

TITLE

Factors influencing the internationalisation of export ventures: A case analysis of Irish aquacultural processing firms

Introduction

The rapidly changing global business environment, economic integration, and advances in technology and communications have created unprecedented opportunities for small firms looking to extend their sales activities beyond the domestic market. This has been reflected not only in the large number of small-to-medium-sized enterprises (SMEs) who have availed of international expansion in recent times but also in the number of young firms who have gone international a few years after inception. International new ventures (INVs) have been defined as firms that are internationally oriented from start-up and typically go international with three years of inception. It is important to understand why new ventures become international instead of waiting until they have established a strong home market. Whereas traditional start-ups (late internationals) generally start out as domestic firms and gradually evolve into MNEs, contemporary start-ups, or INVs, increasingly begin as international firms (Johnson, 2004). In light of these global trends, the primary differentiating characteristic is the age of the firm when it becomes international and not the size (Oviatt & McDougall, 1994).

This paper explores the factors influencing the early internationalisation of export start-ups operating in a low technology sector: the aquacultural industry. The study is based on three case studies of Irish shellfish exporting firms that began exporting in their first year. The aim of the paper is to understand why new firms are internationally oriented and internationalise at inception with little to none domestic focus. Although there is a strong consensus in relation to the factors influencing a firm's decision to internationalise early, the INV literature has failed to present any framework underpinning such a body of knowledge. The author draws together the evidence and uses selected theoretical constructs to classify the findings as a first step in establishing a framework. Second, much of the INV literature suggests that a unique product offering and international work experience are the most common factors leading to the decision to go international early (McDougall, Oviatt & Schrader, 2003). Findings from this study suggest that the principal factors influencing the

early internationalisation of start-ups are external market conditions coupled with the founder's international ties, prior local industry experience and international trade fair visits. This research challenges the notion, widely accepted in the INV literature, that the founder's prior *international work experience* is a necessary condition for the firm's international orientation and vision at inception, and hence early internationalisation.

The paper proceeds with a synthesis of the literature. Using theoretical constructs, findings from previous studies are presented, from which a conceptual framework is developed. The case methodology approach and design is described and case findings are presented. This is followed by a discussion from which conclusions are drawn.

Synthesis of the literature

One of the most interesting and relevant research questions concerning INVs is why they emerge. Servais and Rasmussen (2000) and Madsen and Servais (1997) ask, 'why does this happen?' Most of the studies revealed that internationalised high-tech start-ups internationalise due to rapid, technological and short life-cycles in the industry, coupled with high R&D costs (Johnson, 2004). Based on previous findings on INVs, Figure 1 presents theoretical framework constructs of 'Push', 'Pull' and 'intermediating forces' (see Etemad, 2004), appropriate for theoretically underpinning the factors found across the INV studies explaining why new ventures internationalise. For example, Pull factors are internal and external incentives which relate to international market opportunities for wealth creation; they pull the firm to engage in international business. Push factors are a set of forces (or drivers) that can also be internal to the firm and exert pressure on the firm (from the inside) to internationalise. A third construct in the framework is what Bell, McNaughton, Young and Crick (2003) refer to as mental model or the mindset of the entrepreneur which acts as an intermediating force between push and pull factors (Etemad, 2004). The mental model of the firm founder can be characterised by his/her propensity to take risks and his/her international outlook and orientation in exploiting foreign opportunity.

Based on INV studies to date, a number of key observations are made. Firstly, the findings in the INV literature have emerged from a popular research context of high-technology firms. The two main factors bringing about early internationalisation for high-tech INVs are: (1) a unique high-tech product and (2) the nature of the industry these firms operate in. The emphasis on high-technology/knowledge-intensive sectors prevents any great degree of generalisation to INVs across different industry sectors, particular INVs in low-tech

sectors. Notwithstanding the fact that the extant research concentrates mainly on hi-tech firms, this research aims to enable some degree of generalisation for INVs, irrespective of sector.

Figure 1 Findings in the INV literature underpinned by push, pull and mediating forces

PULL FACTORS	MEDIATORS	PUSH FACTORS
INTERNATIONAL GLOBAL MARKET OPPORTUNITY Oviatt & McDougall, 1999. GLOBAL HOMOGENOUS NICHE MARKETS Madsen & Servais, 1997; Bloodgood et al., 1996; Oviatt & McDougall, 1994; Knight & Cavusgil, 1996; Knight, Bell & McNaughton, 2001; Servais & Rasmussen, 2000. NATURE OF THE INDUSTRY (mainly HI-TECH) Roberts & Senturia, 1996; McDougall & Oviatt, 1999; Rasmussen, Madsen & Evangelista, 2001; Coviello & McAuley, 1999; Knight Bell, & McNaughton, 2001); Bloodgood & Sapienza, 1996; Boter & Lindqvist, 1997; Jones, 2004. CLIENT FOLLOWERSHIP Bell, 1995; Eramilli & Roa, 1990; Hellman, 1996. NETWORK PULL Coviello & Munro, 1995.	MENTAL MODEL Bell et al., 2003 ALERTNESS OF FOUNDING MANAGERS Oviatt & McDougall, 1994	SMALL DOMESTIC MARKET - AVOID DISECONOMIES OF SCALE Moen, 2002; Madsen & Servais, 1997; Coviello & Munro, 1995; Lindqvist, 1988, 1991; Knight, Bell & McNaughton, 2001; Bell, 1995; Coviello & McAuley, 1999; Zou & Stan 1998; Aaby & Slater, 1989. THE FOUNDER(S) PRIOR INTERNATIONAL WORK EXPERIENCE Bloodgood et al., 1996; McDougall et al., 1994; Kuemmerle, 2002; Harveston, 2000. THE FOUNDER(S) PRIOR INDUSTRY EXPERIENCE : Welch & Loustارين, 1988; Wickramasekera & Bamberry, 2001. INTERNATIONAL MINDSET AND ORIENTATION OF THE FOUNDERS Jolly et al., 1992; Harveston et al., 2001; Saarenkeeto et al., 2004; Etemad, 2004) ; Knight & Cavusgil, 1996; Larimo, 2001; Knight, 1997; Eriksson, Majkard & Sharma, 1997; Moen, 2001, 2002. POSSESSION OF PRIOR INTERNATIONAL CONTACTS Servais & Rasmussen, 2000; McDougall et al., 1994; Larimo, 2000. UNIQUE HIGH TECH MARKET OFFERING Jolly et al., 1992; Moen, 2002; McDougall & Oviatt, 1995; Larimo, 2001.
FACILIATORS - TECHNOLOGY ICT TECHNOLOGIES Knight & Cavusgil, 1996; Larimo, 2001; McDougall & Oviatt, 1995, 1999; Autio & Sapienza 2000; Madsen & Servais, 1997; Rasmussen, Madsen & Servais, 2000; Bell & McNaughton, 2000; McDougall & Oviatt 2003. PRODUCTION/PROCESS TECHNOLOGY CAPTURE ECONOMIES OF SCALE ABROAD Bell & McNaughton, 2000; Knight, Bell, & McNaughton, 2001; McDougall & Oviatt, 1991, 1993.		

Source: Author (2006)

Second, the impetus for early firm internationalisation has mainly centred on the entrepreneur's experience, contacts and prior foreign market knowledge. In particular, the INV literature has placed large emphasis on the prior international experience of the INV founder as a driver of the international orientation of the venture, ultimately leading to early internationalisation (see Figure 1). However, little distinction has been made between the founder's international experience, industry experience and the personal ties acquired prior to start up. Although the INV literature has accepted that small firm internationalisation can come about in a reactionary way, through the firm's network ties (Bell, 1995; Coviello &

Munro, 1995), these network ties appear to be acquired after the young firm has established itself at home, and before it internationalises. INV theory (Oviatt & McDougall, 1994) suggests that entrepreneurs go abroad as a result of acquiring knowledge of foreign markets from their former international networks. Thirdly, INV studies in traditional low-tech INVs have pointed to product and transport technologies as being critical in enabling early internationalisation. It has been noted that advancements in transportation and logistics have had a key influence on the decision by seafood firms in New Zealand to internationalise (Knight, Bell & McNaughton, 2001).

Conceptual framework towards understanding early firm internationalisation

This research proposes that early internationalisation can be explained by the interplay between a number of push and pull factors (Etemed, 2004) related to the market conditions (external environment of the firm) and related to the entrepreneur of the international new venture (internal environment of the firm). These are discussed below.

Market conditions

The majority of INV studies (See Figure 1) have emphasised the internal factors of unique product and founder's former international experience in determining the decision for a start-up to internationalise (McDougall et al, 2003). However, most firms recognise that this decision is a necessity more than an option (Zucchella & Marcarinni, 1999), due to the saturation of domestic markets, the need to react to global competition, the need to reach a feasible market size in niche productions, the necessity to follow the market. The supply and demand conditions in the home and foreign markets may help create the environment for early internationalisation. Unattractive home markets validate immediate internationalisation (Bell, 1995). Equally, the existence of foreign market opportunity has been identified earlier as a pull factor which is exploited by the entrepreneur by internationalisation (Oviatt & McDougall, 1994; Zahra et al., 2000). Foreign opportunity constitutes a key demand-driven factor, the presence of which is necessary for new ventures to internationalise (Oviatt & McDougall, 1994).

The relationship between adverse market conditions at home and substantial demand abroad has not been considered as a combined motive for new ventures to internationalise, despite the evidence that both factors (push and pull) exist (Bell, 1995; Coviello & Munro, 1995). For example, the mediated impact of New Zealand's small market size (i.e., pushing

the firms out) shared with the incentive of the greater demand abroad (i.e., attracting firms to the wealthier international markets rather than confined to the limited New Zealand market) may have interacted with managers' mindset to the process, thus accelerating the pace of internationalisation of these firms (see Etemed, 2004). Supply of product may exceed home demand, and firms in this situation will be forced to seek out foreign markets. Equally, some foreign markets may have a huge demand base for certain INV products, and therefore may be willing to pay higher prices, thereby achieving economies of scale for the producer. Thus, where these exists an interplay between supply (push) and demand (pull) early internationalisation will occur. Therefore,

P1: The exposure of a product to adverse home market conditions may drive a new venture to export abroad.

Global homogenous conditions (pull factors)

Enquiries conducted amongst smaller knowledge-intensive firms also found that some firms ignore their domestic markets from the outset and target led markets by focussing on global niches, which are highly specialised (Coviello & Munro, 1995; Bell 1995; Boter & Holmquist, 1996; Coviello & Munro, 1997; Madsen & Servais, 1997). This behaviour is also consistent with firms in limited domestic markets and in small open economies (Coviello & McAuley, 1999). The nature of the industry or environment in which the firm operates can have a significant impact on the internationalisation of the new venture (Porter, 1980; Oviatt & McDougall, 1997). Therefore this research proposes that,

P2: The emergence of global homogenous niche markets creates opportunities for new ventures to export abroad

Advancements in ICT production and transportation (facilitator)

The external environment also presents the role of technology as a key facilitator for small and global firms (Knight, 1997; Knight & Cavusgil, 1996; McDougall & Oviatt, 1997). It can serve as a platform via communications technologies where firms instantly transcend national borders and geographies. McDougall and Oviatt (1997) argue that one of the external drivers of firm internationalisation is the development in technologies particularly communication. The Internet can serve as a cheap and timeless mode of conducting

international commerce (Hamill, 1999). Developments in product and transportation have also enabled rapid internationalisation by providing small firms access to process technologies to achieve economies of scale in niche markets. Therefore this research proposes that,

P3: Advancements in communications, production and transport technologies are important facilitators of early and rapid internationalisation of new ventures.

The entrepreneur

The centrality of the entrepreneur's traits, knowledge base, networks and alertness emerge as important factors in the early and rapid internationalisation of the firm; and this may help explain why the entrepreneur decides to drive an early international start-up as opposed to a local venture.

The entrepreneur's prior international work experience (Push factor)

The interplay between push and pull forces can be intermediated or regulated by the manager's mindset and orientation (Etemad, 2004) or mental model (Bell et al, 2003). Elaborate capabilities of people have been identified as clearly being a prerequisite for exploiting the opportunities (Madsen & Servais, 1997; Knight & Cavusgil, 1996). The mental model of the founder determines internationalisation of the firm (Etemad, 2004). INV founders have been found to take risks, are proactive and internationally orientated. International experience is a factor that influences the founder's degree of international orientation and alertness to foreign opportunities abroad (Oviatt & McDougall, 1994; McDougall et al., 1994; Larimo, 2001; Harveston et al., 2000; Kuemmerle, 2002). International work experience has been regarded as the most critical of the managerial characteristics that assist in the creation of INVs and international orientation at inception (McDougall et al., 2003). There is strong support for the assertion that prior international work experience of the INV founder is a key push factor for early internationalisation, and those enterprises with it are more likely to internationalise early than those without. Therefore this research proposes that,

P4: The entrepreneur's prior international work experience brings about international orientation and alertness to foreign opportunities abroad.

The entrepreneur's industry knowledge

Actual, specific, local industry experience as a separate category has received less attention in the INV literature, as the main emphasis has been on experience solely of an international nature. However, there is some evidence to suggest that industry and career background are relevant also (Madsen & Servais, 1997; Moen, 2001; Larimo 2001; Pulkkinen & Larimo, 2002). Wickramasekera and Bamberry's (2001) study of Australian wineries found that early and accelerated internationalisation is brought about by management experience in the industry, international market knowledge and overseas contacts (networks). So, the entrepreneur's market knowledge and the experience transmitted from former occupations are important factors. The ability to identify the opportunity is embedded in the entrepreneur's possession of knowledge of the industry. Also, alertness to new business opportunities is influenced by previous experience in the industry (Casson, 1987). Research has shown that entrepreneurs understand the goods and service of the industry, they understand how the industry operates, and they end up delivering goods and service as previous employer (Cooper & Dunkleberg, 1986). Managers' industry knowledge has been important for rapid internationalisation both high- and low- tech sectors (Welch & Loustarinen, 1988; Wickramasekera & Bamberry, 2001). This research proposes that:

P5: The entrepreneur's prior industry experience is an important factor in providing experiential knowledge of the sector and market conditions

The entrepreneur's prior international social ties alert him/her to foreign opportunities

Acquiring knowledge on foreign opportunities would be relevant to a new venture planning to go international. The latter would not have had the time to have built up sufficient foreign market knowledge to be able to commit to and enter markets (Johanson & Vahlne, 1977). Initial awareness of foreign market opportunities is often acquired through social ties (Lamont, Sambamurthy, Ellis & Simmonds, 2000; Oviatt & McDougall, 1994). This is because information is not spread evenly across actors, and access to it may well be dependent on former social contacts of entrepreneurs (Granovetter, 1985). The key actor in the internationalisation process of a small firm is commonly the entrepreneur (Ellis, 2000), as he or she often initiates the internationalisation; and it is through the entrepreneur's personal contacts that information is generally acquired (Holmund and Kock, 1998). Equally, in the early stage of the firm going international, the firm may not yet become part of a structured

international business network (Johanson & Mattsson, 1988) but may rely on its social ties for knowledge of foreign opportunities.

INVs are assumed to possess strong international business connections of personal contacts, acquired from this prior international work experience (Oviatt & McDougall, 1994; McDougall et al., 1994; Madsen & Servais, 1997; Larimo, 2001), and these contacts may provide them with easier access to, and footing in, foreign markets. It has been argued that some new firms in terms of the length of their establishment as legal entities are often much 'older' in terms of the length and variety of experiences of their owners and/or managers and the external network ties they tap into (Wicksamekera & Bamberry, 2001; Welch & Luostarinen, 1988; Madsen & Servais, 1997). Thus possession of experiential knowledge via learning by doing in foreign markets prior to going international may not be relevant to INVs. Therefore this research proposes that,

P6: The entrepreneur draws on his/her antecedent social ties to acquire knowledge on foreign opportunities at start-up.

Approach and Research Design

The study used data collected from three case studies on Irish indigenous shellfish farming and processing firms that internationalised within their first year of start-up. The case sample consists of Irish INV exporters that are in the business of producing and marketing shellfish products. The export sales of the three firms that were already exporting at the time ranged from 30% to 99% of total company sales. Initially, preliminary desk research involved reviewing industry reports and secondary documentation, and also comprehensive research of the web sites of Irish seafood firms and support/research associations. The sample selection procedure consisted of contacting industry experts from state agency (Enterprise Ireland) and from the Irish seafood industry association (BIM). The first round of interviews were with three industry experts: firstly, the managing director of an internationally mature seafood firm who was well established and had first hand knowledge of the industry; second, an international marketing executive with BIM, and thirdly, a business development officer in Enterprise Ireland. Interviews were firstly conducted with these parties confirmed that INVs were most apparent in the aquacultural sector, notably the shellfish sector. Parallel to this first round of qualitative interviews with industry experts, 80 exporting firms were identified from the *Official BIM 2003 Industry Catalogue* database

totalling 250 Irish indigenous seafood operators and a small number of firms offering ancillary support services. These exporting firms were then screened for selection, according to year of establishment, year of exporting; number of foreign markets, company turnover and size.

Twenty firms were contacted via telephone and email, from March and April 2004, to identify firstly that they met the criteria of an INV, and also to confirm that they were willing to participate in the study. Ten firms were identified who were small to medium (from five to 80 employees) highly internationalised shellfish exporting firms who had internationalised at start up. The managing directors of the ten firms were sent a small follow-up email questionnaire to re-confirm they met for fitting the INV criteria. The results of the email questionnaires identified five INVs, from which three firms emerged for case analysis. In the next section, case findings of the three firms, Pisces, Aquarius and Libra are examined below under each proposition. A summary description and case criteria selection of case firms is presented in Figure 2. As the information in this research is commercially sensitive and confidential, the studied case firms and interviewees have been given fictitious names.

Figure 2 **Descriptive data on case firms**

Company	Pisces	Aquarius	Libra
Sector	Shellfish	Shellfish	Shellfish
Nature of product	live seafood	processed	processed
Founded	1998	1985	1988
1 st international sale	1998	1985	1988
Mode of foreign market entry	Exports to distributors/caters	Exports to agents and distributors	Exports to wholesalers and end-user clients
Number of foreign markets	15	12	10
Export sales as percentage of total sales	95%	100%	30%

Case Findings

As shown in Table 1, case findings indicate that economic, emerging niche market and technological factors created a very favourable external environment for these export ventures

to emerge. The adverse home market conditions specific to the Irish shellfish industry have created a breeding ground for export start-ups. The founders' perception of the market conditions presented a significant force in driving early internationalisation in the shellfish sector in terms of capability to exploit foreign opportunities, fuelling international orientation, openness to foreign markets and heightening alertness to opportunities in all three case firms.

Prior international work experience was not apparent in any of the three founders and thus did not bear an influence on the firm's international orientation and alertness to opportunities at start-up. Instead, knowledge of, and international exposure, to opportunities was acquired through trade fair visits, former international ties and prior local industry experience. The prior industry experience and background of all three founders in the cases provided them with knowledge of the industry and their products from development right through to commercialisation. These factors reduced the perceived risk and uncertainty associated with being a new firm lacking prior foreign market experience. The case evidence pertaining to each of the factors in Table 1 is presented below.

Table 1 Push and pull factors for early venture internationalisation

MARKET CONDITIONS	PULL /PUSH FORCES	Pisces	Aquarius	Libra	Type
	International niche demand	Yes	Yes	Yes	Pull
	Adverse home market	Yes	Yes	Yes	Push
	ICT	No	No	No	Facilitator
ENTREPRENEURIAL FACTORS	Production/logistical technology	Yes	Yes	Yes	Facilitator
	Prior international work experience	No	No	No	Push
	Prior industry experience	Yes	Yes	Yes	Push
	Former international social ties	Yes	Yes	Yes	Push

Author (2006)

Market conditions: The firm's external environment

The large domestic supply of product and extremely low demand for shellfish products in the home domestic market provided a favourable industry context for these firms to seek markets abroad from start-up. The findings reveal that the founders' perception of existing market conditions led them to establishing export-orientated firms. Before starting up Pisces, the founder, Joe Black, recognised that the firm would have to aggressively seek out foreign

customers if it was going to survive as a seafood producer, because the domestic demand was too small and seasonal. The founder summed up the domestic and international market conditions when starting out his firm Pisces. He says: 'I had no choice but to become international (as) (...) the market is international ... if I was going to survive ... (the) market here is too small.'

Similarly, the founders of Aquarius and Libra decided to become export oriented at start-up due to the low demand at home for their product and the large demand abroad. The founder of Aquarius, Peter Green, said: 'Sales of shellfish in Ireland are limited and then the idea of making a market for a mussel product just wasn't ... acceptable ... to most people so we were obliged to go abroad'. The co-founder of Libra, Liam White, recounts that the reason for starting Libra up solely as an exporting firm was the large demand abroad. He describes how foreign demand motivated him to start up an exporting firm. He said: 'At the time, there was a killing to be made out there ... the reason for establishing the firm in the first place was because of the foreign demand.' He added, 'There was no other market in Ireland except exports.'

Exporting has been vital for the case firms' survival and growth. A marketing executive of the Irish seafood industry association (BIM) explains that the Irish aquacultural sector is very export oriented and says: 'Aquaculture is a young sector and firms have made serious inroads in international market ... The young ones are definitely going straight to export markets ... However, they haven't gone that far, 90% of our seafood is still going to the European market and the majority of that is going to France.' He also adds that it is an internationally demand driven sector: 'We import 43% of seafood into Ireland ... due to high prices ... foreign markets give better returns, they pay the price, where as the Irish consumer is different, not special seafood eaters. The seafood consumption is quite low, compared to Spain and France,' (19kg per person.).

Global homogenous niche demand

Internationalising at inception has also been brought about by the presence of global niche homogenous demand for the case firms' products. The nature of the shellfish sector is a highly specialised segment within the aquaculture sector. It is also a market niche within the fish- and shellfish-eating nations abroad. The specialised nature of the product and the sector create opportunities for young firms to exploit and thus can facilitate early internationalisation. A marketing executive of the seafood industry association (BIM)

described the sector, thus: 'It's a niche market also.' The case firms deliver to specific (niche) customer groups within global niche market. The case firms engage in global niche standardisation with minor adaptation for foreign markets. The case evidence shows that these firms have adopted a niche market strategy to deliver a high quality, value-added product offering into a global niche segment of customers. All three firms have prioritised their product as key components in their competitive strategy and have adopted various approaches to doing this.

Pisces specialises in live product and delivers to distributors and the catering trade. Aquarius specialises in processed product for three customer types; manufacturers, distributors and retailers; as does Libra.

Pisces offers live seafood, adaptation is in size, which is a matter of weighing and packing to each client. The founder, Joe Black, can send it out anywhere in the world. The product is unique and the client can be, as Joe says: 'homogenous in their uses for the product.' Some minor adaptation is required in terms of packaging, labelling and sizes, but insignificant. Pisces only adapts in relation to weighting of live product.

Aquarius is one of the four largest mussel producers in Ireland, and mussels form the major component of about 80% of its products. They specialise in products for all three customer market segments (manufacturers, distributors and retail) in the global niche market and position themselves as high quality mussel producer. Standardization is achieved as these firms engage in the specialisation of shellfish products, both live and processed, requiring a low degree of adaptation, mainly in terms of weight, size and packaging to a global niche markets abroad. The main buyers of these three case firms operate in business markets and can be divided into wholesalers and caterers, retail supermarket chains, and manufacturers. Only Libra and Aquarius sell on to this group, as Pisces exports only fresh product. Thus Libra and Aquarius serve all three client groups, whereas Pisces sells live produce to distributors and also then sells direct to hotels and restaurants. When asked about differences in international customer markets for the same product groups, the Peter Green (Aquarius) said the customer markets are basically the same, irrespective of country. He comments on the homogeneity of the niche customer groups 'Markets are the same no matter where you go, you have retail, distributors and manufacturers and all have specific quirks, but are mainly the same, no matter what country ... (It is) the same in terms of accessing the end user or channels of distribution'. Peter further adds: 'So products are essentially the same for each client group ... If you understand it in one country you can transfer to another ... Some

adaptation is required in packaging, (and for) legislation ... The product groups are similar for all foreign wholesalers, manufacturers and retailers’.

Enabling Technologies in Production and Logistics

The third factor emerging from the external environment is technology. Enabling technologies in production and transportation have been found in the case firms to be an important tool for internationalisation of these firms. Information and communication technologies (ICT) are less important to firms operating in this sector. Technology, when adopted and exploited properly, can be an important factor facilitating the internationalisation of new firms. The role of technology in production and logistics has been important for enabling the case firms’ internationalisation process.

Pisces deals in live shellfish product, so logistical technology has been critical in ensuring that their product is intact and fresh when it arrives in foreign markets. Technology has been influential in enabling early internationalisation through ensuring product can be delivered abroad. The founder, Joe Black, stressed the importance of his product in transit, he said: ‘My product can’t afford to be treated badly’. To ensure this, Joe described his effort and commitment to exploiting transport technologies; he said: ‘I ran an EU research innovation programme (in 2001) for how to hold animals; how to get them to transport over long distance, how to prepare them properly, how to pack them properly. So I did an EU-funded programme on that, and that’s what allowed me to look at the Chinese market, because to need them to survive from (his location) to Beijing ... so I was able to land live product from x to Beijing which hadn’t been done before. So, the Chinese see these new species coming in and everyone in Chinese industries interested in new species coming in ’cause people are looking for new things ... like a new species of crab.’

Peter Green of Aquarius comments that production technologies have enabled market product adaptation, when required, to be neither a costly nor a big issue. Aquarius’ introduction of production equipment in 1990 enabled it deliver more value-added product in the European markets and export directly into distributors, bypassing the coastal importers. The equipment licensed Aquarius to export produce of a specific quality, cleaned, washed and graded, into these markets, whereas in the first year Aquarius product had to be disposed of on point of entry into the foreign market, thus inhibiting the firm from expanding and penetrating the foreign market. Aquarius also needed to supply direct to users if it was to survive, but required the technology and investment to do this. In 1990, with BIM state

funding, Aquarius moved to larger on-shore premises, equipped with depuration tanks. These tanks enabled Aquarius to clean, wash and grade mussels with approved EU health certification so it could supply directly into the foreign market and remove the importer intermediary. Having updated its facilities, Aquarius was able to sell directly into the French, Belgian and Dutch market. Sales grew rapidly from 1990.

Libra's investment in machinery enabled it to meet the production capabilities required for supplying foreign markets. It was a constant struggle to find the right technology to expand. The firm had been looking for it for a few years with a view to eventually re-entering foreign markets. It was a critical factor in enabling it to meet demand and provide the wider product range required by foreign customers. On its return to internationalisation, technology was a huge factor in providing it with the required flexibility to reach foreign markets in a fast and cost-efficient way, allowing it to adapt its routine to deliver the products. Liam White says, 'In 1999, we knew at that stage we had saturated the Irish market. We knew if we wanted to grow the company more we had to look to the exports, (to) the products we were developing at the time. We were limited in what we could supply ... We then had to look at machinery ... With the Canadian machinery in now, that gave us other crab products (lines). We were able to produce more in more volumes since 1999.' The machinery has been of significant strategic importance as it made possible for Libra to offer a regular, steady supply of a wide variety of products to local and foreign markets, thus enabling it to deliver to foreign clients, large orders and a variety of seafood. Liam described how technology was important in export growth 'Export sales were always hovering around -10% but since the new machinery line in 2002 ... a whole new range of products (through new production technology) that actually catapulted the exporting heading towards the 25% mark ... obviously meaning that the growth is in the exporting ... we will retain our share in the Irish market but our turnover will grow, really grow, through exporting.'

For Libra and Aquarius, transport technology has enabled them to overcome the disadvantages associated with their remote location, especially in regard to their European markets. Liam describes his transportation routine: 'In Ireland we have our fleet of vans ... (we) distribute everything from here ... everything is done by Friday lunchtime. This is the beauty of exporting as well. You set up, the team prepare the order; it goes on a truck out of here on Friday, that's it. Exporting ... it is easier to transport to mainland France in Europe than to Dublin from here. If you want a logistic nightmare, (it) is to get something from here to Dublin'. He further adds, 'anything for UK, France, Spain it's collected here at the door

and it's taken straight out... an Irish haulage company... It's priced so much a pallet or kilo ... what suits ... and it's taken to customer within a day ... it is excellent.'

The Entrepreneur: The firm's internal environment

Looking inward at the firm, findings show clearly that prior international work experience is absent amongst the founders of the case firms, and has not influenced their degree of orientation and their alertness to opportunities at start-up, hence their decision to internationalise early. On the other hand, findings show that the founders' prior industry experience, their former international personal contacts and trade fair visits emerge as important means for alerting the founders to foreign market opportunities, hence influencing their international orientation and their decision to go international at inception.

The founder's prior international work experience, orientation and alertness to foreign opportunities

Contrary to Proposition 4, the results do not support the assumption that prior international work experience is a necessary condition for the founder's decision to internationalise early, nor has it an impact on international orientation and alertness to opportunities abroad. None of the founders possessed any international work experience in exporting prior to going abroad. For example, the founder of Aquarius, Peter, had very little international experience before or during the early years of his firm Aquarius. Thirteen years prior to the start-up of Aquarius, Peter exported his sea urchins on the odd occasion while working as a diver. However, shellfish was a different sector and his international experience was miniscule.

Despite the lack of international work experience, the founders were able to establish internationally orientated ventures by sourcing their knowledge of market conditions and foreign opportunities through other means such as former social ties, trade fairs and prior industry experience as shown in Table 3.

Prior industry experience of the founder

The founders had experience of working in the home industry. All founders worked in the home sector prior to starting up their firms, and this made them aware of the market situation at home and abroad from work experience and word of mouth in the local industry. This prior industry knowledge involved understanding the nature of the

local market for their products, product knowledge and production know-how, i.e., what was involved in sourcing and producing their products. Prior industry experience has been found to be important for providing them with an understanding of market conditions in the sector such as the large supply potential and the low consumption levels at home.

Joe Black (Pisces) has been involved in the shellfish sector since graduating from university as a marine biologist in the mid-1970s and has been heavily involved right from research and development to commercialising the product for market at local level. His experience stems from academic research, several years of experience working in the local seafood industry. He says ‘I am one of the few people ... in the country that has the experience of breeding shellfish. ... I take it from sperm and egg to the table, literally ... In that sense, I know what’s good and I know what’s bad.’ For example, the two co-founders of Libra were fishermen by trade since school and always worked in the local fishing industry: ‘Both of us were fishermen ... in-shore fishing for lobster and crab and stuff like that. At the time, you could sell lobster but crab was unheard of and we used to take it home and eat ... We did a kind of kitchen effort and we said, look, we’ll take this a step further, so that’s basically how it started.’ Liam adds ‘I had knowledge of product from seabed to sale.’ (see Table 3).

Findings show that understanding the development of the product has been critical for these firms. The product is vulnerable, due to the nature of the sector, to toxins and environmental conservation needs to be a priority. Also, as quality is a key selling point for foreign clients, entrepreneurs need to know, protect and commercialise their product in the best way. Prior experience of working in the sector, and in the development of the product, has been important influencing their decision to go abroad at start-up.

Prior international ties of the founder

Findings show that the founders became well acquainted with the adverse home market and the substantial market potential for their product abroad from working in and being connected with the sector. The founder of Pisces, Joe Black, had acquired international exposure through working with a Belgian business consultant in the commercial development of Argot, an R&D venture Joe was co-directing at the time. Joe recounts ‘[The Belgian] was hired as business consultant to Argot, and took me on my first international business trip to key European markets for seafood such as Holland, Belgium & Germany... On these foreign

trips I was introduced to the Belgian's old customers; some in Holland who bought oysters in bulk.'

The founders of Libra had developed a local network of contacts from working as fishermen in the local area, and many Spanish trawlers would pass by the town's port. Liam White says 'You would pick up information from local contacts ... fishing trawlers would stop here from Spain and would talk to them'. Under a EU Town Twinning Initiative, the founders were alerted to specific opportunities abroad and this brought about the decision to become a fully-fledged international operation. Liam described how this happened: 'We started off initially doing export ... We knew the Mayor of the French town very well and also local business people from Lorient ... They noticed the huge potential in France for our product.'

International trade shows

Joe Black (Pisces) and Peter Green (Aquarius) acquired knowledge about foreign opportunities by going to international seafood shows prior to starting their firms. Joe had been attending trade shows prior to Pisces starting up. He went to trade fairs annually while working in an earlier R&D venture, Argot Ltd. At the time, Argot was not commercially mature enough to aggressively target foreign sales. However, he mainly attended trade shows in Europe back then out of commercial curiosity about foreign markets. The knowledge accumulated in the years prior to start-up by going to trade fairs was very valuable experience and was a critical factor in allowing him gain knowledge of foreign market opportunities and where market potential lay for his product. Prior trade fair trips abroad had given him exposure to the industry and were invaluable for 'getting a feel and knowledge about the type of supplier foreign customers wanted to deal with'. He refers to the first years of starting up where 'credibility was not a problem'. Starting up Pisces was easy for him, as he had an understanding of the market and its requirements for success in the sector through trade show visits.

Peter Green's international exposure was in the form of attending a trade fair abroad a year prior to start-up. When asked how he started off and became aware of foreign opportunities for his product, he replied: 'Generally there are seafood exhibitions, and you start off by going to an exhibition or to a specific place where the market is. Then, you work back from the end user, depending on the type of product.'

The findings show that the founders of the case firms became alerted to foreign market opportunities for their product from some degree of international exposure via their former international informal business contacts and trade fair participation. Pisces attended trade fairs and also went on foreign business trips when working with his R&D venture prior to the start of Pisces. Equally, Aquarius' founder acquired knowledge of opportunities by attending a trade fair abroad prior to start-up and his local industry experience. Libra's initial foreign opportunities were notified through international informal contacts under the Twinning Initiative and from local industry.

Discussion

There is clear evidence to suggest that internal, firm-specific factors, such as the entrepreneurial tendencies of the founder combined with favourable external environmental conditions for internationalisation, such as supply and conditions at home and a global niche market opportunity, lead to early and dedicated internationalisation (Bell et al., 2003; Bell, 1995; Kuivalainen, 2003). The research identifies external factors, notably market conditions as important for explaining why INV shellfish exporting firms internationalise early. These factors are also supported in the INV literature, in studies on software and seafood firms (Bell, 1995; Coviello & Munro, 1995; Bell et al., 2003). However, the importance of such external factors has not been emphasised as much in the literature, as they were previously believed to be of secondary importance compared to factors such as the prior international work experience and international orientation of the founder.

Market Conditions

External factors, comprising both push and pull factors, appear to be more influential than internally driven factors in the decision to internationalise early for small, newly exporting firms. Market conditions necessitate immediate internationalisation in order to survive. The findings also indicate that the decision to internationalise was not a choice for case firms at start-up but a necessity (Young, Bell & Crick, 2003).

International orientation at inception is strongly influenced by the interplay between supply and demand factors. The nature of the industry demands internationalisation; this is due to a global demand in larger markets with high seafood consumption and the emergence of global niche market opportunities. Consistent with findings on firms operating in the New Zealand seafood sector (Knight, Bell & McNaughton, 2001), the case material has shown that

the mediated impact of Ireland's small market size (i.e., pushing the firm out), coupled with the attraction of a larger, liberalised international market, pulls small firms abroad (i.e., attracts firms to the richer incentives of international markets). The case analysis suggests that these forces interact with the founder's openness to the process, thereby accelerating the pace of internationalisation of these firms. The large supply of seafood in a small home market means that economies of scale cannot be realised, and thus the founder must go abroad to gain such economies. An abundant supply of natural resources indicates that the firm has a comparative advantage in supplying its product abroad. Thus, it may be concluded that the size and structure of the home market are important determinants of internationalisation behaviour (Bell, 1994, 1995; Coviello & McAuley, 1999).

Global homogenous niche markets

The findings suggest that INVs internationalise to exploit global niche opportunities. The case firms ignored their domestic markets from the outset and targeted lead markets by focusing on global niches, which are highly specialised (Bell, 1995; Boter & Holmquist, 1996; Coviello & Munro, 1997; Madsen & Servais, 1997). This behaviour makes sense for firms in limited domestic markets in small open economies (Coviello & McAuley, 1999). Also, due to narrow niches, all three firms were obliged to pursue market-spreading strategies (Piercy, 1981). A key finding is that all firms at pre-start-up stages did not view the prospect of internationalisation with any great trepidation; low levels of deliberation prior to the first foreign market entry were evidenced. The findings conclude that the presence of global homogenous niche markets creates entrepreneurial opportunities and hence influences the decision to internationalise at start-up.

Production and transport technologies

The nature of the aquaculture sector is traditionally low-tech. Technology is important in terms of logistics and production for the INV shellfish exporters (Knight, Bell & McNaughton, 2001). Contrary to extant studies on INVs, the present findings suggest that the role of Information Communication Technology (ICT) is not an important internationalising tool for INVs. ICT - well established in the INV literature as a strategic tool in management and marketing as well as reflecting the ICT industry in which INVs operate - is not that important in low-tech sectors. Low-tech products tend to render (IC) technology not very important, especially when compared to production and logistics. Trade fairs have been found

to emerge as an expensive but effective communication platform for international firms operating in the seafood industry. The traditional nature of the seafood sector places high value on human and personal contact between seafood exporters and becomes the regular norm for communicating and relationship building.

The founder's international work experience not a prerequisite for case export ventures

Research contends that international work experience of the founder is a necessary condition for early internationalisation and strongly influences INV opportunity identification, international orientation, and a proactive outlook towards foreign markets. INV theory (Oviatt & McDougall, 1994) and Uppsala (Johanson & Vahlne, 1977) have argued that prior experiential knowledge is required for internationalisation. The assumption that international work experience is a prerequisite for early internationalisation, and that it determines the international orientation of the firm, has been unanimously supported in recent literature across different sectors (McDougall et al., 2003). The findings in this research challenge this assumption and equally the work of McDougall et al. (1994), Bloodgood et al., (1996) and Nummela, Saarenketo & Puumalainen (2004) who postulate that managers with prior international work experience are more likely to be aware of the potential challenges and international profit opportunities.

These research findings also challenge the Uppsala model (Johanson & Vahlne, 1977; 1990), which requires the manager to possess prior experiential knowledge of working in foreign markets prior to exporting. INVs are assumed to have already acquired prior international experience to compensate for this experiential knowledge of foreign markets (Johanson & Vahlne, 1977, 1990). From the case analysis, prior international work experience was absent amongst the founders and thus did not influence their decision to internationalise, nor their international orientation nor their acknowledgement of their own competencies to manage an international start-up. Alternatively, the case analysis points to three factors which were important in alerting the founders of case firms to international opportunities at start-up: prior international ties of the founder, trade fairs; and home industry experience as discussed below.

International ties, trade fairs and local industry experience

Firstly, in accordance with Reid (1983), one of the factors required to start the internationalisation is an awareness of a particular market opportunity. The case material

indicates that prior international social ties of the founder provide information on opportunities. This finding identifies to some degree with previous studies (Holmund & Kock, 1998; Blankenburg, 1995; Ford, 1990; Johanson & Mattsson, 1988) that found that foreign market opportunities are communicated to the firm via its relationships with network partners. As their first clients were foreign, domestic client followership (Bell, 1995) did not play an important role in the INV shellfish exporters' decision to internationalise since the firms had not developed a domestic market base at start-up nor had they established network channels. This alertness to foreign opportunities acquired through antecedent international contacts of the case firms' founders increased initial resource commitment abroad and shortened the time gap between knowledge acquisition and the decision to enter the market.

Secondly, the findings indicate that the founders' attendance at international trade fairs exposes them to the international opportunities and potential openings for their products. This research concludes that international trade shows played a crucial role in influencing the decision to internationalise early by alerting the INV shellfish exporters to opportunities and market potential abroad. Finally, prior industry experience was found to be more relevant in providing the founders with knowledge of the shellfish industry but played a less important role in alerting them to identify foreign opportunities abroad at start-up. In support of the INV literature, the founders' prior industry experience is also important in informing them of adverse home market conditions and product knowledge (Wickersamera & Bamberry, 2000; Larimo, 2001). The prior industry experience and background of all case firm founders provided them with knowledge of the industry and their products from development right through to commercialisation (Cooper & Dunkelberg, 1986).

International mindset and orientation of the founder

The case analysis supports prior research, which has consistently pointed to managers as the principal force behind the initiation, development, sustenance and success of small firm internationalisation (Chetty & Hamilton, 1993; Kohn, 1997; Zou & Stan, 1998; Rundh, 2003) because of their direct responsibility for decision making in the firm (Miesenbock, 1988). As witnessed from the case findings, the importance of management commitment to exporting is widely acknowledged (Cavusgil & Nevin, 1981; Madsen, 1989; Cavusgil & Kirpalani, 1993; Cavusgil & Zou, 1994), as is the adoption of an international outlook by management (Cunningham & Spiegel, 1971; Czinkota & Johnston, 1983). Thus, in support of the literature, this research concludes that the interplay between push and pull forces can be intermediated

or regulated by the manager's mindset and orientation (or global outlook). The mental model of the founder is a strong mediating factor when it comes to exploiting the external market conditions that prompt the case firms to engage in early internationalisation (Bell et al, 2001). The findings also suggest that the founders' mental model extended to their perception of adverse market conditions, and that this spurred their decision to become internationally focused at start-up. The founders' perception of the market conditions at home and abroad for their product presented a driving force for early internationalisation, whereby internationalisation became a necessity for survival rather than a choice. If a firm has the ability to source and supply a product where no economies of scale can be achieved at home, that firm is forced to export the product to where there is a large demand for it as discussed above.

Conclusions

This paper offers a view to advancing our knowledge of understanding those factors influencing the decision to internationalise in the context of INVs operating in a low knowledge intensive sector. The paper makes a contribution to the literature by firstly capturing the extant findings in the INV studies - identifying factors that influence early firm internationalisation- and by using appropriate framework constructs for theoretically underpinning this body of knowledge.

Second, the case findings on export ventures operating in the Irish aquaculture sector have been interesting. Based on entrepreneurs' perception of local and international market conditions, internationalisation emerged out of necessity rather than the need to exploit proprietary knowledge and gain first mover advantage as established in INV literature (Oviatt & McDougall, 1994). The attributes and attitudes of the key decision makers or entrepreneurial founder(s) are critical to initiating internationalisation. Internationalisation of the case firms was very much about survival, which presents a strong motivation for a firm to start off as a young international. The firms chased the market and sought out opportunities and contacts in a manner typical of international entrepreneurial behaviour. This research has identified a number of propositions that require further testing across an empirical cross-industry context, which should cover high-, medium- and low-knowledge intensive firms.

This research challenges the notion, widely accepted in the INV literature, that the founder's prior *international work experience* is a necessary condition for the firm's international orientation and vision at inception, and hence early internationalisation

(McDougall & Oviatt, 1994). Rather, findings show that the INV's founders' international orientation and alertness to foreign opportunities at start-up stemmed from three sources: the entrepreneur's prior contacts of a social and informal business nature, prior local industry experience and trade fair visits.

Finally, there is clear evidence to suggest that push factors such as internal, firm-specific factors, such as entrepreneurial attributes combined with favourable pull factors such as external environmental conditions for internationalisation, such as supply and conditions at home and a global niche market opportunity, lead to early and dedicated internationalisation. In an attempt to build a framework explaining the early internationalisation of small firms, this paper concludes that push and pull constructs (Etemed, 2004) theoretically underpins the factors influencing a new venture's decision to internationalise early, with a key intermediary force of the mental model of the founder determining the manifestation of both push and pull factors. The INV's response to these forces will not materialise if the founder does not embody entrepreneurial behaviour. By using this proposed framework, this research suggests that a more holistic understanding of new venture internationalisation is required.

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