



THE ROLE OF NETWORKS IN ACCESSING EUROPEAN FUNDS
AIMED AT THE INTERNATIONAL DEVELOPMENT OF INVS:
AN ANALYSIS OF CASES

Barbara Kulaga
Marche Polytechnic University
b.kulaga@univpm.it

Silvio Cardinali
Marche Polytechnic University
s.cardinali@univpm.it

Article info

Date of receipt: 02/09/2021
Acceptance date: 13/02/2022

Keywords: European Funds,
Networks, International New
Ventures, Liability of smallness, Case
study analysis

doi: 10.14596/pisb.2948

Abstract

Purpose. This study contributes to the literature on network theory by interpreting and investigating the two-phase internationalisation process (exploration and exploitation), from the point of view of the INVs' entrepreneurs. The ability to attract funds and internationalise are among the main challenges for SMEs, and this is even more evident for the International New Ventures (INVs). In the literature, one of the main mechanisms by which INVs try to deal with the lack of resources is the use of networks. This exploratory study try to fill a gap in the literature about the scarcity of studies on European funding instruments as resources for internationalisation.

Design/methodology/approach. To pursue these objectives, a qualitative study with exploratory value was developed using the multiple case study methodology, carried out through semi-structured interviews with five entrepreneurs of Italian INVs who in recent years have benefited from funding for internationalisation.

Findings. The results show that INVs use personal networks during the exploration, business networks in the exploitation and European funding via personal networks, thanks to knowledge gained in academia in both phases for counteracting the liability of foreignness, the liability of smallness, and the liability of newness.

Practical and Social implications. This study may provide managers with awareness of the use they can make of networks and the role of social mechanisms in fostering resource transfer. In this sense, understanding the logic through which networks operate for practitioners is also useful for approaching UE financing instruments.

Originality of the study. This study integrates in the resource-exchange panorama within networks the European financing (or co-financing) instruments as resources for internationalization.

1. Introduction

This study integrates two themes that represent a significant challenge for small and medium-sized enterprises in the European panorama: the contributions offered by the various European institutions for the development of SMEs and the so-called 'early' internationalisation processes (Cavusgil and Knight, 2015).

On the one hand, in fact, the various European institutions offer opportunities for access to various Community funds to support SMEs; just think that in the 'Single Market Programme' managed by the EASME agency (Executive Agency for SMEs), more than 4 billion euros are available, which are also aimed at increasing the same programme of companies that Horizon2020 provided for specific tools of innovation according to previous definitions of 'Tools for SMEs'. Today, the potential sources made available by Next Generation EU are added to support public and private investments aimed at making the industrial and technological presence in all strategic sectors stronger and more competitive (European Commission, 2020). The different opportunities cover different areas, including financing for innovation, internationalisation, acquisition of new technologies and the construction of strategic partnerships.

A recurring theme for efficient access to the various opportunities made available to the 'community' is, in addition to the knowledge of the specific tools, the need to have national or international networks for the design and construction of partnerships of companies and public and private institutions; in this sense, various tools operate according to an open innovation model, tending to conduct innovation activities with a network logic (Chesbrough et al., 2006) or entering into strategic partnerships with other companies (Segers, 2013) to develop and absorb new knowledge and technologies in order to commercialise them through innovative products, giving rise to networks between companies and institutions, on a large scale.

On the other hand, there is a need in many small and medium-sized companies in Italy, but also in other member countries, to activate internationalisation processes 'early'. In fact, if in the traditional view of growth processes abroad and, also in much literature, the internationalisation process begins following a development in the national context, many companies, especially in sectors with a high impact of technology, feel the need to overcome the prospective offer of the national market since their inception or in their first years of activity, to the extent that it is defined as International New Ventures (INVs) (McDougall et al., 1994; Oviatt and McDougall, 1994, 1997). These types of companies can be considered a subgroup of international SMEs (Gabrielsson et al., 2008) for which the European Union provides various support tools; they are also associated with high-tech sectors (Oviatt and McDougall, 2005).

Although in the literature there are several studies concerning the role of networks in internationalisation (Ciravegna et al., 2018), few refer to European funding except from a socio-political or macroeconomic point of view (Gouveia et al., 2021). It is possible, in fact, to point out that there are numerous studies on the role that European institutions have played in the development of the territories, however, acquiring a more economic perspective than a managerial one.

Therefore, the purpose of this work is to investigate the role that networks assume in the internationalisation process and how and why INVs approach European funding. This work seeks to provide support for the growth of knowledge on the topic of networks in internationalisation processes, focusing on one of the possible categorisations of networks, namely, 'social/business' network interpreting and investigating the two-phase internationalisation process (exploration and exploitation). We referred to the above categorisation as one of the possible categorisations emerging in the literature, such as 'primary/secondary' networks given by Mort and Weerawardena (2006), who defined primary networks as the relationships already established by the entrepreneur and by the founders of born globals and which, when the company is founded, are inherited and used by it to identify and exploit the opportunities present in foreign markets. Secondary networks, by contrast, are built by the entrepreneur and by managers at a later stage and are used in the phase of opportunity exploitation to face competition on foreign markets; they are characterised by networks of 'strong/weak ties' according with Granovetter (1973) and Sharma and Blomstermo (2003), for whom strong or weak ties can be formed between the actors of the network.

Since the focus of our work lies more in the exchanged resource than on the actors involved and not even in the measurement of the strength of the tie, the differentiation based on the context of the relationship (social/business) appeared more interesting for our purpose.

To pursue these objectives, a qualitative study with exploratory value was developed using the multiple case study methodology, carried out through semi-structured interviews with five entrepreneurs of Italian INVs who in recent years have benefited from funding for internationalisation.

In the following paragraphs the theoretical framework of reference is described, the methodology used in the study will also be presented, or the results obtained will be presented, finally presenting the managerial and theoretical implications of the study, the limitations, and some ideas for future research.

2. Theoretical background

2.1 European funding for international development

The European Union provides a wide range of funding concentrated in various sectors, from small and medium-sized enterprises (SMEs) to research, from energy to agriculture, from the environment to industry 4.0, to cooperation and development.

An area in which the European institutions have always shown a strong sensitivity is that relating to the development of SMEs, from their incubation period (Geipele et al., 2016) to their expansion (Bužavaitė and Korsakienė, 2018) in the domestic and new markets. In fact, the Commission has identified the main obstacles to the internationalisation process, as highlighted by the study 'Support for the internationalisation of SMEs - Selection of good practices' (European Commission, 2008); the lack of sufficient financial resources and difficulties in accessing credit (financial resources); the scarcity of information available to identify target markets; and the lack of qualified personnel due to the small size of the staff (human resources).

Four pillars of the assistance system are dedicated to supporting SMEs: structural funds, thematic financing opportunities, financial instruments and support for internationalisation.

The most used instrument by SMEs are the Structural Funds, aimed to reduce disparities in the development of the regions and to promote economic and social cohesion within the European Union as well as through co-financing by the Member States. Among these, the European Regional Development Fund (ERDF) co-finances activities aimed at entrepreneurship and innovation, mitigating the impact of the crisis (Becker et al., 2018). Structural Fund beneficiaries receive, in this case, a contribution to finance their projects, but like many other EU funding sources, ERDF programmes are managed by national and regional authorities and not directly by the Commission, as opposed to thematic funding opportunities that are instead implemented by the various departments of the European Commission, and the main forms of direct funding can be identified in the CREA, H2020 programmes (with the axis dedicated to SMEs: SME Instrument) and COSME.

From an analysis of the Italian beneficiaries of funds, carried out on the Financial Transparency System of the European Commission, it emerges, however, that out of the total beneficiaries, only a small part is made up of companies, against a large presence of higher education institutions and centres of research. Access to finance, on the other hand, would be of fundamental importance for companies in fostering their growth, innovation, internationalisation (Bonifazi and Giannetti, 2014) and in developing their

aptitude for building international networks such as for access to some funding programmes, for which the establishment of an international partnership is often required.

2.2. The role of networks in the INVS internationalisation process

Internationalisation is generally an intense and dynamic phenomenon that requires significant resources to trigger (Oviatt and McDougall, 1994; Hitt et al., 2006), and this is all the more evident for INVs than for companies with gradual internationalisation, due to the so-called liability of smallness, newness and liability of foreignness (Knight and Cavusgil, 2004; Phelan et al., 2006; Cavusgil and Knight, 2015; Morse et al., 2007). In fact, INVs are more disadvantaged in the internationalisation process due to the limited availability of resources, such as human (Knight and Cavusgil, 2004) and financial (Weerawardena, et al. 2007) capital.

According to the literature, the main mechanism through which INVs try to address the lack of these resources is the use of networks (Oviatt and McDougall, 1994; Coviello 2006) and strategic alliances (Kale et al., 2009). According to the definition of Axelsson and Jan (1992), by network we mean a series of two or more interconnected relations of exchange; according to Brass et al. (2004) it is the set of nodes and bonds that represent a relationship, or lack of relationship, between the nodes.

Among the reasons why companies use networks to ensure rapid internationalisation, Coviello and Cox (2006) reveal that companies use networks to exchange physical and financial resources during the establishment phase of the company, in a way that, in particular, the exchange of financial resources is more frequent in the early developmental phases of the company rather than in subsequent years, due to the desire to maintain a more independent status as the company progresses. As with physical and financial resources, in the same way, companies use the intangible resources of the networks to which they belong to start the internationalisation process; to compensate for the lack of experience on international markets and to be able, in turn, to develop export capacity (O’Gorman and Evers, 2011). How long it takes for the results of this knowledge exchange to be recognisable on foreign sales, however, depends on the type of knowledge exchanged (Yu et al., 2011).

Regarding access to information, several empirical studies identify how personal contacts are the best mechanism for identifying opportunities in foreign markets (Mort and Weerawardena, 2006; Vasilchenko and Morrish, 2011). In this sense, social networks are understood as links ‘developed by personal relationships’ (Vasilchenko and Morrish, 2011, p. 90) in which the actors are informally connected to each other on a personal level (O’Donnell et al., 2001). By business network, on the other hand, we

mean 'a set of two or more connected commercial relationships, in which each exchange relationship is between companies that are conceptualised as collective actors' such as competitors, suppliers, customers, administrations, government bodies and business partners (Anderson et al., 1994, p. 2; Kontinen and Ojala, 2011). Moreover, in the context of IE, a recent study revealed that institutional network actors as institutional agencies have a positive effect on the internationalisation process, providing knowledge and favoring information and access to grants and funding opportunities (Oparaocha, 2015).

For the purposes of this analysis, the above definitions of social and business networks are taken up and will be carried out according to a process-oriented logic, distinguishing the exploration and exploitation phase, following the recommendations already emerged in the review by Hoang and Antoncic (2003) and in the study by Slotte-Kock and Coviello (2010).

The concepts of exploration and exploitation of opportunities arise in the organisational context (March, 1991) in reference to opportunities and the exploitation of entrepreneurial opportunities and are taken up in the context of international entrepreneurship in subsequent research (Busenitz et al., 2003; Corbett, 2005; Eckhardt and Shane, 2003; Santos-Álvarez and García-Merino, 2010). The exploration phase is characterised by the entrepreneurial effort aimed at the research, discovery, and experimentation of the internationalisation project, while the exploitation phase concerns the implementation and efficiency of the project itself.

From this arose the first two research propositions (RP), namely, 'RP1: social networks are mostly used in the initial stages of the internationalisation process (exploration)', and 'RP2: business networks are mostly used in the later stages of the internationalisation process (exploitation)', which is related to our first Research question (RQ), 'RQ1, what is the role that networks assume in the SMEs internationalisation process?'

From the considerations of the previous paragraph sprang the other RP, id est RP3: 'European funds are accessed by SMEs through networks'. RP4: 'European funds are used by SMEs as financial resources for their exploration phase', related to our second research question, 'RQ2, how and why Italian INVs approach European funding?'

3. Methodology

To respond to the research objectives, a qualitative approach was used and the multiple case study method, which is particularly useful in the investigation aimed at answering questions such as 'how' and 'why' (Yin, 2003a, pp. 13-14). With respect to the choice of conducting a single or multiple case study, the considerations of Yin (2003a, pp. 40-42) and Eisenhardt (1989) were taken into account. As the use of multiple case studies guarantees replicability and greater methodological rigor, opting for a multiple-type approach in the combination of within case and cross case analysis leads to greater reliability of the results. This is due to the detailed development of the theoretical concepts and the relationships that are established. (Miles and Huberman, 1994; Eisenhardt, 1989; Miles et al., 2014; Patton, 2002).

3.1 Case selection and data collection

As regards the selection criterion of the sample, reasoned sampling was used according to the 'by criterion' strategy, which consists of the identification and selection of 'all cases that satisfy certain predetermined criteria of importance' (Patton, 2002, p. 238).

The sample was selected from the databases of the European Commission, i.e., using the Database of EU funding the EIC Accelerator Hub and the FTS Financial Transparency System. However, as this does not provide information on funding from the EU budget implemented by both the Commission and the States or implemented indirectly by other international organisations or third countries, the databases of the Managing Authorities were also used. The following criteria were applied: the company must be registered with an office in Italy; the company must be complying with the definition of an early internationaliser, i.e. oriented to foreign markets, and must not have reached a stage of maturity and must be no more than eight years old (Morse et al., 2007); it must be an early internationaliser who has benefited from direct or indirect European funding for business internationalisation. Before proceeding with the data collection, it was considered appropriate to draw up the research protocol, as a summary document of the previous phases and programmatic for the future phases; the tool chosen to collect information is the semi-structured interview, one of the techniques mainly used in qualitative studies (Alvesson, 2003; Corbetta, 2003; Kvale and Brinkmann, 2009; McCracken, 1988; Qu and Dumay, 2011). The questions, addressed to the entrepreneur, were developed on the basis of the studies that emerged from the literature, particularly those focused on the access and exchange of resources within networks and previously

identified in the systematic literature review: Coviello and Munro (1995), Coviello and Cox (2006), Mort and Weerawardena (2006), Tolstoy (2010), Ellis (2011), O’Gorman and Evers (2011), (Vasilchenko and Morrish) 2011, Yu et al. (2011), Nowiński and Rialp (2016), Ryan et al. (2019), and adapted to the survey.

The definitive number of cases to be selected was defined according to the principle of theoretical saturation (Fusch and Ness, 2015), during the conduct of the interviews themselves. The main contacts of the companies in the selected sample were contacted personally through LinkedIn and by e-mail, requesting the availability to carry out an interview. Five of the entrepreneurs contacted responded positively to the request and were interviewed. The interviews were conducted by one of the authors via telephone and lasted an average of 40 minutes. The interview outline was divided into four macro-themes:

- general information about the company and the interviewee;
- information on the internationalisation process;
- the role of networks in the internationalisation process;
- the approach to European funding from a temporal and relational point of view.

The interviews were recorded and subsequently transcribed verbatim to facilitate analysis of the contents. Moreover, regarding the validity of this phase and its ethical challenges (Goodman, 2001), each participant was guaranteed anonymity and non-disclosure of the recorded material to third parties. Regarding the research bias, a peer debriefing concerning the drafting of the interviews’ outline, with the co-author and another colleague, provided suggestions for improvement. Moreover, the triangulation of the data reduced the threat both for research and respondent bias (Robson, 2002) and contributed to giving greater validity to the case study (Yin, 2003b).

The following Table 1 summarises the main characteristics of the interviews carried out.

Tab.1 Main characteristics of the interviews

Company	General features	Sector	Role of the interviewee	Educational qualification of the interviewee
Case A	Location: Marche Region Year of establishment: 2017 Dimension: small business	Footwear	Founding partner and CEO	PhD
Case B	Location: Marche Region Year of establishment: 2012 Dimension: medium business	Defense and space	Founding partner	Master's degree
Case C	Location: Marche Region Year of establishment: 2015 Dimension: small business (start-up)	IT	Founding partner and CEO	PhD
Case D	Location: Marche Region Year of establishment: 2012 Dimension: small business	Wind energy	Founding partner and member of the board	Master's degree
Case E	Location: Marche Region Year of establishment: 2014 Dimension: small business	Maritime engineering	Founding partner	PhD

Fonte: our elaboration

3.2 Data analysis

The data were analysed and classified through the use of software for qualitative data analysis (hereinafter QDAS: Qualitative Data Analysis Software), namely nVivo12. The software used is proposed as a tool to support the researcher, through whose use it is not intended to supplant the traditional method, but to improve it in terms of effectiveness.

The transcripts of the interviews were uploaded to nVivo12 as single text sources and therefore categorised in cases A-E, and categorising the quotes, or text segments (Jackson and Bazeley, 2019) in the following nodes:

- a. internationalisation process
 - a1. exploration
 - a2. exploitation
- b. networks
 - b1. social
 - b2. business
- c. European funding
 - c1. approaching method
 - c2. benefits

Once these preliminary operations have been carried out on the data, we proceeded with the analysis of the same and their interpretation through the implementation of two different phases (Miles et al., 2014): 'within case analysis', that is, the description of each case in its entirety, presenting in a narrative way the answers provided by the interviewees on the topics dealt with, allowing identification of the most important statements and becoming familiar with the single case study (Eisenhardt, 1989); 'Cross-case analysis', or the subsequent comparison of cases, aimed at comparing individual cases (Miles and Huberman, 1994; Eisenhardt, 1989; Miles et al., 2014; Patton, 2002).

The combination of within and cross analysis allowed an intuitive and critical reflection (Ayres et al. 2003), linking the significant statements to the interviews, to answer the research questions.

4. Results

In this paragraph, the individual business cases will be described in a narrative manner, and the main quotes will be reported.

4.1 Analysis within cases

4.1.1 Case A

Case A is a company established in 2017, having as its objective the development, production and marketing of innovative products or services with high technological value, aimed at tailor-made customisation of footwear. The business idea, as stated by the interviewee, '*was born with the aim of innovating the traditional sector of Made in Italy footwear*', networking the small artisans of the area to overcome the difficulties they encountered in exporting.

The corporate internationalisation process is defined as '*Worldwide from birth*'. During the first phase of the internationalisation process, i.e., during the exploration of opportunities (exploration), the company made use of the personal contacts of the founders (social networks), who contributed to '*an initial validation of the business model also offline*'; business relational networks contributed to the expansion process into foreign markets at a later time (exploitation).

The search for financing and co-financing opportunities began at the same time as the internationalisation process, drawing on personal networks. Funding for internationalisation, of various kinds, obtained by the company, served at first to find economic and relational resources and subsequently to extend the customer base.

'I believe that in general all the contribution tools must be used to finance real projects that the company is implementing and not vice versa when building a corporate project [...] with the implementation of the investment project of course I may acquire new customers, new names'.

4.1.2 Case B

Case B is a high-tech company, established in 2012, which carries out the study, production and marketing of sensors and navigation systems for the industrial and defense market.

The corporate internationalisation process was born at the same time as the business project, as stated by the entrepreneur interviewed. *'We were born international [...] initially we put together a pool of co-founders and investors that basically covered four continents'*. In the first years of its life, the company achieved 100% of its turnover abroad. During the exploration phase of international opportunities, the company made use of the social networks of the founders and investors residing abroad.

'By creating a company from scratch, it is clear that the first relationships are personal, of partners, founders and investors, and then gradually a credibility is created which then forms the basis for the type of future relationships'.

Participation in the Horizon2020 call is part of the exploitation phase of internationalisation opportunities; the same call was brought to the attention of the company by a contact belonging to a business-type network, who benefited from the same funding as a subcontractor. The award of the tender had a positive impact on the company not only in financial terms but even on building relationships and on the brand reputation.

'It is difficult to be selected by the European Community, so it was certainly an excellent reference'.

4.1.3 Case C

Case C is a university spin-off, established in 2015, having as its objective the design of hardware and/or firmware devices with high technological value; during the first year of life, it focused its activity on research, filing a patent for industrial invention; currently it has not yet commercialised the product and is in the phase of exploring international opportunities.

The relational network, which he used in the very first phase of exploration, was defined by the interviewee as *'personal'*, and later supported by an incubator. *'Since ours is a niche market [...] our search for an international market is based above all on market analysis, so we have explored the size of the various markets in the different countries, focusing particularly on the Europe area'*.

The company is the beneficiary of directly managed European funding, and the search for financing tools to support the internationalisation and

innovation of the product began at the same time as the birth of the business project.

'We became aware of the European funding we have benefited from, namely an SME Instrument Phase 1, so we are talking about the SME Instruments sector, alone, or with our research of the various European funds and loans for innovative startups, in this is the case of small and medium-sized enterprises'.

The search for funding opportunities was carried out independently by the CEOs and founding members, mostly from the academic world. An interesting theme that emerges from the interview is the financial objective, first, but also of the consequent positive externalities encountered.

'Mainly we approached the SME Instrument for financial reasons [...] but I can then say that [...] during the development of the project, we also obtained important business and network links which were perhaps more important than the funding itself'.

'With the funding we had, we were able first of all to deepen our market research, then by exploring international cases that we had not previously considered too much or had not evaluated, so as part of the financed project we had the opportunity to study the market and we are even having come to know people or other companies in the same sector and therefore also with a more direct comparison with other experts in the sector; in short, by expanding our network within the project we were able to redirect our plans on the market. [...] Credibility derives precisely from being able to appear at some investment tables or other tenders with a certification that comes from obtaining European funding'.

4.1.4 Case D

Case D is a company operating in the wind sector, established in 2012, and having as its objective the design, development and production of innovative wind turbines, and re-blading programmes.

The exploration phase, as emerged from the statements of the founding partner interviewed, began at the same time as the development of the international project. *'When the [...] day before starting the company started, in the sense that this prospect of producing blades could not be destined solely for the Italian market [...] we started with Italian customers, but above all in Spain, in Germany, England, etc., therefore (the company) was born international by constitution, by DNA'.*

With reference to the networks through which the company has approached foreign markets, those of a personal and academic nature were fundamental. *'We used direct channels, that is, our personal knowledge of the wind sector and the protagonists of the wind sector, to go and talk to potential customers'.* *'The academic network has allowed us to enter another type of market [...] we have also managed to enter the theme of the certifying designer, who accredited us even more to the turbine manufacturer'.*

The company began looking for financing opportunities through participation in direct and indirect management tenders already at the start of its business, mainly to find financial resources. *'Certainly, at the beginning we immediately thought about looking for financing because in any case the investment intensity was high'*. Although the attempt to answer calls had begun when the company was set up, it only benefited from it in the exploitation phase. Also in this case, personal and academic contacts were fundamental. *'In this case the network was exactly personal'*.

The company considered the loans useful for finding financial, technological, and reputational resources. *'(The funds) make up for the lack of venture capital finance which unfortunately is scarcely available [...] certainly (they serve) to accelerate startups that deserve it and certainly to accelerate innovation'*. *'Presenting yourself at a European level conference [...] and applying as a speaker saying Hello, I have won Horizon 2020, I have accessed the SME Instrument is an element of prestige'*.

4.1.5 Case E

Case E is a start-up founded in 2014, and which operates on the market as a system integrator dealing with the development of hardware and software solutions in the construction industry, shipbuilding, energy, and agriculture.

The internationalisation process *'was there even before the start-up started'*; one of the partners worked in Germany and the company was born thanks to a grant, for a technological innovation project, by the Chamber of Commerce of Ancona and of a German Chamber of Commerce.

In the exploration phase, the company made use of social networks, gained during previous work experience in business and academia; these contacts later evolved into informal relationships. The search for funding opportunities deriving from directly or indirectly managed instruments began *'already at birth'* and in a few years *'on the 20 calls we participated in, 17 were successful'*.

The financing opportunities were identified by the entrepreneur himself. *'I had interfaced with German national tenders [...] for research funding within the (university) department where I worked'*. Participation in the financing and co-financing calls *'was in a certain sense a need'* and was interpreted as an alternative source of financing. *'I do not feel keen on resorting to banks or an external investor'*.

Although the main purpose for which the financing had been approached was of a financial nature, it gave the company *'the opportunity to develop a new product or new versions of the product that were not in the initial intentions of the project'*, but also to *'rethink the company objectives'*. They have been defined as a source of *'new knowledge'* and in some contexts they have

contributed to improving the corporate reputation. *'The moment I sit down at a table with an interlocutor, be it Italian or foreign, and they ask us what we do, how we did it, what we are doing naturally, it is a matter of course'.*

The following Table 2 describes the main data that emerged from the five cases analysed, providing some additional information.

Tab.2 Main evidence from the cases.

Company features	Phase of the internationalisation process	Social Network role	Business Network role	EU funding approach	EU funding role
Established: 2017 Sector: footwear Company size: small business	Exploitation	They contributed to an initial validation of the business model on foreign markets.	They have contributed to the expansion process on foreign markets.	Thanks to the previous experience of one of the founding members gained in the academic field. In the exploration phase: beneficiaries of indirectly managed funds. In the exploitation phase: beneficiaries of directly managed funds.	Financial resources, Relational resources: extension of the clientelist network
Established: 2012 Sector: defense and space Company size: medium enterprise	Exploitation	They have allowed the direct exploration of opportunities in foreign markets.	They have contributed to the expansion process and to give the company credibility in foreign markets.	Participation in the call together with a subcontractor with previous experience In the exploitation phase: beneficiaries of directly managed European funding.	Financial resources, Relational resources: credibility with customers.
Established: 2015 Sector: IT Company size: small business	Exploration	They allowed the company to start market research.	Not present	Thanks to the previous experience of the CEOs and founding members gained in the academic field.	Financial resources, Human resources, Technological resources, Relational resources.

Established: 2012 Sector: wind energy Company size: small business	Exploitation	They made it possible to approach potential customers in target foreign markets and be accredited with certification bodies.	They have contributed to the expansion process and to give the company credibility in foreign markets. Personal contacts have turned into business contacts.	Thanks to the previous experience of employees gained in the academic field. In the exploration phase: unsuccessful financing attempts. In the exploitation phase: beneficiaries of directly managed financing.	Financial resources, Technological resources, Relational resources.
Established: 2014 Sector: Navalmeccanica Size: small business	Exploitation	They allowed the direct exploration of the opportunity in foreign markets.	They have contributed to the expansion process in foreign markets. Personal contacts have turned into business contacts.	Thanks to the entrepreneur's previous experience gained in the academic field. In the exploration phase: beneficiaries of directly and indirectly managed funds. In the exploitation phase: beneficiaries of directly and indirectly managed funds.	Financial resources, Technological resources, Relational resources.

Source: our elaboration

4.2 Cross case analysis

In this paragraph we will try to highlight the common and differentiating elements relating to the role and type of networks in the corporate internationalisation process, the role and methods of approaching European funding with respect to the phase of the internationalisation process and with respect to resources and type of network used.

4.2.1 Role of networks in the internationalisation process

The first common element that emerged from the analysis of the cases concerns the phase of the internationalisation process in which the respondent companies find themselves: all INVs except one (Case C) are in the exploitation phase. All have begun the phase of exploration of internatio-

nal opportunities, at the same time or before the establishment of the company itself. *'We were born international'* (Case A), *'The day before starting the company'* (Case D). In line with previous studies (Vasilchenko and Morrish, 2011) during the exploration phase of international opportunities, entrepreneurs used personal networks, and, on many occasions, this seemed obvious, so much so that entrepreneurs used expressions such as *'is it is clear that the first relationships are personal'* (Case B), *'typically when these initiatives are made, the first contacts are personal'* (Case D). It emerged that, in the first phase of the internationalisation process (exploration), some companies had included in their corporate structure residing abroad: *'Initially we put together a pool of co-founders and investors that essentially covered four continents'* (Case B); *'I was already living abroad'* (Case E).

The second element in common with INVs concerns the contribution that personal networks have had in the initial phase of the process of internationalisation of opportunities, that is, they have influenced the choices to enter the markets (Case A, B, D, E). Regarding this element, it should be noted that Case C has not yet marketed the product. Furthermore, these types of networks were used to validate the potential of the products: *'We had to check if the business model was interesting or not, so we started where we had some contacts'* (Case A); and to be accredited with the certification bodies (Case D).

Overall, personal networks seem to significantly influence the selection of markets to enter and serve as a trigger for the initiation of internationalisation in certain markets. With reference to business networks, in several cases, defined by companies as *'indirect channels'*, and explained by the interviewees themselves as networks consisting of *'partners, then other companies typically always in the renewable wind sector, therefore engineering companies, service companies, companies that had other technologies parallel to ours [...]; trade associations to which we brought our idea and explained that it could be a relevant topic for the sector [...]; the managers of various specific, technological conferences'* (Case D); or *company networks*, specifying *'they were perhaps already suppliers'* (Case A); these seem to become sources of knowledge and resources that allow companies to exploit the opportunities previously explored. Unlike social networks, which are based on informal relationships, business networks are recognised as formal relationships for the mutual exchange of resources in which the actors make collective efforts to achieve a common goal (O'Donnell et al., 2001; Ojala, 2009). In particular, except for Case C (it should be noted that this company is still exploring the opportunities for internationalisation, and has not yet commercialised the product), the business-type networks have been exploited to improve the credibility of the company in foreign markets and extend its commercial network. *'Where we did not reach the potential customer directly, either because we did not know him personally, or because it was not possible to get there because*

maybe he was in a place where we could not even physically arrive, then we used non-direct channels [...] (Case D). In some cases (Case A, D and E), personal networks have led to the establishment of subsequent formal business relationships in which old and new contacts have become significant partners in the exploitation phase.

From the cross-case analysis, the main differences emerge with reference to Case C: this company, unlike the other cases, is still exploring internationalisation opportunities and has not yet marketed the product.

4.2.2 European funding approach and benefits

The first element in common that emerged from the analysis concerns the perception of the benefits deriving from financing and co-financing instruments in support of entrepreneurial internationalisation, whether directly or indirectly: the entrepreneurs of the INVs believe that they are a financial and relational resource (Case A, B, C, D, E). In particular, the search for tenders suited to the needs of the company begins with the aim of covering, at least in part, the company's financing needs to carry out internationalisation and innovation projects. *'We immediately thought about looking for funding because in any case the investment intensity was high'* (Case D); *'(The financing instruments) allow us to carry out our prerogatives'* (Case E).

European financing or co-financing, deriving from direct or indirect management tenders, seems to be perceived by the entrepreneur as an alternative financing tool to bank credit and crowdfunding. *'Considering that I do not feel similar to resorting to banks or an external investor, there were not many other solutions left'* (Case E). *'We should think of making a connection with the efficiency of the banking system [...] the problem is in the credit system that has stopped making the credit system'* (Case D).

Although at first the entrepreneurs give a purely financial role to European funding programmes, subsequently, during the implementation phase of the financed project, the instrument is recognised as a relational resource (Cases A, B, C, D, E). In particular, the relational resource was understood by the interviewees above all, but not only, in terms of extension of the clientelist network, and the acquisition of greater credibility. *'I can say that also thanks to the network proposed in the development of the SME Instrument, therefore by the European Commission during the development of the project, we have also obtained important business connections, which were perhaps more important than the financing itself'* (Case C). *'It served precisely to support the creation of the product and then also to create networks'* (Case B).

Furthermore, in some cases European funding has helped INVs to improve their credibility in foreign markets. Among the other benefits deriving from the award of the tender, the entrepreneurs described the financing instrument as a source of technological resources (Case C, D, E).

'Afterwards, the financing became useful above all for a fact of acceleration of development' (Case D). Only in one case was the award of the call for funding useful for finding human resources (Case C); in this regard, it should be remembered that the company in question is still in a phase of exploring international opportunities and has not yet marketed the product.

A second element in common concerns the ways in which companies have approached European funding: all but one (Case B) have figures with previous experience in the sector gained in the academic field. In this regard, it is important to underline the presence in the corporate structure of personnel holding a PhD (Case A, Case C). As for the scouting of funding and co-financing calls made available by the European Community, the INVs seem to start immediately. *'Certainly, at the beginning we immediately thought about looking for funding'* (Case D) and one of the companies was born thanks to a double funding from the Italian and German chambers of commerce. Although the research phase begins *'already at birth'* (Case E),

A difference concerns the approach to European funding, it can be said that in all cases participation in European tenders took place in the exploration phase, however, only some companies have managed to win the calls for funding at this stage. This finding is in line with the overall success rate of the directly managed instruments that finance internationalisation and innovation – which, according to the latest data observed by the Agency for the Promotion of European Research, is on average 20% - which is why the first attempts to participate fail and the INVs benefit from them only in the exploitation phase (Case A, B and D).

5. Conclusions

This study seeks to contribute to the literature on network theory in internationalisation, focusing on one of the possible categorisations of networks - social and business networks - by interpreting and investigating the two-phase internationalisation process (exploration and exploitation), from the point of view of the entrepreneur of the International New Ventures.

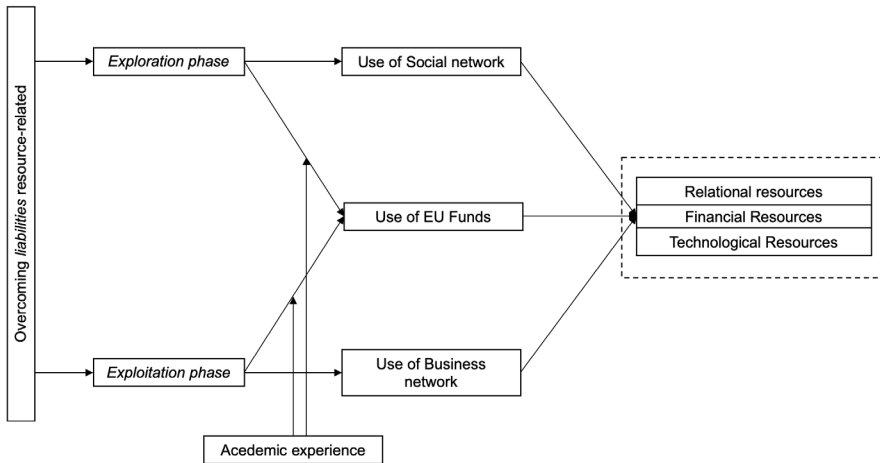
The results show an active role of social networks in the exploration process. Overall, the entrepreneurs interviewed believed that personal contacts in foreign markets made it possible, or at least easier and faster, to access these markets. In this context, the personal knowledge of at least one of the founding members, in some cases residing abroad, proved to be fundamental. From the survey conducted, it emerged that social networks in this phase influence the choices of entry into foreign markets, so much so that the first foreign orders are made in the countries where the founding members have informal relationships. During the exploitation phase, informal relationships strengthen the presence in foreign markets in terms

of credibility. In some cases (Cases A, D and E), personal networks lead to the establishment of subsequent formal business relationships in which old and new contacts become significant partners in the exploitation phase of internationalisation opportunities. The results are in line with previous studies on SMEs and INVs (Coviello and Munro, 1995; Kemper et al., 2013, Lu et al., 2010; Slotte-Kock and Coviello, 2010; Vasilchenko and Morrish 2011; Zain and Ng, 2006; Zhou et al., 2007), suggesting that networks, in the process of exploring opportunities, constitute a source of resources for internationalisation.

At the same time, this study seeks to fill a gap in the past literature, namely, the scarcity of studies on European funding and the lack of studies on such financing instruments (or co-financing) as a resource for internationalisation. The results show how the call search process that meets the needs of the company, whether they are directly or indirectly managed calls, begins at the birth of the entrepreneurial project; although in some cases the chances of success seem to be higher in the exploitation phase, when the company has already gained credibility in foreign markets. The entrepreneurs have considered that the financing and co-financing instruments for internationalisation constitute, for the company, financial resources to support the initial investment, but also relational and technological resources, allowing the creation of new relationships, acquisition of greater credibility and acceleration of development. With reference to the role of networks in approaching European funding, it emerged that only in one case, a business-type network allowed the International New Venture to become aware of the tool (Case B) and to respond to the call; in all other cases, knowledge of the tool, acquired by the founding member, or by the employee, in previous academic experiences was found to be fundamental.

It can be said that the INVs interviewed made use of personal networks during the exploration phase, business networks in the exploitation phase and European funding in both phases of the internationalisation process to combat the liability of foreignness (Knight and Cavusgil, 2004), the liability of smallness, (Phelan et al., 2006) and the liability of newness (Cavusgil and Knight, 2015; Morse et al., 2007), as shown in the following Fig.1.

Fig.1 Conceptualisation of the model



Source: our elaboration

This work contributes to the existing literature by following some recommendations that emerged in previous studies, and, in particular, reference is made to the literature review by Bembom and Schwens (2016): ‘given the initial need for Born Globals for financial capital as they internationalise, we recommend further research on these dynamic developments’ (Bembom and Schwens, 2016). The second recommendation appeared in a review prior to that of Bembom and Schwens (2016), in 2003, in the review by Hoang and Antoncic (2003), according to which a more in-depth analysis was needed in a process-oriented perspective; this statement is subsequently confirmed also in the study by Slotte-Kock and Coviello (2010).

Finally, the current study may provide managers with awareness of the use they can make of networks, and it is particularly evident from the results concerning the role of social mechanisms in fostering resource transfer between network partners. European institutions, in particular, offer opportunities for access to various Community funds for supporting SMEs. A recurring theme for efficient access to the various opportunities made available to the EU Opportunities is, in addition to the knowledge of the specific tools, the need to have national or international networks for the design and construction of partnerships of companies, and public or private institutions conducting innovation activities with a network logic (Chesbrough et al., 2006). In this sense, understanding the logic through

which networks operate for practitioners is also useful for approaching UE financing instruments.

The results of this research must also be interpreted in the light of some limitations: the use of the multiple case study, compared to the single case, does not allow one to reach the same level of depth of analysis. Furthermore, although there is not a correct number of cases to be used for developing a theory, as the number generally considered appropriate falls between four and ten cases (Eisenhardt, 1989, p. 545), it is considered correct to recognise that a greater number of cases could lead to a deeper knowledge of the phenomenon. It is also emphasised that, despite the fact that several INVs meeting the sampling criteria were contacted in order to conduct the semi-structured interviews, the companies that responded positively to the request all have their registered office in the Marche Region.

For the future, we can hypothesise the development of a qualitative analysis by expanding sampling on the national and/or European territory, and of a quantitative analysis by which to develop a model for assessing the impact of the financing instruments made available by the European Community on the performance of companies.

References

- Alvesson, M. (2003). Beyond neopositivists, romantics, and localists: A reflexive approach to interviews in organizational research. *Academy of management review*, 28(1), 13-33.
- Anderson, J. C., Håkansson, H., & Johanson, J. (1994). Dyadic Business Relationships Within a Business Network Context. *Journal of Marketing*, 58 (October), 1-15.
- Axelsson, B. e Jan J. (1992). Foreign Market Entry: The Textbook vs. the Network View, in *Industrial Networks A New View of Reality*, B. Axelsson e G. Easton, eds. London: Routledge, 218-34.
- Ayres, L., Kavanaugh, K., & Knafelz, K. A. (2003). Within-case and across-case approaches to qualitative data analysis. *Qualitative health research*, 13(6), 871-883.
- Becker, S. O., Egger, P. H., & von Ehrlich, M. (2018). Effects of EU Regional Policy: 1989–2013. *Regional Science and Urban Economics*, 69, 143–152.
- Bonifazi, A., & Giannetti, A. (2014). *Finanziare l'impresa con i fondi europei*. IPSOA.
- Brass, D. J., Galaskiewicz, J., Greve, H. R., & Tsai, W. (2004). Taking stock of networks and organizations: A multilevel perspective. *Academy of Management Journal*, 47(6), 795-817.
- Busenitz, L. W., West III, G. P., Shepherd, D., Nelson, T., Chandler, G. N., & Zacharakis, A. (2003). Entrepreneurship research in emergence: Past trends and future directions. *Journal of management*, 29(3), 285-308.
- Bužavaitė, M., & Korsakienė, R. (2018). Inter-Personal and inter-organizational networks in internationalization of SMEs: A bibliometric analysis and review. *Open Economics*, 1(1), 94-104.
- Cavusgil, S. T., & Knight, G. (2015). The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization. *Journal of International Business Studies*, 46(1), 3-16.
- Chesbrough, H., Vanhaverbeke, W., & West, J. (Eds.). (2006). *Open innovation: Researching a new paradigm*. Oxford University Press on Demand.
- Ciravegna, L., Kuivalainen, O., Kundu, S. K. & Lopez, L. E. (2018). The antecedents of early internationalization: A configurational perspective. *International business review*, vol.27(6), pp. 1200-1212.
- Commissione Europea (2008). *Sostegno all'internazionalizzazione delle PMI – Selezione delle buone pratiche*. Ufficio delle pubblicazioni ufficiali delle Comunità europee, Lussemburgo.
- Commissione Europea (2020). *Key instruments supporting the recovery plan for Europe*. Directorate General for Budget.
- Corbett, A. C. (2005). Experiential learning within the process of opportunity identification and exploitation. *Entrepreneurship theory and practice*, 29(4), 473-491.
- Corbetta, P. (2003). *La ricerca sociale: metodologia e tecniche*. Il mulino.
- Coviello, N. E. (2006). The network dynamics of international new ventures. *Journal of International Business Studies*, 37(5), 713-731.
- Coviello, N. E., & Cox, M. P. (2006). The resource dynamics of international new venture networks. *Journal of International Entrepreneurship*, 4(2-3), 113-132.
- Coviello, N. E., & Munro, H. J. (1995). Growing the entrepreneurial firm: Networking for international market development. *European Journal of Marketing*, 29(7), 49-61.
- Creswell, J. W., & Poth, C. N. (2016). *Qualitative inquiry and research design: Choosing among five approaches*. Sage publications.
- Eckhardt, J. T., & Shane, S. A. (2003). Opportunities and entrepreneurship. *Journal of management*, 29(3), 333-349.
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research, *Academy of Management Review*, 14 (4), 532–50.
- Ellis, P. D. (2011). Social ties and international entrepreneurship: Opportunities and constraints affecting firm internationalization. *Journal of International Business Studies*, 42(1), 99-127.
- Fusch, P. I., & Ness, L. R. (2015). Are we there yet? Data saturation in qualitative research. *The qualitative report*, 20(9), 1408.

Gabrielsson M. e Pelkonen T., (2008). Born internationals: Market expansion and business operation mode strategies in the digital media field. *Journal of International Entrepreneurship*, 6, 49-71.

Geipele, I., Puķīte, I., & Kauškalē, L. (2016, March). Importance of Business Incubators for New Business and its Development in Latvia. In *Proceedings of the International Conference on Industrial Engineering and Operations Management* 1199-1206.

Goodman, H. (2001). In-depth interviews. *The handbook of social work research methods*, 309-319.

Gouveia, M. C., Henriques, C. O., & Costa, P. (2021). Evaluating the efficiency of structural funds: An application in the competitiveness of SMEs across different EU beneficiary regions. *Omega*, 101, 102265.

Granovetter M.S., (1985). Economic action and social structure: the problem of embeddedness. *American Journal of Sociology*, 91(3), 481-510.

Hitt, M. A., Bierman, L., Uhlenbruck, K., & Shimizu, K. (2006). The importance of resources in the internationalization of professional service firms: The good, the bad, and the ugly. *Academy of Management Journal*, 49(6), 1137-1157.

Hoang, H., & Antoncic, B. (2003). Network-Based Research in Entrepreneurship: A Critical Review, *Journal of Business Venturing*, 18 (2), 165-87.

Huberman, M., & Miles, M. B. (2002). *The qualitative researcher's companion*. Sage.

Jackson, K., & Bazeley, P. (2019). *Qualitative data analysis with NVivo*. Sage.

Kale, P., Singh, H., & Raman, A. P. (2009). Don't integrate your acquisitions, partner with them. *Harvard business review*, 87(12), 109-115.

Knight, G. (1996). The Born Global Firm: A Challenge to Traditional Internationalization Theory, in *Advances in International Marketing*, eds. S. Cavusgil, T. Madsen.

Knight, G.A. and Cavusgil, S.T. (2004). Innovation, organizational capabilities, and the born-global firm, *Journal of International Business Studies*, 35 (2), 124-141.

Kontinen, T., & Ojala, A. (2011). Network ties in the international opportunity recognition of family SMEs. *International Business Review*, 20(4), 440-453.

Kvale, S., & Brinkmann, S. (2009). *Interviews: Learning the craft of qualitative research interviewing*. Sage.

Lu, Y., Zhou, L., Bruton, G., & Li, W. (2010). Capabilities as a mediator linking resources and the international performance of entrepreneurial firms in an emerging economy. *Journal of International Business Studies*, 41(3), 419- 436.

March, J.G. (1991). Exploration and exploitation in organizational learning. *Organization Science*, 2 (1), 71-87.

McCracken, G. (1988). *The long interview* (Vol. 13). Sage.

McDougall, P. P., Shane, S., & Oviatt, B. M. (1994). Explaining the Formation of International Business Ventures: The Limits of Theories from International Business Research. *Journal of Business Venturing*, 9 (6), 469-87.

Miles, M. B., Huberman, A. M. (1994) *Qualitative data analysis: An expanded sourcebook* (2nd ed.). Thousand Oaks, Sage.

Miles, M. B., Huberman, A. M., & Saldana, J. (2014). *Qualitative data analysis: A methods sourcebook*. Sage.

Morse, E. A., Fowler, S. W., & Lawrence, T. B. (2007). The impact of virtual embeddedness on new venture survival: Overcoming the liabilities of newness. *Entrepreneurship Theory and Practice*, 31(2), 139-159.

Mort, G. S., & Weerawardena, J. (2006). Networking capability and international entrepreneurship. *International Marketing Review*, 23(5), 549-572.

Nowinski, W., & Rialp, A. (2016). The impact of social networks on perceptions of international opportunities. *Journal of Small Business Management*, 54(2), 445-461.

O'Gorman, C., & Evers, N. (2011). Network intermediaries in the internationalisation of new firms in peripheral regions. *International Marketing Review*, 28(4), 340-364.

O'Donnell, A., Gilmore, A., Cummins, D., & Carson, D. (2001). The Network Construct in Entrepreneurship Research: A Review and Critique. *Management Decision*, 39 (9), 749-60.

Ojala A., (2009). Internationalization of knowledge-intensive SMEs: The role of network relationships in the entry to a psychically distant market. *International Business Review*, 18, 50- 59.

Oparaocha, G. O. (2015). SMEs and international entrepreneurship: An institutional network perspective. *International Business Review*, 24(5), 861-873.

Oviatt, B. M., & McDougall, P. P. (1994). Toward a Theory of International New Ventures. *Journal of International Business Studies*, 25 (1), 45-64.

Oviatt, B. M., & McDougall, P. P. (1997). Challenges for internationalization process theory: The case of international new ventures. *MIR: Management International Review*, 85-99.

Oviatt, B. M., & McDougall, P. P. (2005). Defining international entrepreneurship and modeling the speed of internationalization. *Entrepreneurship theory and practice*, 29(5), 537-553.

Patton, M. Q. (2002) *Qualitative research and evaluation methods* (3 ed.), Thousand Oaks, Sage
Phelan S.E., Dalgic T., Li D. e Sethi D., (2006). The development of entrepreneurial networks: a necessary condition for international new ventures? *Strategic Management Review*, 0(1), pp. 1- 21.

Qu, S. Q., & Dumay, J. (2011). The qualitative research interview. *Qualitative research in accounting & management*, 8 (3), 238-264.

Robson, C. (2002). *Real world research* (2nd Ed.). Malden: Blackwell Publishing.

Ryan, P., Evers, N., Smith, A., & Andersson, S. (2019). Local horizontal network membership for accelerated global market reach. *International Marketing Review*, 36(1), 6-30.

Santos-Álvarez, V., & García-Merino, T. (2010). The role of the entrepreneur in identifying international expansion as a strategic opportunity. *International Journal of Information Management*, 30(6), 512-520.

Segers, J. P. (2013). Strategic Partnerships and open innovation in the biotechnology industry in Belgium. *Technology Innovation Management Review*, 3(4).

Sharma D.D. e Blomstermo A., (2003). The internationalization process of Born Global: a network view. *International Business Review*, 12(6), 739- 753.

Slotte-Kock, Sussana & Nicole Coviello (2010). Entrepreneurship Research on Network Processes: A Review and Ways Forward. *Entrepreneurship Theory and Practice*, 34 (1), 31-57.

Tolstoy, D. (2010). Network development and knowledge creation within the foreign market: A study of international entrepreneurial firms. *Entrepreneurship & Regional Development*, 22(5), 379-402.

Vasilchenko, E., & Morrish, S. (2011). The role of entrepreneurial networks in the exploration and exploitation of internationalization opportunities by information and communication technology firms. *Journal of International Marketing*, 19(4), 88-105.

Weerawardena, J., Mort, G. S., Liesch, P. W., & Knight, G. (2007). Conceptualizing accelerated internationalization in the born global firm: A dynamic capabilities perspective. *Journal of World Business*, 42(3), 294-306.

Yin, R. (2003a) *Applications of case study research* (2nd ed), Thousand Oaks: Sage

Yin, R. (2003b) *Case study research: Design and methods* (3rd ed), Thousand Oaks: Sage

Yu, J., Gilbert, B. A., & Oviatt, B. M. (2011). Effects of alliances, time, and network cohesion on the initiation of foreign sales by new ventures. *Strategic Management Journal*, 32(4), 424-446.

Zahra, S.A., Neubaum, D.O. and El-Hagrassey, G.M. (2002), Competitive analysis and new venture performance: understanding the impact of strategic uncertainty and venture origin. *Entrepreneurship Theory and Practice*, 27 (1), pp. 1-28.

Zain, M., & Ng, S. I. (2006). The impacts of network relationships on SMEs' internationalization process. *Thunderbird International Business Review*, 48(2), 183-205.

Zhou, L., Wu, W.-p., & Luo, X. (2007). Internationalization and the performance of born-global SMEs: The mediating role of social networks. *Journal of International Business Studies*, 38(4), 673-690.