

SMALL EXPORTERS: A UNIFYING FRAMEWORK OF THEIR INTERNATIONALISATION PATHS

Rebecca Fry & Susan Freeman

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Abstract

This exploratory study adopts a unifying approach to the internationalisation process of small exporting firms, and differentiates between the internationalisation path that is taken by ‘traditional’ firms, ‘born global’ firms and ‘born again global’ firms. Our framework builds upon existing theoretical concepts by testing their practical application. Foreign Direct Investment, Stage Model Approach, Network Perspective and Entrepreneurship play a key role. A cross-case analysis of five small exporters from the Victorian wine industry is conducted, revealing three emergent themes. First, the importance of the managerial approach of the firm comprising “international entrepreneurial culture”, “internal environment” and “management competencies and characteristics”. Second, the “pace of internationalisation” and the ongoing importance of “networks and relationships” through different states of the internationalisation process. This extends current understanding, identifying how the three ‘paths’ move through the state and pace of internationalisation. Finally, a unifying framework comprehensively explains these alternate internationalisation ‘paths’ for small exporting firms.

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INTRODUCTION

By investigating the internationalisation process of small exporters, this exploratory study aims to further develop the field of international business literature, by providing an Australian perspective, as the region is well known for the occurrence of small and 'born global' exporters (McKinsey & Co., 1993) and as such is an ideal location for observing the phenomenon.

The question of how best to view the internationalisation theory of small exporting firms has not as yet been adequately answered. Many theorists have suggested different views, but only look at a singular piece of the complex equation that explains the internationalisation paths for small exporters. As such, the main focus of this study is, what is the unifying theory that best explains the internationalisation path of small 'traditional', 'born global' and 'born again global' firms? First, this paper will examine the process of small firm internationalisation, and analyse the alternate paths to small firm internationalisation that are available, as cited in the various works of extant literature. There are three main paths cited, including 'born global', 'traditional' and 'born again global' firms (Bell, McNaughton, Young & Crick, 2003). Following this, the theoretical underpinnings of each of the three paths and the following theoretical perspectives will be discussed, including the Foreign Direct Investment theory (Dunning, 1980; Boddewyn, 1983; Coviello & Martin, 1999; Hollensen, 2001), the Stage Model Approach (Johanson and Vahlne, 1977; Cavusgil, 1980), the Network Perspective (Coviello & Munro, 1995; Coviello & McAuley, 1999; Chetty & Blankenburg Holm, 2000; Soh, 2003) and Entrepreneurship Theory (Busenitz, Gomez & Spencer, 2000; Dimitratos & Plakoyiannaki, 2003; Leiblein & Reuer, 2004).

After this analysis of the relevant extant literature, the key objective of this paper is to investigate the behaviour of small 'traditional', 'born global' and 'born again global' firms and to compare their 'paths' against existing theoretical frameworks. This will involve a methodology which will comprise a qualitative analysis of five cases in the Australian Wine Industry (AWI), in particular, wineries from the boutique wine region of the Mornington Peninsula in Victoria. The wine industry is an agricultural industry, and is unusual in that it "incorporates elements of both primary and secondary business activities" (Corkindale & Welsh, 2003).

The region that was selected, the Mornington Peninsula, was chosen due to the geographic cluster of small wineries which has occurred due to the shortage of large properties (over 100 hectares) available in the region (Halliday, 2003). One of the largest of the wineries in the region, Mason's, still has less than 20 employees and was investigated in this study. The number of wineries in Australia as a whole, but also in the Mornington Peninsula, has increased dramatically in the past decade and at present it is estimated that there is one new winery opening in Australia every 48 hours (Halliday, 2003). Combined with the oversupply of wine in Australia (Lages, 1999; Johnson, 2003) the wine industry, focusing on the Mornington Peninsula, appeared to be an area with many 'born global' firms available to study. As there have been wineries on the Mornington Peninsula for over 30 years (Halliday, 2004), it was a region that also had wineries old enough to be established 'traditional' firms. These factors made the wine industry on the Mornington Peninsula an excellent industry to focus on as it had the type of firms that the study was investigating, it is applicable to more than one type of industry and covers a wide range of business activities, as well as being a financially significant industry to Australia's export earnings.

The findings and discussion will then be presented, along with the development of a unifying conceptual framework that explains the internationalisation paths of these three alternate forms of small exporter. Finally, we provide a conclusion and future research directions.

THE PROCESS OF SMALL FIRM INTERNATIONALISATION

Small firms are an important area of research as they are more agile than larger firms, which enables them to be more flexible and to react faster to change (Bell et al, 2003). Table 1, delineates the key differences between small and large firms.

As Oviatt and McDougall (1994; 2005) cited over a decade ago, there is still a need, not for more literature to be added, but for a defining theory to be posed that will adequately unify the theories and explain the alternate paths of internationalisation of small firms. Small firms are important to the Australian economy as they are a major business category in the Australian market (ABS, 2004, No.8127.0). While small in individual stature, small businesses are numerous with an estimated 1,179,300 small businesses operating in Australia in June 2003, which was an average annual increase of 0.7% since June 2001, which equates to over 95% of Australian businesses (ABS, 2004, No.8127.0). Small businesses are defined as less than 20 employees in agricultural industries, as in the current study, and 20-99 employees in manufacturing industries (ABS, 2004, No.8127.0).

Alternate Paths for Small Firm Internationalisation

There are three main paths of internationalisation emerging in the extant literature to explain this process for small exporting firms. The 'traditional' path of internationalisation for small companies was for a company to move in incremental stages from trading in domestic markets only, into international markets. They are seen to be reactive and their transition into international markets is often the result of an unsolicited order or enquiry, or due to unfavorable conditions in the domestic market (Bell et al, 2003). The objective of 'traditional' firms "appears to be survival by increasing sales volume, greater market share, or extending product life cycles" (Bell et al, 2003, p.348).

However, this 'traditional' path is changing as many small firms are now internationalising quickly and a different type of firm has emerged, the 'born global'. The 'born global' firm plans to internationalise from inception, enters multiple markets at once and does not adhere to the chronology of stages that 'traditional' firms follow.

'Born global' exporters can be defined as entrepreneurial by nature (Dimitratos & Plakoyiannaki, 2003) with a global focus from the outset (Bell et al, 2003) who embark on rapid internationalisation with little thought of defined boundaries or borders (Chetty & Campbell-Hunt, 2004) and view the global market place as one unified market through which they can profit (Oviatt & McDougall, 1994). They also are willing to take business risks (Oviatt & McDougall, 2005; Oviatt & McDougall, 1994; Jones, 1999; Bell et al, 2003; Chetty & Campbell-Hunt, 2004) and the key objective of 'born global' firms appears to be to "gain 'first mover' advantage and achieve rapid penetration of global niches or segments" (Bell et al, 2003, p.348). To adequately define 'born global' firms, a time frame from inception to internationalisation must be established to ensure that the firms are 'born global'. There has been much debate about this, with the maximum time frame for the definition ranging from the two years stated by McKinsey and Co. (1993) up to an eight year time frame cited by McDougall, Shane and Oviatt (1994). "This diversity suggests that the definitional boundary for 'born globals' is a matter of degree more than a generic absolute" (Chetty & Campbell-Hunt, 2004, p.65). Given Chetty and Campbell-Hunt's prevalence in this area of research, and the large number of key studies they have conducted in the Asia Pacific rim, as well as their provision of a definitive time frame for 'born globals', this study will follow their example and "use the least ambiguous definition and recognise 'born globals' only as those firms that have internationalised within two years of inception" (Chetty & Campbell-Hunt, 2004, p.65).

In a recent study by Bell et al (2003) another form of company has been identified that begins as a 'traditional' firm, but after experiencing a change in circumstances brought about by a 'critical incident', such as new, internationally oriented management, they quickly enter multiple international markets, becoming more like a 'born global'. This firm is referred to as a 'born again global' (Bell et al, 2003). Bell et al (2003, p. 348) suggest that "the 'born again global' firm's

sudden change of focus from a domestic to an international orientation is triggered by an infusion of new human and/or financial resources, access to new networks in overseas markets, acquisition of new product/market knowledge, or some other critical incident". Bell et al (2003) cite the main objective of these firms is to exploit the new networks and resources that they now have access to due to the 'critical incident' that sparked their transformation. A weakness of extant literature is that no adequate definition of the time required to be classified as a 'born again global' has been supplied. This paper will adopt the time frame of two years from the occurrence of the 'critical incident' that generates their transformation. This is a logical progression from the two year time frame used in the definition of 'born global' firms as stated by Chetty and Campbell-Hunt (2004).

Some of the success of small firms must be put down to the entrepreneurial leadership of certain companies as "entrepreneurship has long been viewed as an engine that drives innovation and promotes economic development" (Busenitz et al, 2000, p.994). In their study, Leiblein and Reuer (2004) define entrepreneurial firms in terms of their "inclination to take on business related risks, to favor change and innovation, and to assume an aggressive competitive posture vis-à-vis their competitors" (p.287).

Theoretical Underpinnings of the Internationalisation of Small Firms

Although there are many theories regarding the reasons for small organisations to expand overseas, many merely postulated on 'traditional' firms reacting to international demands or orders. This view does not account for the success of 'born global' (Busenitz et al, 2000) or 'born again global' firms. Coviello and McAuley (1999) cited three main areas of theoretical contribution, which are the Foreign Direct Investment Theory (FDI), the Stage Model of Internationalisation and the Network Perspective. These three areas of theory provide the basis of discussion in the current paper. The FDI Theory states that companies choose their structure and location to minimize overall transaction costs and that each stage of production is structured in relation to the evaluation of the cost of each economic transaction (Boddewyn, 1983; Mahoney, Trigg, Griffin & Pustay, 2001). One of the most important criticisms of this theory is that it is simply a decision process for investment decisions, not an actual explanation of the motivations and reasons for the eventual success of internationalisation (Johanson & Mattsson, 1988; Chetty and Campbell-Hunt, 2004).

The Stage Model of Internationalisation is comprised of two main theories, which are the Uppsala model (U-Model) developed by Johanson and Vahlne (1977) and the Innovation Related Internationalisation model (I-Model) (Cavusgil, 1980). The Uppsala model bases its premises on organisational learning and proposes, similar to the FDI theory, that internationalisation develops gradually due to "increased market knowledge and commitment" (Coviello & McAuley, 1999, p.227). "The choice of market also occurs in incremental stages" (Chetty & Campbell-Hunt, 2004, p.60). 'Traditional' firms clearly follow this pattern (Bell et al, 2003; Chetty & Campbell-Hunt, 2004), but there is debate over whether 'born globals' prefer to internationalise into psychically close countries (Chetty & Campbell-Hunt, 2004) or if they will internationalise into any country, regardless of the psychic distance, due to their perception of the world as borderless (Bell et al, 2003). Psychic distance refers to differences in the international market from the home market "in terms of language, culture, political systems [and] business practice" (Chetty & Campbell-Hunt, 2004, p. 60). The I-Model is different from the U-Model as it "views exporting as an innovation for the firm" (Cavusgil, 1980, p. 276) and is compiled of a series of stages that work up from the firm not interested in exporting, through the change in attitudes and learning about internationalisation, right through to becoming experienced international traders. The I-Model tends to focus on export behaviour only, however the U model focuses on the internationalisation process as a whole (Cavusgil, 1980). While these theories apply well to 'traditional' firms, 'born global' firms use these stages, but often progress through them much more quickly, skip stages or complete them out of chronological order (Bell et al, 2003). Some critics (Oviatt & McDougall, 1995; Jones, 1999; Bell et al, 2003; Chetty & Campbell-Hunt, 2004) of the stage model argue it tends to be a rather simple formula to explain what is often a very complex process, and that the model is too rigid for 'born global' firms.

According to the Network Perspective, internationalisation relies upon a set of network relationships that provide opportunities, information and contacts that lead to internationalisation (Chetty & Blankenburg Holm, 2000). The network perspective is a central element in the process of internationalisation and business networks were found to be of particular importance in the early stages of internationalisation (Coviello & Munro, 1995; Chetty & Blankenburg Holm, 2000; Soh, 2003). Bell et al (2003) found the network perspective offers a framework that neatly summarizes the relationship that business networks play in international development. As well as having relevance to 'traditional' firms, the network perspective is also important to 'born global' firms as they exploit their networks to gain an advantage (Bell et al, 2003). Two key criticisms of the network perspective are that while they are helpful in setting up international contacts and shape an organisation's internationalisation, they may limit the scope and nature of the market opportunities available (Bell et al, 2003; Coviello & Martin, 1999; Jones, 1999).

The theories outlined above are not mutually exclusive as each one makes a contribution to the literature on the alternate paths for explaining the internationalisation process. Coviello and Munro (1997) argue that the internationalisation process of small 'born global' exporters can be better understood by integrating the stage models and the network perspective. Coviello and McAuley (1999) also argue that small firm internationalisation is best understood through the integration of all three aforementioned theoretical frameworks.

METHODOLOGY

As this study was exploratory in nature and aimed to investigate questions which were of a probing nature, qualitative research was considered best suited. One of the most valid reasons for conducting qualitative research is that it can gain intricate details about unique cases (Strauss & Corbin, 1998). In order to replicate the same methodology used in previous research (Soh, 2004; Chetty & Campbell-Hunt, 2004; Jones, 1999; Oviatt & McDougall, 1995; Johanson & Mattsson, 1988), the current investigation also used a cross case study method in which a number of organisations were investigated and then cross examined for patterns. By conducting in-depth interviews with each of the companies considered in the case studies, as well as following a semi structured interview format to make the cases comparable; it was the aim of this research to represent the issues faced by small exporting firms in the AWI as accurately as possible. In these cases, the interview transcripts, sourced from in-depth interviews, were the principle source of data. However, various company documents were also sourced, such as company annual reports and memos. Open, axial and selective coding (Strauss and Corbin, 1998) were used in order to generate themes and meanings from the transcripts and allow identification of contributing issues to the phenomenon under review. There were a number of selection criteria that had to be met in order for a company to be considered for research. These criteria were that the company employed less than 20 people (ABS, 2004, No.8127.0), was at least 50 per cent Australian owned, must have exported or are in the processing of exporting to an international market and must be a winery in the Mornington Peninsula region. The selection of cases was not an idiosyncratic choice of company but rather followed the criteria outlined above. These criteria represent the criteria the study wants to observe in the case analysis in sufficient depth to provide a significant replication of the phenomenon. The five cases selected were sourced after internet web-based searches to identify examples of firms for each alternate path to internationalisation.

The industry that has been selected for the focus of this study is the AWI, in particular, wineries from the boutique wine region of the Mornington Peninsula in Victoria. Australia exported 8.7 million litres of wine, worth A\$17 million in 1984/85 and by February 2002, annual exports had increased to over 381 million litres of wine which was valued in excess of A\$1.78 billion (Halliday, 2003). As such the wine industry is one of Australia's most successful agricultural exporters and is important to Australia's balance of trade. The wine industry was the specific industry chosen as it is one of the few industries that has primary business activities of growing grapes, before the secondary business activity of transforming the grapes into wine. The Mornington Peninsula was chosen as the region to select the cases from as it had a geographic cluster of small wineries,

which is due to the shortage of large properties in the area, but still has an increasing number of wineries that are internationalizing from inception. Finally, there are five cases in this study, which are outlined in Table 2. In order to maintain the confidentiality of all participating companies, all names and companies have been coded for ethical reasons.

Table 1 about here

FINDINGS AND DISCUSSION

This section will discuss the themes that emerged from the analysis in the findings and link this to extant literature towards the development of new theoretical explanations and a unifying framework for the alternate paths of the internationalisation process of small 'traditional', 'born global' and 'born again global' firms in Australia.

Managerial Approach – Entrepreneurial Activity

In both the 'born global' companies (Wild Horse Winery & 3 Vineyard Wines) and one of the 'born again global' companies (Rosewood Estate) the level of entrepreneurial activity by management and the organisation as a whole supports the findings of previous literature (Johnson, 2004; Leiblein and Reuer, 2004; Dimitratos & Plakoyiannaki, 2003; Busenitz et al, 2000; Mitchell, Smith, Seawright & Morse, 2000) as to the primary importance of the entrepreneur influencing the pace of internationalisation of small firms. Wild Horse Winery was owned and managed by an entrepreneur with considerable prior internationalisation experience. This experience helped him to understand the risks and demands of internationalisation and the importance of effective networks. He also had the necessary determination to succeed. His experience gave the company the "international motivation" (Dimitratos & Plakoyiannaki, 2003) it needed to accelerate their internationalisation, which changed them from a possible 'traditional' path on to the 'born global' path that they pursued.

"So, as I say, in my experience, you do it...with the expectation that you are going to get your fingers burnt." (Managing Director-Wild Horse Winery)

In one of the 'born again global' firms, Rosewood Estate, the culture was not entrepreneurial until the introduction of new management, who had prior international experience. This injection of internationally experienced management was the 'critical incident' (Bell et al, 2003) that changed them into a 'born again global' company.

"I've been with the company for three years and probably adopted a different approach from about 2001 onwards." (General Manager – Rosewood Estate)

The support of the above cases authenticates the inclusion of the Entrepreneurial theory (Johnson, 2004; Leiblein and Reuer, 2004; Dimitratos & Plakoyiannaki, 2003; Busenitz, Gomez & Spencer, 2000; Mitchell, Smith, Seawright & Morse, 2000) into a unifying factor in explaining the internationalisation process for small exporters.

Pace of Internationalisation

The pace of internationalisation is also a key factor as it identifies if the companies are 'traditional', 'born global' or 'born again global'. According to Bell et al's (2003) definition of 'traditional' firms, such as Mason's, they are slow to internationalise and can exist in domestic markets for years before progressing on to the next stage and going international, which is precisely what Mason's have done. The company started in 1978, and progressed through a number of stages to the point they are now. This means that with the dimension, 'pace of internationalisation', they have taken much longer than 'born global' firms. 'Born global' firms such as 3 Vineyard Wines and Wild Horse Winery were quick to internationalise (Bell et al, 2003) and develop multiple markets simultaneously, which lead to a faster 'pace of internationalisation'. Each of these companies had been in business and selling wine for less than four years and had internationalised within two years. 'Born again global' firms follow the slower pace of a 'traditional' firm, until they experience their 'critical incident' such as new management, as Rosewood Estate did, after which time, they internationalised at a much faster pace, similar to a 'born global' firm.

"Three years ago when I joined the company, we had that toe hold into England that I mentioned... and we've just built it up from there." (General Manager – Rosewood Estate)

As each case experienced their internationalisation at the pace suggested in the definitions supplied by extant literature, this supports and verifies the previous literature (Chetty & Campbell-Hunt, 2004; Johnson, 2004; Bell et al, 2003; Autio et al, 2000; Jones, 1999; Knight & Cavusgil, 1996; Oviatt & McDougall, 1994; 2005) on the pace of internationalisation of 'traditional', 'born global' and 'born again global' firms.

Importance of Networks and Relationships at Different Stages of Internationalisation

This study also adds to the extant literature on the Network Perspective (Oviatt & McDougall, 1994; 2005 Knight & Cavusgil, 1996; Jones, 1999; Autio et al, 2000; Bell et al, 2003; Chetty & Campbell-Hunt, 2004; Johnson, 2004) by finding that networks are a key factor in the success of the internationalisation of small 'born global' and 'born again global' firms at all stages of their internationalisation process, rather than only at the start (Oviatt & McDougall, 1994; 2005; Autio et al, 2000). Each of the cases cited relationships as being important, not simply at the beginning of their move into international markets, but later as they developed further into new global markets or to extend the sales of the markets they were currently in. 'Born global' firms, such as Wild Horse Winery and 3 Vineyard Wines used networks extensively and they are currently in the process of expanding their international networks.

"It really just boils down to relationships." (Managing Director – Wild Horse Winery)

"It really is a thing built on building personal relationships and so it's important to keep in touch with people." (Original Owner/Consultant - 3 Vineyard Wines)

Previous studies (Chetty & Blankenburg Holm, 2000) identify networks as pre-existing but do not discuss the importance of actively creating new networks. This is a key finding. 'Born again global' companies also use networks effectively and Bell et al (2003) cite new network opportunities as a prime reason for explaining why their internationalisation is much more rapid after their 'critical incident'. Rosewood Estate said that their ongoing support and use of networks was one of their key methods for identifying future opportunities for sales and a major reason why their sales increased in a relatively flat market.

"It's just a matter of networking and then coming up with strategies to exploit opportunities. I think we've got quite good at that over the last two or three years." (General Manager)

The other 'born again global' company, Drum Estate, state that they are relationship focused or relationship driven since the introduction of new management.

“If I had to describe the way that the company is orientated I would say that we’re a relationship driven company.” (Sales Manager – Drum Estate)

The Conceptual Framework

Based upon the findings of this study, and the work in extant literature, a unifying framework has been devised that explains the internationalisation process of small exporting firms, including the alternate paths to internationalisation. Bell et al (2003) devised an holistic framework that accounted for the FDI Theory, the Stage Model Approach and the Network Perspective. However it failed to recognise the importance of the Entrepreneurship Theory and while a complex framework was presented, it was not clearly articulated, and had not been tested as the paper was purely theoretical. This study has attempted to devise an extension to Bell et al’s (2003) unifying framework and includes the following dimensions: the “Internal” and “External Environment” of the firm (Johnson, 2004; Bell et al, 2003; Fletcher, 2001; Blankenburg, 1995), the “Decision to Internationalise” (Bell et al, 2003) which included the three dimensions of “Time”, “Number of Competing Firms” and “Focal Firm’s Activity” (Blankenburg, 1995), the “International Entrepreneurial Culture” (Dimitratos & Plakoyiannaki, 2003) and the three alternate paths to internationalisation identified by Bell et al (2003), the ‘Traditional’, the ‘Born Global’ and the ‘Born Again Global’ Firm, as well as “State of Internationalisation” and “Pace of Internationalisation”. These dimensions have been devised by continuous refinement of the extant literature and linking of theoretical concepts through analysis to the findings in this study to develop new insights through emergent themes.

The proposed framework (Figure 1) conceptualizes the process of how and why small firms decide to internationalise, and is based upon the internal and external environment of the firm and is influenced by factors such as time and competition in the country they are entering. Our framework then addresses the process of the internationalising firm into either a ‘traditional’ firm or a firm with entrepreneurial factors at work, which would develop it into a ‘born global’ or ‘born again global’ firm, depending on the “pace of internationalisation”. There are also two more factors in the proposed conceptual framework, which are the “State of Internationalisation” (Bell et al, 2003) and the “Pace of Internationalisation”. These two factors also help to determine which alternate path to internationalisation a firm takes.

Figure 1 about here

Full details of the composition each of the dimensions in the conceptual framework, as well as the link to key extant studies, is delineated in Table 3. The importance of each dimension is now discussed, as well as how movement through the various ‘states’ and ‘pace’ of internationalisation leads onto each alternate path of internationalisation.

Table 2 about here

First are the “Internal Environment” and the “External Environment”, which when analysed, aid in the “Decision to Internationalise”, along with three other key factors. The first of these factors is “Time”, which relates to the amount of time taken to internationalise. The second factor is “Number of Competing Firms” in the domestic and international markets, which prompt the company to internationalise. The third factor is the “Focal Firm’s Activity” which refers to the activity in the target market. Once the decision to internationalise has been made and the company is going global, the only factor left to determine is which alternate path to internationalisation it will take: a ‘traditional’, a ‘born global’ or a ‘born again global’ path. This is decided by the amount of time the company has been established, the pace of their planned internationalisation and the level of

“International Entrepreneurial Culture” in the firm (Bell et al, 2003; Dimitratos & Plakoyiannaki, 2003). If the dimensions of entrepreneurial culture are evident in the exporting company, then they develop into a ‘born global’ or ‘born again global’ firm, rather than a ‘traditional’ firm which would result if these dimensions of the “International Entrepreneurial Culture” are not distinguishable.

The internationalisation process of ‘born global’ and ‘born again global’ firms tends to be more rapid and dedicated than ‘traditional’ firms and this is why the “Pace of Internationalisation” and “State of Internationalisation” dimensions are important in this unifying framework of internationalisation, as the pace or time element helps to determine the type of firm. The “Pace of Internationalisation” dimension cannot, of course, be reversed; however, the use of the word “state” in “State of Internationalisation” is intentional; it implies that a state can be moved through in either direction, depending on whether the firm is moving forward or back in the internationalisation process (Fletcher, 2001; Bell et al, 2003).

CONCLUSION

Small businesses are a large component of the Australian business market, and as such are an important area to gain practical knowledge of their internationalisation processes and experiences. The focus of this study was to identify what the unifying theory is that best explains the internationalisation path of small ‘traditional’, ‘born global’ and ‘born again global’ firms. In order to do so, the process of small firm internationalisation in extant literature was discussed, and the alternate paths to small firm internationalisation were analysed. The three alternate paths to internationalisation that were analysed were the ‘traditional’, the ‘born global’ and the ‘born again global’ path. The theoretical underpinnings of each of the three paths to internationalisation were then evaluated. The theories that were analysed were the FDI Theory, the Stage Model Approach, the Network Perspective and Entrepreneurship Theory. The methodology involved a qualitative analysis of five cases from the AWI, which was completed and the behaviour of ‘traditional’, ‘born global’ and ‘born again global’ firms was investigated, before their paths were compared to the existing theoretical frameworks. In the findings and discussion, three main themes emerged, the first of which was the managerial approach of the firm and level of entrepreneurial activity evident. The second theme was the pace of internationalisation and the final theme was the importance of networks and relationships at different stages of internationalisation. After the discussion of these three themes, a unifying framework was developed which presents an explanation of the internationalisation process of small exporting firms, including the alternate paths of internationalisation.

The first theme in the findings, regarding entrepreneurial activity supports the inclusion of the entire dimension of “international entrepreneurial culture”, as well as elements of the “internal environment” such as “management competencies/characteristics” (Bell et al, 2003; Fletcher, 2001) and “international vision of the managers” (Johnson, 2004). The second theme, “pace of internationalisation” extends Bell et al (2003) by identifying cases of ‘traditional’, ‘born global’ and ‘born again global’ firms and how they move through the state and pace of internationalisation. The “pace of internationalisation” (Blankenburg, 1995; Bell et al, 2003) is confirmed in the conceptual framework from Bell et al’s (2003) study and clearly differentiates between the three types of firm. Our findings support the inclusion of the “time” dimension in the conceptual framework, previously conceptualized by Bell et al (2003). The final theme identified in the findings is the importance of networks and relationships at different stages of internationalisation. Previous literature clearly delineates the importance of networks in the initial stages of internationalisation (Oviatt & McDougall, 1994; 2005; Knight & Cavusgil, 1996; Autio et al, 2000; Johnson, 2004) but our study extends prior literature by identifying the ongoing importance of networks throughout the process of internationalisation and for long term survival of the firm in the new network. “Network knowledge” (Blankenburg, 1995) and “network internationalisation” (Blankenburg, 1995) were both elements of the “internal environment” dimension. The dimension “international entrepreneurial culture” also noted the importance of networks within “international networking orientation” (Dimitratos & Plakoyiannaki, 2003). Thus, we emphasize and draw attention to the importance of

networks at all stages of the internationalisation, not just at the beginning of firm entry. Each of the cases in this study found that networks are, in fact, very important at all stages of the internationalisation process as is the importance of actively creating new networks to foster internationalisation across other markets. Psychic distance was discussed as an important factor noted in the extant literature. However, the findings of the cases in this study did not show this factor to be important to the internationalisation paths of small firms. As such, they have been omitted from the unifying conceptual framework. The findings of this study extend the extant body of knowledge, relating to the alternate paths to internationalisation, to an Australian context, with particular relevance to the AWI, by providing support for much of the extant literature, previously not exposed largely to Australian industries. In addition, the development of the unifying conceptual framework unites the various extant theories, using Bell et al's (2003) conceptual framework, which included the FDI Theory, the Stage Model Approach and the Network Perspective, and also introduced elements of Entrepreneurial Theory as a unifying theory to explain the alternate paths to internationalisation for small firms. Each dimension included in this unifying framework was supported by the findings in this study.

Finally, the limitations of this study pertain to the level to which the results can be generalized beyond the five cases that have been selected. In order to extend and test the findings of this study, it is proposed that future research may continue to investigate the internationalisation of small Australian 'born global' firms, but investigate multiple industries, as this was a single industry study, to further test the applicability of our unifying conceptual framework.

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Table 1: Case Descriptions

Name of Company	Type of Company (From Conceptual Framework)	Year Started	Year first entered O/S Market	Which O/S market was entered first	Number of O/S Markets (in order of entry)	No. of Emp	Key Strategy for success	Area of Differentiation from Market	Management History
Wild Horse Winery	Born Global	2000 But First Vintage was not released until August 2002 & the Cellar Door was opened December 2002	2004 Are currently attempting first o/s sale	United States	1	15	<i>"What we do we do better and also what we do we do different"</i> (Managing Director)	Very High Quality Wines (Focus on Producing Boutique style & quality)	Jointly owned and managed by original owners
3 Vineyard Wines	Born Global	2000	2001	United States & London	3 US & London, Hong Kong	12	Clever marketing campaign, and superb graphics on labels	High quality wines with a quirky name that draws attention	Jointly owned & Managed by Original owners, but have just sold to a new owner.
Rosewood Estate	Born Again Global	1989	2000	England	11 US, UK, Hong Kong & Sweden Holland, France, Singapore, Japan, Canada, Fiji & Taiwan.	19	Follow the networks of the established international customers and continue to develop more networks	One of the largest on the Mornington Peninsula, but still produces excellent quality, boutique wines	Original owners, board of directors and professional management
Drum Estate	Born Again Global	1983	Unsure – Early 1990's	UK	4 UK, Singapore, Canada & Russia	16	Differentiation	Now listed on the stock exchange and have a new loyalty scheme which is a first for the wine industry	Listed on Australian Stock Exchange.
Mason's	Traditional	1978	1990	Hong Kong	11 UK, Hong Kong, Canada, Belgium, Germany, Italy, Netherlands, Malaysia, Singapore & Japan	12	Large production levels as they purchase grapes from other growers	One of the oldest wineries on the Peninsula	Recently acquired by a large multinational firm

Table 2: Delineation of the Conceptual Framework & Theoretical Origins

Factor	Element	Author
External Environment	<ul style="list-style-type: none"> ➤ Advances in international communication ➤ Integration of the world's financial markets ➤ Advances in international transportation ➤ Intense domestic competition ➤ Homogeneity of international markets ➤ Favorable international market conditions ➤ Unfavorable domestic market conditions ➤ Industry trends ➤ Conflicting interests with domestic networks 	<p>Johnson, 2004</p> <p>Bell, McNaughton, Young & Crick, 2003</p> <p>Blankenburg, 1995</p>
Internal Environment	<ul style="list-style-type: none"> ➤ The firm's human & financial resources ➤ Knowledge base ➤ Management competencies & characteristics ➤ International vision of the managers ➤ Organisational characteristics ➤ Network knowledge ➤ Network internationalisation ➤ Ambitions, Planning & Interests 	<p>Bell et al, 2003</p> <p>Bell et al, 2003; Fletcher, 2001</p> <p>Johnson, 2004</p> <p>Fletcher, 2001</p> <p>Blankenburg, 1995</p>
Decision to Internationalise	<ul style="list-style-type: none"> ➤ Internal Environment ➤ External Environment ➤ Time ➤ Number of Competing Firms ➤ Focal Firm's Activity 	<p>Blankenburg, 1995</p>
International Entrepreneurial Culture	<ul style="list-style-type: none"> ➤ Manager's prior internationalisation experience ➤ International learning orientation ➤ International risk attitude ➤ International networking orientation ➤ International motivation 	<p>Bell et al, 2003</p> <p>Dimitratos & Plakoyiannaki, 2003</p>
Internationalisation Path	<ul style="list-style-type: none"> ➤ 'Traditional' Path ➤ 'Born Global' Path ➤ 'Born Again Global' Path 	<p>Bell et al, 2003</p>

Figure 1: A Conceptual Framework of the Alternate Paths of Internationalisation for Small Exporting Firms

