the outset, with these companies leveraging technology and networks to rapidly expand into global markets (Crick, 2009; Hennart, 2014; Knight & Cavusgil, 2004; Madsen & Servais, 1997; Oviatt & McDougall, 1994, 2005; Øyna & Alon, 2018; Rennie, 1993; Rialp et al., 2005).

Furthermore, there is an emphasis on the need to use technology and innovation to facilitate internationalization, which is consistent with the Innovation-Related Internationalization Model proposed by Cavusgil (1980), which suggests that firms engage in internationalization as a response to innovation opportunities and technological advancements, rather than solely relying on a strategic approach. According to Cavusgil (1980), firms that are innovative and technologically advanced are more likely to engage in international activities to exploit global market opportunities, although this model also posits that companies usually go through domestic markets first, which does not happen with the Startups in this study. Overall, this perspective highlights the importance of innovation and technological capabilities as drivers of internationalization, in addition to strategic considerations, and thus represents the internationalization process of these Startups.

The interviewees highlight several factors that are critical for the successful internationalization of Startups. One of the factors emphasized is having a global mindset from the beginning, which involves designing products with international markets in mind, selecting the right raw materials and striving to have products or services that require low costs of communication and transportation. This is consistent with the BGs approach, which suggests that firms with business models centered around providing niche items to geographically scattered clients at low costs of communication and transportation have an easier time at becoming international (Hennart, 2014).

The use of technology is another factor highlighted by the interviewees as crucial for facilitating internationalization. According to the Innovation-Related Internationalization

Model (Cavusgil, 1980), firms that innovate are more likely to internationalize. Innovation enables firms to develop products and processes that are better suited to international markets, and it can also provide a competitive advantage in foreign markets. The founders suggest that software and digital tools were used to streamline processes, evaluate different legislations, facilitate sales, among other aspects, which is consistent with the idea that technology can facilitate the internationalization process.

The importance of having documentation and internal processes in place, particularly in English language, as well as having a good level of English and a solid team working are other factors emphasized. This is consistent with the Resource-Based View Theory (Barney et al., 2001), which suggests that firms can develop valuable resources that enable them to achieve a sustained competitive advantage. Documentation and internal processes in English, as well as a good level of English and a competent, diversified, and well-rounded team can be considered valuable resources that enable firms to go to market quickly and efficiently and build trust with international clients and investors.

Access to international talent and support from incubators and other industry and corporate partners is also identified as a critical factor for Startups looking to expand globally. This is consistent with the Network Approach Model (Coviello & Munro, 1997), which emphasizes the importance of social networks in the internationalization process. According to the model, social networks can provide firms with access to information, resources, and relationships that can facilitate internationalization. Incubators, as highlighted in the interview analysis, can provide resources and networks that help Startups navigate the complexities of internationalization, as is the case with Startup Braga.

The importance of taking calculated risks, being open to learning and adapting, and having a strong and unique value proposition that resonates with customers in different markets is highlighted. This is consistent with the BGs literature, which suggests that firms can achieve rapid internationalization by pursuing a global strategy from inception (Rennie, 1993). BGs typically have a unique and scalable product or service and are willing to take risks and adapt quickly to changes in the international marketplace.

It is clear that networking and connections were critical for these companies' success in expanding into new international markets. All five companies emphasized the importance of

Startup Braga's network of entrepreneurs, investors, ambassadors, and other representatives from abroad. The networking opportunities provided by Startup Braga enabled these companies to make important connections with potential partners and customers, which was critical for them to grow and succeed in new markets. This aligns with the findings of Alpenidze and Pauceanu (2019) and Engelman et al. (2015) who noted that networking and relationship building are crucial for Startups' internationalization. Franco et al. (2020) also found that Startups benefit from being part of an incubator's network, which provides access to resources and expertise, and facilitates relationship building. In addition, Bøllingtoft and Ulhøi (2005) highlight that incubators can facilitate networking and relationship building between Startups and established companies.

Engelman et al. (2015) and Bergek and Norrman (2008) note that incubators play a critical role by providing mentorship and coaching to Startups, which can help them overcome internationalization barriers. The founders mentioned the importance of this coaching and support for their internationalization efforts as gaining new skills and knowledge in areas such as sales, communication, marketing, and pitching were critical for approaching new markets and growing the business internationally. Alpenidze and Pauceanu (2019) and Franco et al. (2020) argued that incubators can provide valuable resources to Startups by facilitating access to networks and contacts, providing coaching and mentoring support, and helping to secure financing.

The importance of validation and recognition in international markets was emphasized by the founders, who acknowledged the role of Startup Braga in providing institutional contacts and facilitating partnerships to validate their products. This validation and recognition proved crucial in gaining the trust and confidence of potential customers and partners in new markets, ultimately contributing to the success of these companies in their internationalization efforts. These findings align with the research of Franco et al. (2020), which highlights the role of incubators in providing Startups with access to global markets and helping them validate their products and services. Furthermore, Alpenidze and Pauceanu (2019) emphasize that incubators can offer Startups validation and recognition through their extensive network of partners and investors.

Bergek and Norrman (2008) note that the success of Startups' internationalization depends on the entrepreneur's willingness to take risks and pursue international opportunities.

Engelman et al. (2015) also highlight that the ability to take risks is an important characteristic of successful internationalizing Startups. Most of the founders highlighted the role of their own company's willingness to take risks and pursue their goals in their internationalization processes. While Startup Braga provided important support and resources, they noted that their own company's drive and determination were critical factors in their successful internationalization as well.

The extent to which Startup Braga played a role in the internationalization processes of the five companies varied. While all companies recognized the importance of Startup Braga's support and resources, S3 and S5 noted a more indirect role in their internationalization. These companies mentioned that the participation in the incubator's program provided them with national and international networks and connections that eventually facilitated their international growth. On the other hand, S1, S2, and S4 emphasized the direct role of Startup Braga in their internationalization process, citing critical support, education, and connections. This observation aligns with the argument made by Bøllingtoft and Ulhøi (2005) that self-directed effort is also a significant factor in the internationalization process, allied to the support provided by the incubator.

The findings of this study corroborate the significance of various factors in the internationalization process of Startups, as emphasized in existing literature. These factors include networking and connections, coaching and support, validation and recognition, willingness to take risks and pursue goals, as well as the varying degrees of direct and indirect support provided by incubators. They play a crucial role in enabling Startups to rapidly expand into international markets, underscoring the pivotal role of incubators like Startup Braga in providing essential support and resources. It is noteworthy, however, that the impact of specific services may vary depending on the unique needs and context of each Startup, as highlighted by the founders in this study and supported by prior research (Crick, 2009; Rialp et al., 2005).

Franco et al. (2020) highlighted that Startups benefit from the knowledge and support gained through a community of founders, including exchanging experiences, problem-solving together, and learning from each other's perspectives. This support proves particularly valuable in navigating the challenges of growing their businesses. The present study's findings also support the notion that being part of a network of Startups can provide confidence and

encouragement during the early stages of a company, especially when facing negative feedback from investors, as noted by Alpenidze and Pauceanu (2019) and Bergek and Norrman (2008). This support can help Startups persevere and continue their internationalization efforts.

Furthermore, the present study's findings highlight that access to information about how other companies have expanded globally can be beneficial for Startups in the internationalization process, as noted by Engelman et al. (2015), and Franco et al. (2020). Startups can learn from the successes and failures of other companies and shape their own growth strategy accordingly. The founders in the present study specifically mentioned that the support provided by the incubator's network was essential during their internationalization process, particularly in the early stages. This is also in line with previous research by Oviatt and McDougall (1994) and Øyna and Alon (2018), who emphasized the importance of incubators in providing Startups with access to contacts and partnerships in other countries.

Overall, these findings, supported by relevant literature (Crick, 2009; Hennart, 2014; Knight & Cavusgil, 2004; Madsen & Servais, 1997; Oviatt & McDougall, 2005; Rialp et al., 2005), highlight the significance of being part of a network of Startups for the fast internationalization of Startups. Such networks provide Startups with valuable knowledge, support, confidence, and access to information that can positively impact their internationalization efforts.

The findings from the analysis of the founders' backgrounds are consistent with previous literature that highlights the significance of diverse academic and professional backgrounds among founders of international Startups. Many founders in the analyzed Startups had strong academic backgrounds in science, engineering, or technology, which aligns with the tech-driven nature of their businesses (Bøllingtoft & Ulhøi, 2005; Franco et al., 2020). This makes the importance of the training and skills development in management areas provided by incubators even higher.

While some Startups' founders had prior experience in their respective industries and they consider it as valuable in starting and growing a successful company, the literature suggests that this may not always be the case. Alpenidze and Pauceanu (2019) found that prior industry experience may be more important in some industries than others, and that in some cases,

too much industry experience can be a hindrance to innovation. Bergek and Norrman (2008) also found that successful Startups often come from outside the established industry, introducing disruptive technologies and business models. Therefore, while prior industry experience can be helpful in some cases, it may not always be necessary or even desirable for Startup success.

The analysis of the Startups' founders' backgrounds also underscores the significance of diverse experiences. Founders from various backgrounds, ranging from biotechnology to economics to computer science, indicate the importance of a broad skill set in starting and running successful Startups (Engelman et al., 2015; Øyna & Alon, 2018). This suggests that there is no one specific path to success in the Startup world, and that diversity in academic and professional backgrounds can be valuable in building and growing a successful company. Franco et al. (2020) found that successful Startups often have diverse teams with varied skill sets, including business, marketing, and design, in addition to technical expertise. Similarly, Bøllingtoft and Ulhøi (2005) found that successful Startups often have a multidisciplinary approach to problem-solving, drawing on expertise from different fields to create innovative solutions. Therefore, it may be overly simplistic to suggest that a strong technical background is the key to success in the Startup world.

The literature on incubators and Startups supports the findings from the analysis of the founders' backgrounds, highlighting the importance of diverse experiences and skill sets in international Startups' success. Incubators can play a critical role in supporting Startups with diverse backgrounds and experiences by providing them with resources, mentorship, and networking opportunities to help them succeed in the international market.

Table 4 presents a summary of the key findings highlighted in this study, where it is possible to see the patterns identified among the interviewed Startups related to their internationalization process, the facilitating factors of their internationalization, as well as the incubator Startup Braga's contributions with the highest importance for their fast internationalization. As for the incubators' importance for Startups' fast internationalization, the themes that appear among the Startups are: (i) having a global mindset, (ii) exposure to international markets, (iii) having an internationally oriented product (iv) networking and building relationships with business partners and representatives from abroad, (v) access to financial resources, (vi) Startups network, and (vii) being a niche Startup with scattered clients.

From these themes, the most crucial one for Startups' internationalization proved to be the institutional and corporate network provided by Startup Braga, which the Startups' founders highlighted as contributing the most.

**Table 4.** Summary of Themes and Patterns Identified by Topic

Topic	Themes	Patterns	
Internationalization Process	Strategic Approach	Identifying markets and customer needs	
		Building partnerships and networks	
	Internationalization Importance	Technological tools	
		Startups would not survive without it	
Facilitating Factors	Product/Service	Portugal as a small market	
		Focus on niche market segments	
		Digital product/service	
	Skills and Characteristics	Niche product/service	
		Designed for internationalization	
		English - language level and documents	
	Technology	Global mindset	Willingness to take risks
			Digital tools and channels
		Software	Software
			Innovative technology use strategies
Incubator Importance	Institutional and Corporate Network	Partnerships development	
		Potential investors and customers	
	Coaching and Support	Critical skills development for a solid business strategy	
		Strengthening of skills to approach new markets and international clients/partners	
	International Market Validation	Facilitation of partnerships to validate the products and/or services	
		Recognition and trust in international markets	
	Startups Network	Knowledge exchange, collaboration, mutual help, and encouragement	
		Specific assistance towards business strategy and internationalization	



## 6. Conclusion

The internationalization process of Startups is a complex and dynamic phenomenon that requires careful consideration of various factors. This study aimed to explore the internationalization of Startups participating in business incubators, specifically focusing on the importance of the incubators' support for this effort and on the BGs approach, innovation and technological capabilities, partnerships and networks, and a customer-centric approach. Through in-depth interviews with founders of Born Global Startups and the director of a business incubator, Startup Braga, several meaningful insights were obtained.

The findings of this dissertation suggest that incubators play a crucial role in supporting the fast internationalization of Startups. Through offering access to resources, networks, and expertise, incubators can help Startups overcome the challenges and barriers associated with internationalization, such as lack of knowledge, limited financial resources, and difficulty in building networks in foreign markets.

Regarding the most impactful services provided by the incubators towards the fast internationalization of Startups, these were found to be networking and building relationships with representatives from abroad, access to financial resources, coaching and training support, institutional and international contacts, and encouraging self-directed effort, with the main codes identified being (i) having a global mindset, (ii) exposure to international markets, (iii) having an internationally oriented product (iv) networking and building relationships with business partners and representatives from abroad, (v) access to financial resources, (vi) Startup network, and (vii) being a niche Startup with scattered clients.

Partnerships and networks, specifically those provided by the incubator, emerge as key enablers of internationalization for incubated Startups. Collaborations with established firms, industry peers, and local stakeholders, which the incubator provides, gives Startups access to knowledge, resources, and market opportunities, as well as helps them navigate cultural and institutional differences in foreign markets. Furthermore, a customer-centric approach, which involves understanding customer needs and preferences in international markets, is essential for Startups to tailor their products or services accordingly and gain customer loyalty, which was found to be supported by the incubator.

Based on the findings presented in this study, we can hypothesize that a solidified network is the most crucial aspect that incubators can provide for the fast internationalization of Startups. Even if incubators offer programs specific to develop internationalization skills, if there is not a network in place to leverage their internationalization, it is less likely that they will be successful in their efforts.

This study supports the notion that a strategic approach to internationalization is critical for the success of Startups in today's global market. Identifying markets and customer needs, building partnerships and networks, adopting multiple strategies for internationalization, having a global mindset from the beginning, using technology to facilitate internationalization, and understanding cultural differences are all key themes that emerged from this study. By integrating these themes into their internationalization process, Startups can gain a competitive advantage by expanding their business globally and accessing more significant markets and customers.

The findings of this study highlight the importance of a strategic approach in the internationalization process of Startups. Born Global Startups, which pursue a global market from their inception, tend to prioritize internationalization as a core component of their business model. Additionally, innovation and technological capabilities play a crucial role in the internationalization process, as they enable Startups to develop unique value propositions, adapt to foreign markets, and stay competitive.

In conclusion, this study contributes to our understanding of how Startups can effectively internationalize with the support of business incubators by providing valuable insights from interviews with founders of incubated Born Global Startups and aligning the findings with relevant theoretical approaches. The findings underscore the significance of a strategic approach, innovation and technological capabilities, partnerships, and networks, especially those provided by incubators, and a customer-centric approach in the internationalization process of Startups. The implications of this research can inform entrepreneurs and incubators' managers alike about which support is the most critical for enabling the fast internationalization of Startups.

## **6.1. Theoretical Contributions**

By aligning with established theories and concepts, namely, the Resource-Based View Theory, Network Approach Model, Born Globals approach, and Innovation-Related Internationalization Model, the findings of this study are not only grounded in existing knowledge and provide support for the conclusions drawn from the interviews, but also contribute to exploring the relevance of these theories in explaining the internationalization process of Born Globals.

The use of empirical evidence from interviews with Startup founders and the incubator's Director adds practical grounding to the study. The insights obtained from real-world experiences of entrepreneurs who have gone through the internationalization process in an incubator provide valuable insights into the challenges and opportunities associated with fast internationalization. This empirical evidence enhances the applicability of the study to the field of study, making it relevant to entrepreneurs, incubators, and researchers in the field of international business and entrepreneurship.

By studying the importance of incubators' support towards the fast internationalization of Startups, from the perspective of the Startups' founders, this study fills the gap in the literature noted by Franco et al. (2020). Furthermore, it provides the added value of securing the perspective of the incubator's director on this subject and furthering the diversity of points of view on this topic. This study's findings align with the previous studies on the importance of incubators' support for the fast internationalization of Startups, which adds further validation to an under-studied subject.

The richness of the study is positively impacted by the comprehensive analysis of the internationalization processes of five different Startups and their experience within an incubator. By examining a diverse set of Startups, this study provides a nuanced understanding of the strategies and approaches employed by Startups in their internationalization process and what role incubators can play in aiding this process. This comprehensive analysis allows for a thorough examination of the factors that contribute to the fast internationalization of Startups and for an understanding on which are the services that incubators provide that are the most helpful and can serve as a valuable source of information for further research in this area.

Lastly, the focus on the strategic factors that are critical for successful internationalization, such as building partnerships and networks, understanding cultural differences, having a global mindset, using technology to facilitate internationalization, and identifying markets and customer needs, with the assistance of incubators, adds evidence to previous literature. These factors align with existing literature on internationalization and incubators support and provide valuable insights for Startups and incubators alike. The identification of these strategic factors can guide Startups in their internationalization efforts and inform incubators in the development of supportive policies and programs.

## **6.2. Managerial Implications**

Based on the findings of the study, there are several managerial implications and recommendations for incubators' managers and Startups' founders. Firstly, results indicate that incubators' managers should foster a global mindset from the inception of Startups. Encouraging Startups to have a global vision from the beginning and actively explore international markets early on can greatly contribute to fast internationalization. Startups should be encouraged to focus on developing unique products and services that meet the specific needs of international customers to extend their niche markets and amplify their chances of success.

Secondly, incubators' managers should facilitate partnerships and networks for internationalization success. Providing opportunities for Startups to connect with potential partners, such as organizing networking events, industry collaborations, and mentorship programs, can greatly enhance their internationalization efforts. Startups should also be encouraged to actively seek and establish relationships with local partners in foreign markets to gain access to resources, knowledge, and opportunities.

Thirdly, Startups should also prioritize hiring multilingual staff with local market knowledge to better understand and cater to the needs of international customers and should be prepared to iterate and adjust their strategies based on market feedback and changing business environments.

Lastly, Incubators' managers should foster a supportive and collaborative ecosystem for Startups' internationalization success. Creating an environment that encourages knowledge sharing, networking, and collaboration among Startups can be highly beneficial. Startups should also actively participate in the ecosystem and leverage the resources and opportunities available to them.

### **6.3. Limitations and Future Research**

Despite the valuable insights gained from this study, several limitations should be considered. The small sample size of only five Startups and one incubator's member of the management team may limit the transferability of the findings to other cases. The experiences and strategies of these Startups in this particular incubator may not be similar to other Startups in different incubators, and there may be other factors that were not captured in the study. Future research could consider including a larger sample size of Startups from different industries and regions, as well as different incubators. A larger sample size would allow for a more comprehensive analysis of the strategies and approaches to internationalization in different contexts. This would provide a more robust basis for drawing conclusions, making recommendations and increase the external validity of the findings.

The specific contexts in which these Startups operate, such as their industries, markets, and resources, may have influenced their internationalization processes and outcomes. Therefore, caution should be exercised in transferring the findings to different settings or industries. Future research could explore the impact of contextual factors on the internationalization processes of Startups to provide a more nuanced understanding of the role of incubators' support through comparative studies by exploring the differences and similarities in the strategies and approaches to internationalization among Startups from different backgrounds and incubators, which would contribute to a more comprehensive understanding of the role of incubators' support in the fast internationalization of Startups.

This study relies on self-reported data from interviews with Startup founders, which may be subject to biases. Founders may provide selective or incomplete information about their internationalization processes and their experiences with the incubator, and their perceptions and interpretations of their experiences may be subjective. A mixed-methods approach that

combines qualitative interviews with quantitative data, such as financial records or performance measures, could be used in future research. This would provide a more holistic and triangulated view of the internationalization processes of Startups and allow for a more rigorous analysis of the relationships between different factors and outcomes. Quantitative data would also help provide a quantitative validation of the qualitative findings, and vice versa, enhancing the credibility and reliability of the research findings and contributing to a more in-depth knowledge on the importance of incubators for the fast internationalization of Startups.

Furthermore, longitudinal studies that follow the internationalization processes of Startups over time could provide valuable insights into the dynamic nature of internationalization. By examining the changes in strategies and approaches at different stages of the Startup's lifecycle, longitudinal studies would help identify the critical factors that contribute to the fast internationalization of Startups and how these factors evolve over time. This would provide a deeper understanding of the temporal dimension of internationalization and contribute to the development of dynamic models of internationalization.

Despite these limitations, this study contributes to the understanding of the importance of incubators' support for the fast internationalization of Startups. The findings provide valuable insights into the strategic factors that contribute to the fast internationalization of Startups and highlight the significance of incubators' support in this process.

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## 8. Appendices

### Appendix 1. Startup Braga's semi-structured interview guide

Topic	Objective	Questions
<b>Incubator structure</b>	Understand how the incubator functions.	How does Startup Braga work?
		What type of companies does Startup Braga assist?
<b>Incubator services focused on internationalization</b>	Understand what type of support and services Startup Braga provides, in particular for internationalization.	What type of support does Startup Braga provide to incubated companies?
		Does Startup Braga have a program specific for internationalization assistance? How does it work?
		What services do you provide geared for internationalization?
<b>Incubated Startups</b>	Understand statistics, motives for success and impact of networks.	What do you believe to be the most important assistance towards fast internationalization and why?
		What is the rate of success? In your view, why do some internationalize successfully, while others don't?
		How many incubated companies has Startup Braga had since inception?
		How many have internationalized?
<b>General Information</b>	Understand background and its impact on the stance on internationalization.	How do networks impact internationalization?
		What is your academic and professional background?
		Did you have any prior international or entrepreneurial experience? If so, do you believe this has impacted how you view internationalization and your stance on it at Startup Braga?

## Appendix 2. Incubated Startups' semi-structured interview guide

Topic	Objective	Questions
<b>Company specifics</b>	Understand the industry, focus, and company identity.	Can you tell me about your company? What is its focus and how does it function?
<b>Internationalization process</b>	Understand how their internationalization process has been, what have been the different stages and the impact of internationalization.	Can you talk to me about your internationalization process?  How did it start, how is it going and what are your plans?  How has internationalization affected your business?
<b>Facilitating factors of their internationalization process</b>	Understand the role of the business model, type of company, as well as the role of previous experience in both entrepreneurship and internationalization.	What would you say were the main facilitating factors of this process? Can you tell me how they impacted your business?  Did you have any prior international or entrepreneurial experience? If so, do you believe this has impacted your internationalization?
<b>Importance of the incubator, localization and being integrated in a network</b>	Understand the role of the incubator, their services, and the role of the network of Startups.	What role did the incubator play in your internationalization process?  What services/supports were the most impactful towards your internationalization and why?  What was the role of being inserted in a network of Startups?
<b>General</b>	Understand the founders' background and its impact on their internationalization.	What is your academic and professional background?