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SMEs and their Approaches to Internationalization
Continuities and Variations

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SMEs and their Approaches to Internationalization: Continuities and Variations

By

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ABSTRACT

This thesis sets out to examine changing patterns of workforce management under increasing globalization. There is a general consensus, in both the academic and practitioner literature, that large corporate multinationals (MNCs) have increasingly moved from the deployment of expatriates to a ‘mixed-economy’ of flexpatriates (business trips and short-term assignments etc.) and the deployment of new information and communication technologies. There is however, increasing globalization of small and medium-sized enterprises (SMEs) on which there is little research. Therefore, questions arise on the extent to which SMEs operating transnationally adopt the same approaches as do large MNCs. This thesis particularly explores how SMEs deal with their transnational operations and the role played by strategies adopted by MNCs, historically and currently.

Research was conducted in 18 SMEs in various sectors primarily through semi-structured and in-depth interviews with key informants, supplemented with documentary and other data. Research was also undertaken in 10 MNCs using a similar approach for comparative purposes.

It was found that the flexpatriate/ICT model purportedly adopted in large MNCs is a limited view on the complexity of approaches adopted by MNCs. More importantly in SMEs it was clear there is a much more complex situation with different strategies being adopted by different companies for different purposes. The empirical investigation showed that within SMEs, (1) Expatriates are not employed, (2) IT *is* a significant advantage but not the *most* important; significantly, SMEs tend to (3) partner with people they often know socially. One key finding was the role of trust relationships, networking and social capital. This thesis explores this and draws conclusions for current and emerging developments in the

management of transnational labour workforces. It raises further issues for further exploration.

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A FEW PRELIMINARIES

I refer to myself as ‘We’ in this thesis. Hence, when I also say ‘Our’, I mean ‘my’.

The notion of Flexpatriation and Communication Technology is termed as a ‘Mixed-Economy’ of Flexpatriates and Communication Technology, and Alternative/Contemporary assignments in this thesis. They are all one meaning but are expected in different ways.

We use a capital T when stating the word Trust, because it became more of a concept in this thesis and not simply a word.

The MNC and SME is differentiated by regarding the MNC as a ‘Corporation’ and the SME as a ‘Company’.

The Exploratory study employed ‘Short Unstructured Interviews’; the Main Investigation SME Short-Interviews employed ‘Semi-Structured Interviews’. We will refer to these stages of research as the Exploratory study and the Main Investigation SME Short-Interviews without repeatedly expressing ‘Unstructured’ and ‘Semi-Structured’ as they are both ‘Short Interviews’. These two investigations were analyzed using multi-research strategies. It is important to note that these earlier investigations led to the Main Investigation SME In-Depth Interviews, which were analyzed through Qualitative strategies.

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DEDICATION

I would like to dedicate this thesis to my wonderful father Mohsen.

This thesis is yours, as much as it is mine.

CHAPTER 1

INTRODUCTION

‘As more and more resource conscious SMEs are moving to compete in the international arena, attending to their international management needs becomes a pressing issue’.

Lin et al. (2012: 1)

1.1 Introduction

Global business increases the importance of co-ordinating business activity across distance and national borders. The nature of global staffing is becoming increasingly complex as the landscape of global business continues to move forward (Holmes, 2010; Sparrow et al., 2014). Traditionally the employment of expatriates addresses the global business activity of the organization and how they internationalize, however, with the increase of global activity and the importance of co-ordination, there is a shift to a different pattern of addressing global business needs (Selmer, 2008; Mayerhofer et al., 2012). The speed of communication and transactions have accelerated, hence, there are better travel connections and new communication technologies at lower transaction costs, hence more flexible forms of co-ordination (Evans, 2003; Little et al., 2001; 2006; Holmes, 2010). The academic literature on internationalization is mostly based on MNCs. SMEs are generally seen as different from MNCs and they play a large part in the economy. Yet limited consideration has been given to SMEs and how they internationalize (Dirski, 2008; Lin et al., 2012). This thesis aims to address this problem, and will explore international workforce management in and by SMEs.

Although the focus of this thesis is on SMEs, it is important to locate the research in the context of the dynamics of large corporates because, as Curran (2006:1) states, '[l]arge firm theorizing and research remains the starting points for much small business research'. MNCs are important to be researched because they have an abundance of resources and some of the most advanced communication technologies, thus making them useful to speak to. Also we need to explore the importance and function of the expatriate to be able to explore and compare the employment of the expatriate for the UK. Arguably, there is an over-focus on MNCs within this research field, leading to a lack of SME work. This thesis therefore seeks to address the situation of SMEs, whilst contextualising within the dominant MNC-based research.

A wealth of academic literature has been written in the area of traditional expatriation on MNC's (De Cieri et al., 1991; Adler & Bartholomew, 1992; Clarke & Hammer, 1995; Bennett et al., 2000; Gong, 2003; Mayerhofer & Hartmann, 2004; Shay & Baack, 2004; Cappellen, 2005; Stahl & Bjorkman, 2006; McKenna & Richardson, 2007; Anon, 2009; Reiche, Kraimer and Harzing, 2009; Sparrow, 2009; Starr & Currie, 2009; Suutari & Brewster, 2009; Howe-Walsh & Birgit, 2010; Lin et al., 2012; Sparrow et al., 2014). Some of the seminal work conducted by Perlmutter (1969) focuses on the different approaches to how MNCs are staffing their global workforces, and examines the employment of expatriates (Scullion & Linehan, 2005; Scullion & Collings; 2006; Rugman & Collinson, 2006). Expatriation is an important topic because it forms a significant part of a firm's international strategy (Sparrow, 2009). Despite expatriation being a key contribution to the internationalization of the firm, due to increasing globalization, intense competition and the expenses associated with expatriate failure, there has been a shift in the patterns of workforce management (Suutari & Brewster, 2009; Asmussen et al., 2011). Sparrow (2009) and Sackmann (2009) argue that research, in the field of international working, needs to recognize and acknowledge the implications of the changing business context. International business concerning global staffing issues is not a static area but must address new phenomena as they arise. This involves the creation and development of new concepts and theories in order to create new insights and to be able to influence managers' thinking and behaviour (Rugman & Collinson, 2006).

There is a general consensus in both the academic and practitioner literature that large corporate multinationals (MNCs) have increasingly moved on from the deployment of expatriates to a 'mixed-economy' of flexpatriates/high mobility strategies (international business trips and short-term assignments) and the deployment of new information and communication technologies (Harris & Holden, 2001; Mayerhofer et al., 2004; Selmer, 2008; Collings et al., 2009; Sackmann, 2009; Sparrow, 2009; Suutari & Brewster, 2009). High mobility can be defined as the ability of an executive to move between destinations on a more frequent basis and for shorter periods of time than a traditional expatriate. Alternative assignments can be cost effective as they entail lower up-front costs than the expatriate, as well as offering flexible solutions. These cost effective alternative strategies outdate, and contradict, Perlmutter's theory arguing the uses of expatriation.

Although Perlmutter's seminal work has been introduced as important, due to the costs of the employment of expatriates, and its time-consuming process of the movement of persons overseas, it is difficult for multinational organizations to employ expatriates (Selmer, 2008; Milan, 2010), and therefore likely to be an even more challenging option for SMEs to consider. Despite the importance of Perlmutter's theory, Perlmutter's theory dates back 44 years ago. Firms communicating internationally with clients, partners and suppliers have changed substantially (Butcher, 2005; Selmer, 2008). The progression in technology is making it cheaper and easier to use. This raises the question, can communication technology be more efficient than the costs and time it takes to travel?

Reiche et al. (2009) explain that the focus on expatriation has caused a major weakness in people's understanding of other types of international assignments. Salt and Millar (2006) argue that the increase in demand for these alternative assignments is the need for skilled executives to help build new international markets; temporary and short-term access to specialized talent to assist with the execution of overseas projects. Also there is a need for highly mobile elites of management to perform boundary-spanning roles to help to build social networks and facilitate the exchange of knowledge. Collings et al. (2009) explain that the factors which help to explain the trend towards alternative forms of international assignment are also due to the shortage of managers willing to accept long-term international expatriate positions and the growing concerns regarding the balance between work and personal life.

Whilst such new forms of staffing do not display formal IHRM structures, they highlight the complexities, sophistication, and challenges associated with international management (Suutari & Brewster, 2009). Gluesing and Gibson (2004) state that global teams face greater complexity than traditional teams because of task, context, people, time and technology. This needs to be examined further as most current literature as evidenced in the literature review simply stresses the advantages and not the complexities. Although some of the implications of communication technology are highlighted, there is little justification and information in the literature as to how effectively communication technology and high mobility strategies can help a firm succeed (Suutari & Brewster, 2009), and whether it could be a significant factor of a firm being able to internationalize, as opposed to employing the traditional expatriate. For example, there does seem to be some evidence by Dowling and Welch (2005), Tahvanainen et al. (2005) and Selmer (2008) that short-term assignments are growing at least as fast as, or maybe faster than, standard expatriation. Although, Suuatari and Brewster

(2009) explain there is little empirical evidence, this is clearly a significant omission in the existing literature.

Scholars such as Mayehofer et al. (2004) and Selmer (2008) appear to merely voice and conclude the advantages of using communication technology over the employment of traditional expatriates with little justification or sufficient evidence. This is because the expatriate has been employed in firms for decades, and has the important role of transferring knowledge, controlling overseas operations and management development (Sparrow, 2009). Meyskens et al. (2009) suggest that academic research can contribute to the discussion of the trade-offs between the implications of the alternative assignments, for the firm and for the individual, with research-based insights and solutions. It is necessary to explore the implications of communication technologies and provide strong justification as to whether, and how, they should be used. These implications should also be examined, as opposed to, or in addition to, the traditional form of the expatriate.

In addition to exploring flexpatriates and communication technologies individually, Suutari and Brewster (2009) add that after they analyzed characteristics and alternative assignments (often analyzed in comparison to the characteristics of standard expatriation) it is necessary to explore how firms can manage the mix between these different strategies. Hence, more research needs to be conducted for the less-studied forms of international experience (Suutari & Brewster, 2009). It is increasingly recognized that staffing policy can influence the firm's strategy formulation and its implementation, since the expatriate is considered as the ultimate resource as well as a potential asset for delivering a competitive advantage (Scullion & Collings, 2006; Li-Yueh & Sukoco, 2010). Thus, a mix of the flexpatriate and communication technology needs to be further explored, in MNCs, but also, particularly in SMEs.

1.2 Importance of researching SMEs

Research with an international and cross-national focus, in any type of firm, will continue to be important. Despite the lack of literature, scholars highlight that there may be an increasing demand for expatriate employees in a far wider range of organizations than the traditional larger MNC because of the rapid growth of internationalization (Harris & Holden, 2001; Bhowmick, 2005; Collings et al., 2007; Sackmann, 2009).

However, most literature relates to MNCs, as studies focus their attention on the larger firms (Morrissey & Pittaway, 2006). Reading has revealed the need for the focus of research on SMEs. Some studies raise the importance of small firms, but the depth and importance of expatriation for SMEs is still vague and under researched (Brewster & Scullion, 1997; Dirski, 2008; Harris & Holden, 2001; Harris, 2010; Wilkinson et al, 2010; Lin et al., 2012).

There are four main important reasons why SMEs have been selected as the focus of this research.

(1) SMEs have substantial potential to regenerate economies. SMEs are able to diversify by contributing to imports and exports. SMEs play a major role in countries at all levels of economic development. The developed economies have a high proportion of small businesses and it is predicted that the number of such entities will continue to increase as a result of the decline in manufacturing and growth in the Service sector (Milan, 2010).

(2) SMEs are innovative, they alleviate poverty and build wealth, as well as create employment [providing 60 to 70% of jobs in most of the developed and developing countries (Mutula and Brakel, 2006)].

(3) Due to globalization, this research will show how innovative SMEs can be due to the greater financial challenges they face compared to the multinational.

(4) Communication technologies potentially offer significant levels of benefit to the SME. But there is little research on how they use these technologies.

Scholars apply MNC research when exploring the behaviour of SMEs. Curran (2006: 206) reinforces this point, ‘Large firm theorizing and research remains the starting points for much small business research’. However, to what extent do SMEs mirror the activities of MNCs? Curran (2006) explains that large business research continues to be a part of small business research. However, Curran (2006) also makes an interesting contrasting point, where he states that because SMEs in most economies are responsible for more turnover and employment than larger businesses (Curran, 2006), it should be SME research that directs the policy of MNCs. How much SME research is there?

However, large firm theorizing is a starting point for this research for comparative purposes with the SMEs. Employing a comparative study with MNCs helps to find out more about the behaviours of SMEs. Although the literature on MNCs in relation to global staffing is prevalent, the concept of flexpatriation and the extent to which flexpatriation and communication technologies can replace expatriation and face-to-face interaction is under-researched, thus, an Exploratory study on MNCs is employed for comparative purposes with the SMEs in this research. But, it is also important to acknowledge the SME research that is already available.

None of the flexpatriate assignments characterized in the literature as ‘atypical’ or ‘different’, are new, but are all prevalent and still somewhat under-researched for MNCs as well as for SMEs (Suutari & Brewster, 2009; Sackmann, 2009; Meyskens et al., 2009).

Although research by Milan (2010) and Starr (2010) suggests that the research for MNCs, in the context of expatriate/flexpatriate assignments for internationalization, is growing there is little literature to date for SMEs. However, in contrast, literature on the benefits of communication technology are discussed substantially in the practitioner literature, as evidenced in the literature review.

It has been suggested that the benefits of communication technology could enable SMEs to reach international markets more quickly and more easily (Butcher, 2005; Coppack, 2009; Meyskens et al., 2009). There are new ways of interacting and there has been a growth in the options and variations of technology. The advances in communication technology are changing the need firms have when staffing their overseas positions as well as changing how they communicate with persons overseas. Information and communication technologies within firms have never been as important as they are today (Coppack, 2009).

Although we can identify that communication technology opens up new opportunities for SMEs to internationalize, the reliance on communication technology may come with its own set of challenges, which may constrain the SME internationalizing. For example, Butcher (2005) points out that advanced communication technology is costly. The significant level of attention and growth of the communication technology phenomenon could raise important questions regarding how smoothly SMEs can internationalize. In addition to the possible challenges of using communication technology, which could implicate the internationalization of SMEs, Sparrow (2009), Scullion & Brewster, (2001) and Meyskens et al. (2009) suggest that little is known about the challenge of engaging the wider range of alternative assignments inside SME organizations today.

1.3 Aims of the Research

The existing literature consists of shortcomings and implications in relation to expatriates and a ‘mixed-economy’ of flexpatriates (international business trips and short-term assignments) as well as communication technologies. Little existing research makes the process of researching SMEs complex (Wilkinson et al. 2010). SMEs can provide interesting insights into the dynamics of global business since they form the basis of a country’s economy, some even developing into MNCs. For this reason alone, it is obvious that SMEs would want a share of the international market and their importance and presence should not be underestimated. Thus, several gaps are apparent in the literature concerning the strategies SMEs could employ to internationalize.

Due to the lack of research on the internationalization strategies of SMEs, this thesis will explore MNCs for the Exploratory research study as a comparator in order to determine the basis for further research in the Main Investigation SME Short Interviews and the Main Investigation SME In-Depth Interviews. This research must address the implications as well as the benefits of these strategies, in order to derive a balanced conclusion as to how successfully these strategies could work for the SME internationalization process, hence addressing the main research aim.

‘*To assess the extent to which expatriates, face-to-face interaction and physical mobility can be replaced by a ‘mixed-economy’ of flexpatriates and communication technologies in SMEs’.*

As a result of the above shortcomings and implications of the literature, this research consists of three main objectives, which underpin the main aim. The first is to understand the best practices of communication technologies and high mobility strategies within an SMEs business development. The second objective is to discover the efficiency and effectiveness implications of using communication technologies and high mobility strategies within SMEs as opposed to international travel and the physical mobility of people, e.g. traditional expatriation. Thus, the third objective is to find to what extent contemporary strategies are employed in SMEs. These objectives have also been presented as research questions for this research to address.

The research questions that underpin this study can be posited to generate genuine contributions to the literature as below:

1- To what extent do SMEs employ traditional expatriation for their overseas activity?

2- To what extent do SMEs employ 'flexpatriate' staff and how does this influence the way that SME's staff their global positions?

3- What are the technologies that SMEs use? Is technology a contemporary substitute or a support mechanism to global expatriation and physical mobility?

4- What are the efficiency and effectiveness implications for SMEs?

This research will address these questions within the International Management, International HRM, ICT, Communication, International Business, Strategy, International Small Business Journal academic literature and industry literature and, in particular, with reference to SMEs.

1.4 Personal Interest

The discussion so far has mainly been presented as an impersonal narrative. Before proceeding it seems worthwhile to explain how my interest led me to undertake this research project.

My interest in the topic of my thesis has been gradually developed over the years, arising from my family background. My father is an expatriate and, as I was growing up, I was always curious about his work. This developed into an interest on the international movement of people, particularly about the individual difficulties that expatriates face as well as the struggles for the family. So, in my undergraduate studies I selected the international business modules and I then undertook my Master's dissertation in the pre-departure cross-cultural training of Japanese and British expatriates. Whilst I really enjoyed undertaking that research, because the length of the project was only 6 months, I left feeling that I really wanted to explore the issues in much greater depth. I therefore determined that I would seek enrolment for a PhD, in order to pursue the topic through an extended research study.

I initially thought I could extend the research project that I had undertaken for my Masters dissertation. However, during the initial stages of my research, exploring the existing scholarly literature, I found that there was already significant research on MNCs. To offer a more distinctive contribution to academic literature, and also to practitioner and policy literature, I decided to focus on SMEs, where existing work is so limited. This also enabled me to connect back to my own personal, family background, as indicated above.

I found there was a significant gap in the literature for SMEs which needed to be addressed within internationalization. The topic of SMEs is also "hot" at the moment, in terms of political debate and media coverage, and there is a high level of attention on the financial struggles of SMEs; so I felt that it would be interesting to see how they can grow.

The ‘Personal end-note’ section in Chapter 11, before the concluding discussions in Chapter 11 (Section 11.2) will return to these matters of personal interest.

1.5 Structure of thesis

The next three Chapters explore key areas of literature in relation to this study. First, in Chapter 2, we examine scholarship in relation to internationalization. Noting that such scholarship tends to privilege MNCs, the next Chapter explores literature on SMEs in relation to the issues of interest in this research. Chapter 4 explores notions that will be of critical importance in the later analysis of the empirical data, those of networking, social capital and trust. Key ideas, research and arguments in the literature reviewed in these three Chapters will be brought together in Chapter 5, to draw out issues and questions deemed of critical interest and importance for further empirical investigation. Chapter 6 will then discuss the methodological issues for the empirical investigations on which this thesis is based. This will be followed by a set of three Chapters presenting the findings from those investigations: an Exploratory study (Chapter 7), which then led to an initial set of interviews with key informants in a number of SMEs (Chapter 8) and then a further set of more in-depth interviews as well as analysis with such informants (Chapter 9). These Chapters will include findings from supplementary sources. The thesis will be brought to a conclusion with an overall analysis (Chapter 10) and a final Chapter in which we shall discuss what will be claimed as the theoretical contributions of this thesis, with considerations for further research.

1.6 Summary

This Chapter introduced the context of this research and the areas of SME investigation which consist of traditional expatriation, a ‘mixed-economy’ of flexpatriates (international business trips and short-term assignments), communication technologies, trust, networking and social capital. An Exploratory study with multinationals is undertaken for a comparative purposes and as a basis for the SME study. The SME study is conducted in two parts. The Main Investigation SME Short-Interviews study comprises of short semi-interviews and the following study, the Main Investigation SME In-Depth Interviews conducts in-depth interviews. The main aim of the thesis was identified, which explores the extent to which communication technologies and a ‘mixed-economy’ of flexpatriates can replace expatriation, face-to-face interaction and physical mobility. My personal interest was discussed and the structure of the thesis was outlined. Chapter 2 will provide the literature review in relation to Internationalization.

CHAPTER 2

INTERNATIONALIZATION OF BUSINESS: THE DOMINANCE OF THE MNC PERSPECTIVE

2.1 Introduction

Chapter 1 discussed the context of this research. It also outlined the aims and objectives of this research, which are to explore the modes of internationalization that SMEs employ and the extent to which flexpatriates and communication technologies can replace expatriation, face-to-face interaction and physical mobility. Whilst the main focus is on SMEs, research on MNCs tends to dominate in the research literature, and so this Chapter explores the current academic research on the Internationalization of MNCs, to contextualise and act as a comparator for the SME-focused study that forms the main emphasis of this thesis..

The research on the internationalization of MNCs consists mainly of examining the changing patterns of the workforce management, which include the deployment of expatriates to a mixed-economy of flexpatriates and communication technologies. The three different ways of internationalizing are explored in this Chapter. These underpin how firms internationalize. Firstly, the concept of Traditional Expatriation, its evolution and the origin of its school of thought will be explained. Expatriate failure will be reviewed as well as the role and value that traditional expatriation contributes to a firm. Theoretical studies need also to be assessed. The application of Perlmutter’s theory will be discussed relating to the way that multinationals think about internationalization, and how they staff their global positions will be visited. Secondly, High Mobility Strategies (‘Flexpatriates’), its importance, as well as its advantages and disadvantages will be discussed. Thirdly, Communication Technologies will be discussed accompanied by a full evaluation of these strategies. This presents an overview of the initial optimism of the first studies to the slightly more cautious outlook of recent studies.

The literature examined in this Chapter relates to MNCs. There is little published research on SMEs, which is why the literature on MNCs will help provide a benchmark for the SME research.

A comprehensive review of the prior literature is required because there are significant opposing views regarding the current strategies of global staffing and communication for MNCs. Bartlett and Ghoshal (1986) use the word ‘multinational’ to define an organization where it operates in multiple geographic contexts with the possibility that their functions can be duplicated internationally. The highlights from the literature, combined with the findings from the data, will help the researcher to propose a conceptual framework and help to devise questions for the empirical research. Whilst evidence exists with response to corporates, and the literature provides a guide for the areas of research for SMEs, the literature, in general, relates to MNCs. Most of the literature on SMEs found has been in the practitioner literature such as in technology magazines and relates to how technology can help an SME build their business and have easier and more instant contact with their clients. Therefore, further research is needed but for SMEs. The literature review introduces in-depth definitions, key concepts, theories and reviews the existing academic literature on the research issues examined in the research context.

2.2 Internationalization

Internationalization is the outward movement or the increasing involvement in a firm’s international operations (Johanson & Vahlne, 1977; Morgan- Thomas & Jones, 2009). Reiche et al. (2009) suggest that in the past couple of decades, multinationals have increasingly employed international assignments as a key staffing mechanism to disperse knowledge resources across their different organizational units. Some academics such as Bhowmick (2005) and Manalova and Brush (2002) highlight the internationalization research originally focused on how multinationals internationalize. Wheeler et al. (2008) explains that further research in the internationalization of UK firms is required because of the underperformance of British firms in outward internationalization compared to their counterparts from other advanced economies which include the USA, Canada, Germany, Italy and Japan. However, Lin et al. (2012) suggests that emphasis must now be placed, on the behaviour of the SME particularly and how they internationalize. Curran (2006) further reinforces this point, by suggesting that an increasing number of SMEs are becoming active in the global economy, while remaining small.

It is important to highlight some theoretical work in relation to how firms think about internationalization.

2.3 Perlmutter’s theory (1979) and its influences

Perlmutter’s theoretical contribution has been cited as the core theory on the different approaches to International Human Resource Management regarding the way that a multinational staffs its global workforce, and also determines the specific decisions that a firm makes and how they think about internationalization (Czinkhota et al., 2001; Scullion &

Linehan, 2005; Scullion & Collings; 2006; Rugman & Collinson, 2006). Perlmutter (1969) examines the factors which form the composition of staff in multinational subsidiaries, whereby the allocation of staff depends on the company's attitude towards the geographic sourcing of their staff (Collings & Scullion, 2012).

Perlmutter (1969) has defined four approaches as to how multinationals are staffed; the Ethnocentric, Geocentric, Polycentric and the Regiocentric approach. These approaches move from the hierarchical structures (ethnocentric approaches) towards the network or heterarchical structures (geocentric approaches).

Perlmutter's theory states that the ethnocentric approach is highly home-country orientated (Scullion & Collings, 2006). The more crucial and key positions of foreign operations are placed domestically and are dominated through the control of the headquarters' management personnel (Walton, 1999; Harris, 2003; Reiche et al., 2009). Redman and Wilkinson (2006) explain the ethnocentric approach by explaining that sending existing staff from the parent country allows for similar cultural and practical expectations and therefore this may facilitate communication and coordination for the staff and others. Mayerhofer and Brewster (2006) argue that a large number of firms are ethnocentric. The ethnocentric approach, however, has been severely criticised. Writers such as Walton (1999) and Harris (2003) argue that it is not sensible for firms to be narrow minded. Walton (1999) explains that the more global an organization becomes, the more their staff are likely to become diverse. The managers of MNCs have the challenge of developing a competitive business team from different nationalities.

In contrast, the geocentric approach requires the multinational to take a worldwide position in respect of its operations. These MNCs are aware that each part of the firm makes a unique contribution to the firms overall competence (Harris, 2003). The geocentric approach is taken by positioning people within roles at the headquarters and subsidiaries, recruiting the best person capable of filling that role (Harris & Holden, 2001). Reiche et al. (2009) and Rugman and Collinson (2006) and Walton (1999) expand on this point, stating that the best person would be selected regardless of his/her nationality. The position that people are recruited for is based purely on their ability to excel in the job (Harris, 2003; Johnson & Turner; 2003; Scullion & Collings, 2006; Reiche et al., 2009). These firms produce global products and vary their products to tailor individual local markets. Rugman and Collinson (2006) explain that the firm will view operations on a global basis and therefore the larger firms usually use this approach. The problems of this approach include the high costs of relocating staff and the need to train staff to fit in with local conditions. In addition, most developed countries have placed increasing restrictions on the immigration and employment of individuals from the developing world (Rugman & Collinson, 2006).

The firms that adopt this type of approach have little parent country control and a higher level autonomy of subsidiaries. Thus, the polycentric approach is host-country orientated (Walton, 1999), for example, they are usually managed by the local nationals. The MNC would allow each subsidiary some decision-making autonomy, but these local nationals are rarely promoted to the positions at headquarters. In the same way, the parent-country nationals (PCNs) are rarely recruited to foreign subsidiary operations (Harris, 2003). Scullion and Collings (2006) and Reiche et al. (2009) explain that the foreign subsidiaries mainly recruit host country nationals or managers from the subsidiary location. However, the headquarter operations are still located in the parent country and are also dominated by the staff from the home country (Walton, 1999). Johnson and Turner (2003) explain it is less centralized and hierarchical than the ethnocentric approach. Redman and Wilkinson (2008) argue that this polycentric approach reduces the language barriers and eliminate the adjustment problems experienced by recently relocated expatriates. This approach also allows continuity in management, incurs less expense and opens up new career opportunities for the locals as well as increasing morale and organizational commitment.

Heenan and Perlmutter (1979) developed a fourth approach called the Regiocentric approach. Managers are transferred on a regional basis, for example, within the European region. Johnson and Turner (2003) add that strategies are developed on the basis of regional lines. Reiche et al. (2009) and Rugman and Collinson (2006) explain the Regiocentric approach often creates a mid-way station between a pure polycentric/ethnocentric approach and a truly geocentric approach. Firms integrating this approach will formulate a strategy whereby both the local and the regional needs are addressed. The firm will also be less focused on a specific country than they will be on a geographic region, for example, an MNE that carries out their business in the EU will be interested in all of the member nations. Rugman and Collinson (2006) discuss that an MNC with a Regiocentric approach will be looking to find both profit and public acceptance.

The promotion to the very senior jobs is dominated by the managers from the parent country. These staffing policies apply only to the key positions in the MNC subsidiaries (Walton, 1999). Harris (2003) explain that it may not be likely for regional managers to be promoted to the headquarter positions but they do experience some regional autonomy in decision-making. Harris (2003) states that the Regiocentric approach can explain the geographic strategy and structure of the multinational. The staff may move outside of their countries but usually become located within a particular geographic region, for example, Europe or the Asia Pacific.

2.4 Globalization and changes in the social fabric of societies

Studies of social value changes suggest that the changing trends in Western societies point towards increasing individualism, egocentrism, changing demographics, uncertainty, complexity and diversity in values. Sociologists' characterizations of today's societies and their future development range from 'multi open societies' based on egocentrism and network societies based on a "flat world" where computer literacy and access to information is replacing hierarchical ranks (Sparrow, 2009).

Sparrow (2009) explains that due to the change in the social fabric of societies during the last few decades, the resultant workforces are diverse in backgrounds, there are different interests, experience, training, ethnicities, religions, gender, age, nationalities, identities and personalities. The new arrangements that exist within organizations allow these workforces to work in different parts of the world at different times, with different contractual arrangements, in multi-country projects that are staffed with multinational and multicultural teams. However, since the recession, SMEs have become the lifeblood of the UK (Rolet, 2013, The Telegraph).

HR managers should select those managers who possess a global mindset (Harvey et al., 2000). As Rhinesmith (1993: 24) suggests the global mindset is 'the ability to scan the world from a broad perspective, always looking for unexpected trends and opportunities that may constitute a threat or an opportunity to achieve personal, professional or organizational objectives'. Over the years the importance of possessing a 'global mindset' has been acknowledged within the literature. What is the extent to which SMEs need to have a global mindset as part of their internationalization strategy?

The deployment of expatriation will firstly be explored and thereafter, this research will examine the mixed-economy of flexpatriates and the use of the information and communication technologies, with particular reference to SMEs.

2.5 Hall (1987) High and low-context communication

The concepts of high-context communication and low-context communication originates from the work of Edward T. Hall (1987). This is particularly important as this research is exploring various cultures due to the international nature of the context of this research. In low-context communication, the exchange of verbal communication becomes emphasized and non-verbal communication can be visually seen. In high-context communication, only a small part of the information is communicated verbally. A significant part of the communication is 'read' from the context of the person and the situation. For example, his/her appearance, non-verbal behaviour, personal history, the communicative situation, as well as how they interact.

2.6 Traditional Expatriation Literature Review

Global staffing has been a key theme of research for international management researchers for a number of decades (Collings et al., 2009). An increasing number of people are spending part of their lives living and working in foreign countries (OECD, International Migration Outlook, 2007). These people are often defined as Organizational or Traditional expatriates who are sent overseas by their home companies to international posts (Edstrom & Galbraith, 1977). Globalization has increased the number of multinationals operating globally. Part of this expansion requires multinationals to employ top quality staff and managers in order to address the challenges of managing a globally integrated, but locally responsive staff (Meyskens et al. 2009). The globalization of business has led to a significant increase in the number of expatriate assignments. Even after the recession years of 2008 and 2009, companies have increased their expatriates workforce (Brookfield Global Relocation Services, 2012). Harris (1999) suggests that in the initial stages of internationalization the employment of expatriates is vital. International projects vary considerably in form, scope and size (Collings et al., 2009). A history of the reasons for and against the employment of expatriation will be provided.

The emergence and evolution of traditional expatriation and its origin of school of thought and how it developed and changed will be examined; the reasons for employing expatriates as well as the reasoning against the employment of expatriates, is presented.

Collings et al. (2009) provide a comprehensive review of the evolution of the traditional expatriate in their special issue on global staffing. It was during the 1980s that the level of research on expatriates began. Tung contributed in her work of 1984, 1987 and 1988. Mendenhall and Oddou’s (1985) contributions regarding the expatriate adjustment debate, created the intercultural adjustment debate which was earlier explored by Henry (1965) and Hays (1971). To begin with, Mendenhall and Oddou’s (1985) Academy of Management Review paper discusses expatriate acculturation; the theory of adjustment became of high significance in the international assignment literature, thus emerging as a key theme within this literature. Collings et al. (2009) go on to state that Black (1988) contributed to the literature with empirical studies in relation to the adjustment of American expatriate assignees in Japan and the impact on spouses’ cultural adjustment. Studies discussing the significance and content of expatriate selection (Tung, 1981, 1982; Mendenhall et al., 1987) also became apparent in the literature, as well as studies in relation to cross cultural training (Mendenhall et al., 1987; Tung, 1981, 1982) which included work on cultural adjustment. Drawing upon these scholars work, Collings et al. (2009) identify the problems around the adjustment of expatriates and their families seem to become of increasing high importance. A substantial contribution by scholars in this field was conducted on US MNEs by North American researchers taking a North American perspective (Ondrack, 1985; Scullion & Brewster, 2001; Morley & Collings, 2009; Scullion & Collings, 2006). Thereafter, an increase in European interest was found regarding issues centering on international assignments with Torbiorn (1982) conducting research into the expatriate experience which included the difficulties of residing overseas.

Harris (1999) claimed that in the late 1980s and early 1990s, expatriation seemed to be an out-dated subject. However, other scholars argue that the key literature on global staffing continued to become more and more important in the late 1980s and early 1990s, such as the greater exploration into the later stages of the expatriate cycle, such as performance (Schuler et al, 2002; Johnson & Turner, 2003) and repatriation (Mendenhall et al.,1995; Harvey et al., 2000; Scullion & Brewster, 2001). Mayerhofer and Brewster (2006), and Suutari and Brewster (2009) added to the body of literature on expatriation. Other scholars also examine expatriation in various geographic areas; with Welch (2003) exploring the Australian context and Selmer (2001), examining the Singaporean context.

It has been argued that the key phenomenon in the literature that made a significant impact on the issues surrounding global staffing was the increasing degree of empirical and theoretical development in relation to the organizational level. The linkages of expatriation policies with international corporate strategies have also been emphasized (Suutari & Brewster, 2009; Collings & Scullion, 2012). This was an important finding because staffing policies were often developed in such a way that were separated from other aspects of expatriate policies and further expatriation was often not connected to the company’s international business strategy (Brewster & Scullion, 1997). Scholars recognized that a far more strategic role was required.

Whether the number of expatriates is increasing or decreasing is a subject for debate. The differing opinions within the debate are contrasting, so much so, that in fact, Meyskens et al. (2009) states that the growing value of international talent to global firms and the increasing complexities associated with employing expatriates are becoming even more difficult to solve. Welch and Tahvanainan (2009) suggests that due to the rapid effects of globalization, such as the changes occurring in Brazil, Russia, China, and India that the need for 'global operators', people able to perform in a foreign location is essential. Intense competition for business has meant that firms are increasingly expanding beyond their national markets to compete globally. In contrast, because of the lack of coherence over expatriate best practice, Meyskens et al. (2009) also suggests that if one is to assume that the outcomes of the research conducted will provide evidence-based management practices, there still remain serious barriers of knowledge transfer from research to practice.

Crawley et al. (2009) explain that firms face huge global competition and must do their best to overcome the challenges of a global business landscape. Part of their response to this increased internationalization of business has been the reliance on expatriates (Czinkota et al, 2001; Armstrong & Baron, 2002). The increased employment of globalization strategies as well as rapid economic growth among the developing nations appears to increase the demand for expatriates. This section begins by outlining the role of the expatriates and discussing the reasons as to why firms employ expatriates. The reasons are for the purpose of transferring of knowledge, management development, organizational development and to maintain control and coordination. Other reasons also include the need to integrate the organization across its business markets and to build global competence (Hsieh & Tsai, 1999; Hamlin and Calvasina, 2005).

The theoretical study by Edstrom and Galbraith (1977) is highly regarded in the literature on international transfers. Almost every publication handling this topic area refers to Edstrom and Galbraith which is now the classic 1977 Administrative Science Quarterly article. Reiche et al. (2009) explain that a further study found a great number of German studies encompassing both conceptual and empirical work on this topic.

The first of the three motives is to fill positions, needed for the transfer of technical, strategic, and managerial knowledge, and to build networks, communication and trust (Fang et al., 2010; Yang et al. 2009). Riusala and Suutari (2004) add that a large part of the knowledge transferred across the MNC units is extremely specific and tacit, and thus complex. Contextual and tacit knowledge cannot be codified in written documents but in fact requires personal interaction to achieve context specific adaptation and convey meaning to its recipients. Thus, this research will need to question how much alternative forms of assignments can transfer this highly contextual and tacit knowledge through via technology. This facilitates global integration and local responsiveness of a company, especially in emerging markets. Important where relationships still have not been established and there is a need to transfer these skills and knowledge, and is a crucial factor in the success of an MNC (Hsieh & Tsai, 1999; Bonache & Brewster, 2001; Massingham, 2010; Mayerhofer & Hartmann; 2004; Wittig-Berman & Beutell; 2009).

In contrast to the discussions of the early evolution of expatriates, the studies around expatriation are moving beyond the ethnocentric structures of knowledge transfer as it is realised that knowledge has the potential to be created in the subsidiary as well as in the home country firm. The elements of the traditional co-ordination and control function of the expatriate enables the firm to develop knowledge transfer (Minbaeva & Michailova, 2004).

However, Bjo¨rkman et al. (2004) did not find a relationship between the presence of the expatriate and the extent of knowledge transfer in multinationals. Yang et al. (2009) also reinforces this point by adding that prior research has not specifically examined the utilization of expatriates as a strategic resource to facilitate knowledge transfer and enhance Foreign Direct Investment (FDI) performance.

The second motive is Management development (Reiche et al., 2009). The opportunity of an international transfer gives the manager international experience and development. This type of transfer would be conducted even if the qualified host country nationals were available, as Wittig-Berman and Beutell (2009) and Moeller et al. (2010) explain that the longer-term expatriates are preferred for the sole purpose of management and development. Employees create organizational success because they are able to think globally as well as develop unique tacit knowledge. A survey of Fortune 500 companies shows that having competent global leaders is the most vital factor for a business to achieve success. This survey also presents findings showing that 85% of executives do not think that they have a sufficient number of global leaders. Thus, Moeller et al. (2010) argues that the expatriates sent overseas for assignments are a significantly valuable and strategic resource and are needed in the global arena. Traditional sources of advantage such as access to capital, protected markets or proprietary technology are ending and that the survival of firms, most of the time, depends on the ability to innovate, adapt, learn and transfer that learning globally. These capabilities rest on the management of people (Wilkinson et al., 2010). Furthermore, these authors recognize that historically organizations have not invested in human resources. In fact, labour is still often perceived as a cost to be minimized particularly in tough times.

The third motive for an international transfer is for Organizational Development/Co-ordination and Control purposes. Expatriates are employed as a central means of an organization maintaining control and coordination (Brewster & Scullion, 1997; Grainger &

Nankervis, 2001; Whitley et al., 2003; Paik & Sohn; 2004; Tan & Mahoney, 2006; Wittig-Berman & Beutell, 2009). One of the strategies that firms employ to internationalize is through strategic alliances or joint ventures (Harris, 1999; Scullion & Brewster, 2001; Scullion & Linehan, 2005), with Harris (1999) adding that retaining this control becomes even more imperative when the firm is in partnership with another firm e.g. international joint ventures where they can take control of the foreign subsidiaries so as to meet the parent firm's goals and interests. Harris (1999) explains that these expatriates need to be cross-culturally competent. Therefore, firms are sending an increasing number of expatriates abroad to undertake these international strategies to attempt to get the most out of their capabilities in the international environment and to help organizational development (Scullion & Brewster, 2001; Scullion & Linehan, 2005).

Expatriates help to maintain relationships with the host country stakeholders, parenting local markets and increasing the productivity of foreign subsidiaries. These authors suggest that it is not surprising that almost 80% of middle-sized and large enterprises send people abroad and 43% intend to increase the numbers of people they send abroad. The reasons for the employment of expatriates suggest evidence for a strong case for the need to employ traditional expatriates. However, opinions differ on this topic, and the reasons against the employment of expatriates need to also be reviewed.

The continuous integration of the highly industrialized countries of the European Union creates a growing demand for cross-border talent (Mayerhofer et al., 2004). Meyskens et al. (2009) also adds that security in a post 9/11 world, have led to the growing employment of alternative international assignments, particularly for Americans.

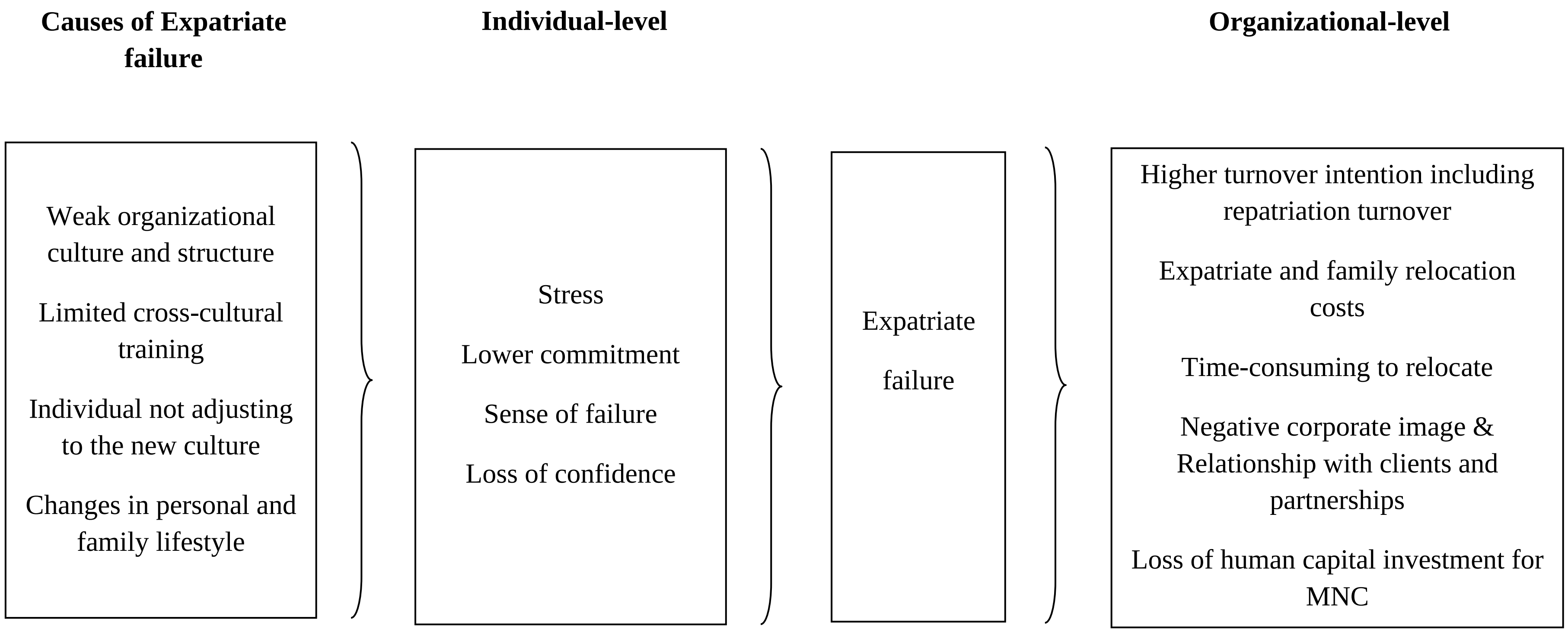
A growing level of literature has discussed the changes to the role of the expatriate where the current trends show a drop in the number of the employment of expatriates (De

Cieri et al., 1991; Harvey et al., 2000; Whitley et al., 2003; Mayerhofer & Hartmann, 2004; Cappellen, 2005; Hamlin & Calvasina, 2005; Tan & Mahoney, 2006). Despite operating in an increasingly interdependent, information rich world, the key to successful management of expatriate employees, across borders, continues to elude many organizations. This section discusses the causes for expatriate failure and the resulting consequences for the individual and organization. This is shown in *Figure 2.1,* below.

This model is not intended to be systematic of what is actually going on, but provides ideas of how things have changed. Theories of expatriate failure and expatriate success have been emerging for about 20 years. For various reasons and despite the importance of their roles, a firm's staff can often return to their home country prematurely (Buckley & Brooke, 1992). This so called "expatriate failure" is a global problem; a complex phenomenon with various causes. Each of these causes can lead to premature return; the assignment ending before the expired date of return (Hamlin & Calvasina, 2005).

Sending staff abroad can be a highly significant investment for organizations and therefore it is important that these costs are not wasted because of expatriates returning home prematurely (Buckley & Brooke, 1992; Punnett & Ricks, 1997; Black & Gregerson, 1999; Deresky, 2003; Jassawalla et al., 2004; Franceso & Allen, 2005; Hamlin & Calvasina, 2005; Shen, 2005). A substantial amount of research has developed over the years which address the demands and challenges that expatriates will experience in a foreign location (Wittig-Berman & Beutell, 2009). The model shows that expatriation causes a myriad of problems for the expatriate to face (Howe-Walsh & Birgit, 2010).

Figure 2.1 *Causes of expatriate failure of the individual and the organizational consequences*



Sending staff abroad can be a highly significant investment for organizations and therefore it is important that these costs are not wasted because of expatriates returning home prematurely (Buckley & Brooke, 1992; Punnett & Ricks, 1997; Black & Gregerson, 1999; Deresky, 2003; Jassawalla et al., 2004; Franceso & Allen, 2005; Hamlin & Calvasina, 2005; Shen, 2005). A substantial amount of research has developed over the years which address the demands and challenges that expatriates will experience in a foreign location (Wittig-Berman & Beutell, 2009). The model shows that expatriation causes a myriad of problems for the expatriate to face (Howe-Walsh & Birgit, 2010).

Opinions differ as to the magnitude and type of indirect costs associated with expatriate failure. Some contradictions exist within the expatriate failure literature. However, Harzing (2001) contends that there is no real empirical foundation for these claims further adding that the myth of high expatriate failure rates have been suggested because of careless and inappropriate referencing.

The causes of expatriate failure are listed below, which can also be referred back to the diagram.

Weak organizational culture/structure and poor decision-making in the Human Resource Management Department; The culture of the firm must acknowledge the importance of expatriate management and the importance of how the selection of staff, training, such as cross-cultural training, and mentoring are a major determinant of how well international staffing is conducted. There has been an increase of interest in the role of IHRM following the increasing number of multinationals as well as their growing influence in the business world since the 1990's (Shen, 2005). International competition for business has meant that firms are increasingly expanding beyond their national markets to compete globally. As Shen (2005: 658) points out:

> *"[a]s global competition continues to intensify, multinational corporations pay growing attention to the value of expatriate personnel as a valuable means of control with which their various operating units may appropriately and efficiently be integrated and coordinated".*

The importance of the effective management of human resources on an international basis has been widely recognised and accepted; many argue that it can determine the success (or failure) of international business (Shih et al., 2005). In fact, Buckley and Brooke (1992) go so far as to say that the effective use of human resources should be a *primary* objective in organizations. It is therefore imperative that the right people are put in the right place at the right time in order for the organization to be able to maintain its international growth. In order for this to happen, the success of expatriates can be influenced by an efficient HR team that supports and trains them. Poorly selected staff within the HR team is a prominent reason as to the failure of expatriates. This research has wide impact on SMEs since very few have the resources to employ HR departments (Ng et al., 2009).

When looking at the lives of expatriates, Nowak (2010) suggests that in the past communicating with far-flung colonies took months, thereby leaving leaders no option than to pick their subordinates carefully, train them for every eventuality, give them clear and comprehensive instructions, agree terms of reference and then trust them to get on with their job. Ng et al. (2009) suggests that international assignments are becoming more frequent and of a complex nature in organizations. Thus, selecting individuals who are equipped to manage cross-cultural challenges becomes of a more significant and strategic role. Ng et al. (2009) continues to explain the nature of international assignments has changed significantly. Instead of relying on traditional longer-term expatriates, firms are increasingly adopting alternative forms of international assignments that are shorter in duration.

Limited pre-departure training and support, cross-cultural training, and international experience; A lack of pre-departure preparation, training and orientation is said to be a major cause of expatriate failure (Fontaine, 1997; Tung, 1998; Forster, 2000, Selmer, 2001; Jassawalla et al., 2004; Shen, 2005; Waxin & Panaccio, 2005; McFarland, 2006; Tanure et al., 2009; Moeller et al., 2010). For example, pre-departure training has been emphasized in the existing literature as one of the best and most effective ways of reducing "culture shock".

Individual not adjusting to the new culture; One of the major causes of expatriate failure is purported to be "culture shock" (Fontaine, 1997; Forster, 2000, Jassawalla et al., 2004; Shen, 2005; Li-Yueh & Sukoco, 2010). "Culture shock" is defined as '… the pronounced reactions to the psychological disorientation that is experienced in varying degrees when spending an extended period of time in a new environment' (Czinkota et al., 2001: 638). Anon (2009) reports that the "degree" and "manifestations" of "culture shock" will depend on the personality of the expatriate going abroad. However, every expatriate will to some extent experience some degree of "culture shock" as every new culture ultimately brings its own set of problems and unexpected events (Kaye & Taylor, 1997).

Changes in personal and family lifestyle: Scullion and Brewster (2001) and Meyskens et al. (2009) explain that the number of people willing to accept international assignments is low because of barriers to mobility. This is a problem, they argue, as the numbers do not reach the demand for international managers, significantly affecting success in implementation of global strategies. Ongoing matters of the dual-career couples and families and trailing spouses (Collings et al. 2007; Reiche et al., 2009) adds to this problem. In addition, Meyskens (2009) argues that although experienced talent will grow in value as globalization accelerates, but internationally mobile talent is difficult to attract, motivate and retain.

The relocation of an expatriate is an organizational phenomenon which is influenced by the family (Meyskens et al., 2009). Shay and Tracey (1997) and Wittig-Berman and Beutell (2009) report that when the family is relocated with the expatriate it can cause a huge number of problems; for example, the family not adjusting to the foreign environment. In essence a rather significant problem is that the routine of the family changes (Starr & Currie, 2009). This point is also reinforced by Sparrow et al. (2014) and Starr and Currie (2009). Also, significant problems can occur even when the family does not relocate with the expatriate; for example, long-distances away can cause problems. This cause of expatriate failure can become even more problematic as few firms actually provide this support to the family of the assignee (Meyskens et al. 2009).

The resultant effect of this so called failure can be detrimental to both the individual employee and the organization. The cost of failure can outweigh the upfront investment in ensuring the expatriates integrate fully into the new culture. The replacement of these expatriates can be counter-productive. The consequences for the individuals employed will be discussed first.

The consequences of expatriate failure at an individual level are outlined.

Stress; An expatriate on international assignment can experience many different emotions. Many expatriates may enjoy the whole duration of their assignment and feel very lucky and excited that they are experiencing a new culture, like tourists they are newcomers in a country discovering the sights, people and restaurants (Adler, 1981). The excitement of a new culture is especially the case for the single and ambitious which have probably just started their careers and are taking advantage of the better living conditions abroad (Atiyyah, 1996). However, this is likely to be a substantially different story for other expatriates. They can feel lonely and isolated, and stressed because of the long-distance between themselves and their family (Oberg, 1960; Forster, 2000).

Lower commitment; Expatriates who have returned from an assignment prematurely and where they feel the firm in the home country has not done enough to support their stay in the host country (limited compensation package, lack of mentoring in the host country, lack of pre-departure/cross-cultural training or even irregular contact from their senior/line manager), the expatriate may lose confidence and appreciation for the firm. As a result, the expatriate may be inevitably less committed to the firm, and may seek to find a job elsewhere with a competitor (Reiche et al., 2009).

Sense of failure; Expatriates may feel a sense of failure if they return from the international assignment early. They may feel that their seniors and colleagues will see them as a failure and may no longer be given further international assignments as well a decrease of responsibility in their home-country firm (Shay & Tracey, 1997).

Loss of confidence; If an expatriate has failed his or her international assignment they can naturally lose confidence in their ability to perform on future assignments and it is even questionable if some of these expatriates will be given further assignments or have the confidence to agree to want to accept future assignments themselves (Reiche et al., 2009). The repatriate may also feel disappointment because their new job at the home office may not necessitate them to put their newly acquired competencies into practice.

The consequences of expatriate failure at an organizational level are outlined. The consequences for the individual as discussed, caused by expatriate failure impacts the organization, creating further consequences.

High turnover retention including repatriation turnover; One of the major problems with international assignments is the repatriation process upon completion of work overseas (Tung, 1998; Stahl & Bjorkman, 2006). The turnover of expatriates especially repatriation turnover can be a significant number (Wittig-Berman & Beutell, 2009).

Expatriate and family relocation costs; The expatriate and family relocation costs can be substantial for the firm, and one of the main consequences of expatriate failure (McNulty et al., 2009; Wittig-Berman & Beutell, 2009). Hamlin & Calvasina (2005) state the relocation costs of the expatriate and the family's belongings can total to a cost of $40,000. Redman and Wilkinson (2006) further adds that relocating staff abroad involves revisiting their reward system, providing sufficient training as to the local conditions, the organizing of a removal company, the provision of short-term or long-term housing as well as assistance regarding driving licences, banking and the availability of social services in the new locale, a commensurate standard of living abroad to what they had at home; the employment of expatriates will be costly. Hamlin and Calvasina (2005) explain that because of these high expatriate expenses firms have to become more effective in managing their expatriate costs. McNulty et al. (2009) adds that some firms who employ expatriates do not particularly always need them and that they are just a cost of doing business.

Reiche, et al. (2009), Wittig-Bermian and Beutell (2009) and Buckley and Brooke (1992) report that firms are reducing their reliance on traditional expatriates as a result of high costs. The expenses incurred to the firm would include lost investments as they would not be using their employees to the potential they could be and also costs would be involved whereby the firm would need to replace the employee when they decide to leave the firm (Wittig-Berman & Beutell, 2009). Welch and Worm (2005) also argues that although it has been recognized that expatriates play an important strategic role in a company's portfolio of global staffing options there has been limited work that shows how firms measure the return on investment

(ROI). These authors further suggest that although firms do believe the answer to global expansion is via the employment of expatriates, expatriates are regarded as a high cost and difficult to maintain. An example from KPMG (2007) shows that 38% of their assignees were overcompensated.

Time-consuming to relocate; Relocating the expatriate is a time-consuming process, involving many procedures such as gaining residency in accordance with the host countries regulations and physically relocating the expatriate and with their entire family (Hamlin & Calvasina, 2005).

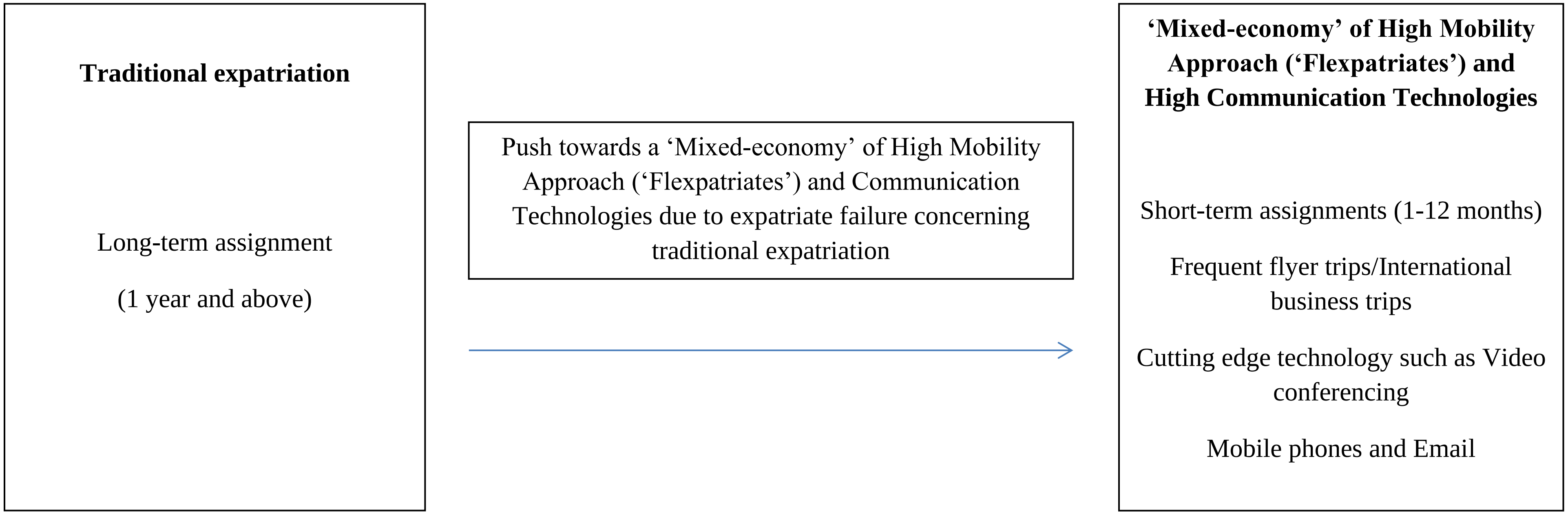
Negative corporate image and relationships with clients and partnerships; McNulty et al., (2009) explains that uncertainties and risks are associated with the employment of the expatriate. Expatriates must represent the firm in an appropriate and professional manner. This would include the expatriate being given a sufficient amount of information and training about the host countries customs in order to behave in an appropriate manner (Hamlin & Calsavina, 2005). The expatriates would also need to fulfil their role overseas professionally and therefore they must be careful not to portray a negative image which could affect the building of rapport and relationships with clients and partnerships.

Loss of human capital investments/training; Expatriates are an expensive investment where firms contribute both a significant amount of finances e.g. their pre-departure training before they reside abroad for their international assignment and the compensation packages they receive (Hamlin & Calvasina, 2005; Wittig-Berman & Beutell, 2009). Thus, the failure of these expatriate assignments can be very costly to the firm (Pires et al., 2006). Reiche et al. (2009) explain that the firm needs to continuously provide development opportunities for expatriates. Reiche et al. (2009) also explain that in order to reduce the risk of expatriate failure, MNC's will have to combine short-term orientated HR practices, with longer-term strategies such as integrating international assignments into individual career paths. They sometimes lack the formal guidelines for non-standard international assignments. As a result, creating and managing an appropriate mix of forms becomes difficult.

2.7 Discussion of the Modes of Internationalization: from 'Trad Expat' to 'Mixed-Economy Approach

A number of authors point out that in response to the significant problems of expatriate failure as well as globalization and intense competition, firms could employ different ways of international working and communication (Mayherfor et al, 2004; Selmer, 2008; Milan, 2010; Starr & Currie, 2009). This section presents the claims in the literature for the employment of a 'Mixed-economy' of Flexpatriates and Communication Technologies as opposed to traditional expatriation and travel which could help to address expatriate failure. This is demonstrated in a diagrammatic form *(Figure 2.2)*. The diagram has examined how the causes of expatriate failure could impact the individual and create consequences at the organizational level too. *Figure 2.2* suggests a mixed approach to global staffing comprising of the high mobility approach and communication technologies (the alternative assignment). The opinions regarding these strategies do not seem to be organized in a coherent argument and are still highly fragmented.

Figure 2.2 Modes of SME Internationalization: from 'Traditional Expatriate' to 'Mixed-Economy' Approach



In order to reduce repatriation, which occurs due to failed assignments, firms initially aim to avoid expatriation in the first place. The firms then try to reduce the employment of the more ‘classical’ expatriation model in preference for alternative non-traditional strategies. Lucas and Mansfield (2010) suggest that from a corporate perspective, skills shortages must be addressed. Moreover, these strategies are far more convenient for the employee’s family and work life and will incur less expense to the firm (Wittig-Berman & Beutell, 2009). However, these authors state that the classical traditional expatriate model is highly regarded as the most imperative type of international staffing strategy in order to enable the firm to achieve the tasks of transferring the firm’s knowledge and also to maintain a firm’s culture.

Given the need for research in the area of alternative assignments, a far more strategic approach is required, that is far more in agreement with both the firms objectives as well as the lifestyle needs of the assignee (Redman & Wilkinson, 2006; Meyskens et al., 2009). Although these researchers explain that it is easy to simply recommend what needs to be done, however in practice any solution faces complexities, trade-offs, and limited research to work through the alternative approaches to international assignments. In addition, even if future research does deliver answers and even if they are tentative and incomplete, there still remains the issue of transforming the research findings into workable policies and then transferring them into practice. Much of this knowledge transfer is attempting to overcome the barriers that cannot be easily identified as they are deeply embedded in culture (Teagarden & Von Glinow, 2008).

2.8 Introduction and emergence of Flexpatriate Literature

This section will discuss the High Mobility Strategies, also known as ‘flexpatriates’. Writers such as Harris and Holden (2001) and Mayerhofer & Hartmann (2004) name the concept of high mobility as the ‘flexpatriate’. Definitions will be provided, before examining the theoretical foundations of high mobility strategies in this research context. It will also discuss an evaluation of these strategies, although these discussions are limited because of the under-researched nature of the implications concerning these strategies. The High Mobility Strategies will be compared with the employment of traditional expatriates. The discussion will show how these options have broadened the number of resources for firms who do not want to invest in long-term placement of their own staff.

High mobility can be defined as the ability of an executive to move between destinations more frequently and possibly to spend shorter periods of time at these destinations than a traditional expatriate. The flexpatriate works on a number of different tasks at the same time in different locations, with flexible travel schedules, giving them a flexible option. Harris and Holden (2001) explains that it offers an 'international sense' to the firm as the 'flexpatriates' travel broadly around the globe working for the same firm. This type of employee has been found useful but this depends on the different needs and problems the firm needs to address (Wittig-Berman & Beutell, 2009).

Flexibility seems to be an underlying concept. The elements of flexibility, could make them far more popular staffing strategies than the traditional expatriate in a highly competitive environment (Starr, 2010). The flexibility element of a staffing strategy is needed because global firms must look beyond expatriation to develop global networks (Harvey et al., 2000).

None of the forms of the alternative assignments characterized in the literature as 'atypical' or 'different', are new, but are all prevalent and under-researched in MNCs but mostly in SMEs (Mayerhofer & Hartmann, 2004; Cappellen, 2005; Welch & Worm, 2005; McKenna and Richardson, 2007; Starr, 2010; Meyskens et al., 2009; Suutari & Brewster, 2009; Sackmann, 2009). Starr & Currie (2009) further expand on this point by claiming that alternative assignments have only become a significant topic of study within the literature, but the employment of the alternative short-term assignments are long-standing. Starr (2010) claims that a survey shows that less than 20% of all assignments have become less than a year in duration and 65% of companies employ them as an alternative to long-term assignments. Suutari & Brewster (2009) argue that although these type of assignments have always been employed, the availability of easier and cheaper travel as well as improvements in communications technology have seen an increase in such arrangements in recent years. In addition, Suutari and Brewster (2009) believe that these are not surprising figures as short-term assignments are seen as a solution to avoid repatriation/career issues resulting from long-term assignments.

The employment of the ‘flexpatriate’ has been made possible because in the last half of the twentieth century businesses experienced new forms of global emergence of working internationally. In the past, problems with distance, time and culture would limit the level of international business activity taking place. This would result in longer and less frequent international travel, which is why expatriates were employed as a way of extended business contact (Mayerhofer & Hartmann, 2004).

The form of assignment is strongly dependent on the nature of the project. Wittig-Berman & Beutell (2009) claim various factors determine the choice of the strategy employed; changes in the global environment, the business environment, the organization as well as its workforce. These scholars argue that firms need to be flexible and employ multiple staffing options to succeed in the global market place. Firms should develop further expertise on managing the mix of different types of international employment to fully utilize the benefits.

The range of alternative assignments includes business travelers/frequent flyers and short-term assignments (Dowling & Welch, 2003; Mayerhofer & Hartmann, 2004; Cappellen, 2005; Hamlin & Calvasina, 2005; Welch & Worm, 2005; Tahvanainen et al., 2005; Collings et al. 2007; Guerro-Bote, 2006; Selmer, 2008; Welch & Tahvanainen, 2009; Centre for Research into Management of Expatriation, 2010). Cappellen (2005) further adds that these trends point to an entirely new type of globally mobile workforce.

Each type of flexpatriate is now defined, the reasons as to why firms employ them, and also evaluated to explore their advantages and disadvantages. From exploring the advantages and disadvantages we can identify some of the features of these alternative assignments in order to explore further the extent to which the flexpatriates could be employed as opposed to the expatriate.

Short-term assignments vary in purpose and context (Starr & Currie, 2009). Short-term assignments, which can cover a duration of a three to twelve month period and entail basic travel costs (Cappellen, 2005; Guerro-Bote, 2006), are used to recruit employees for temporary work or take part in global team projects. Wittig-Berman & Beutell (2009) and Meyskens et al. (2009), however, claim that a short-term assignment can cover between one and twelve months in length, which has also been supported by Collings et al. (2007). On the other hand, Tahvanainen et al. (2005) argues that only assignments lasting less than a year are normally referred to as short-term and in most cases they will be much shorter than that; from a duration of a few weeks to six months. Suutari & Brewster (2009) explain that the duration of a short-term project assignment varies, depending on the purpose, firm and sector they operate in. They are increasingly employed in multinationals and in the last decade or so;

they account for over one-third of the firms total international assignments (Starr & Currie, 2009).

Meyskens et al. (2009) offer an example of the short-term assignment to include a consulting assignment or problem-solving of a fixed duration. Projects are either technical or managerial. However, with this option technical expertise is the most commonly transferred (particular specific skills for specific job). In addition, there is demand for these roles overseas (Spence, The Times, 2012). Also the cost effectiveness of these types of assignments are another factor (Meyskens et al., 2009; Reiche et al., 2009; Suutari & Brewster, 2009; WorldAtWork, 2009).

The employment of international business trips/frequent flyer trips last from a few days to several weeks, with various alternations of intensive work postings abroad (Welch et al. 2003; Reiche et al., 2009). Meyskens et al. (2009) and Starr & Currie (2009) explain that these types of international assignments involve the employee travelling frequently, communicating regularly with the home office and the family (usually) stays at home. Suutari & Brewster (2009) point out that frequent flyers do not mean that they relocate. But, in fact, they are people that spend a substantial amount of time outside of their own country, but very little time in any one other country. Although, these types of international assignments do not require full relocation, they involve extensive travel, cross-cultural work situations as well as the disruption of organizational and family relationships and activities. The frequent flyer trips are extremely useful for carrying out irregular specialized tasks such as annual budgeting meetings or for maintaining personal relationships with key colleagues and customers in the host country.

The role of the international business traveller has been neglected to an extent in the academic literature, despite recent surveys showing that business travellers across the world expect to maintain or increase the frequency of business travel (Dowling & Welch, 2005). The research investigation may find that there are more important types of travel.

A range of assignments means a range of new people. The diversification of people located in various countries and organizations are seen to have elements of the geocentric approach whereby people across the globe will be employed irrelevant of their seniority and nationality within the home-country firm. This suggests that diverse teams can accommodate and simply 'drop' themselves elsewhere in another country other than the home country. They can understand the culture better because of the awareness of the diversity in the group; essentially there is not one type of person in the group. They can refine the potential assignees sent overseas who speak the language but also have knowledge of the organization's culture. Thus, like-minded people who have knowledge of the organization's culture can be a bonus for the firm (Redman & Wilkinson, 2006).

Suutari & Brewster (2009) discuss the results of the Workforce 2000 research project which identifies several key reasons for such diversification of organizations. They explain that on a global scale the traditional groups are becoming equal to untraditional groups in terms of numbers (e.g. ethnocentric minorities) due to the labour market demographics (e.g. age structure within the Western societies). Thus, in order for firms to fill their positions, firms must accordingly widen their scope of recruitment beyond traditional groups into groups such as ethnic minorities. Another reason behind ethnic and cultural diversity is the growing global activities of organizations through which global organizations face diversity every day. Through the increased mobility and diversity within the workforce, and interaction across borders, different groups also mix more than they previously did. High mobility strategies are a reason for this. Assignees will have far more understanding of the wider world because they can become more appreciative of the norms of various other cultures. This helps a firm to expand easier and become more accessible because of the understanding of the culture. Improvements in customer service and innovativeness are also suggested as drivers of diversity since customers are also becoming more diverse. Rugman & Collinson (2006) explain a good reputation as a multicultural workplace is also perceived to be a sign of commitment to social responsibility by the organization and attract a new diverse labour pool and integrate various cultures. Thus, become better accepted in the local culture. The diversification means an easier process when a firm wants to establish overseas presence or when they need to communicate with people overseas. This is because there is already an established connection between a firm and the customers, suppliers and partners.

Massingham (2010) suggests that the development of global leaders is critical and that achieving a global mindset is the key to strategic advantage, before adding that in a competitive environment, a shift in thinking is required. Rugman & Collinson (2006) explain that the firm will view operations on a global basis and therefore the larger firms usually integrate this approach. The firm's offices are staffed with the best people for the job irrelevant of what nationality they are. But it is also likely for the MNC to have a polycentric or regiocentric stance if the firm is relatively small or restricts its business operations to only specific cultures or geographic regions.

The characteristics of the contemporary forms of global staffing seem to apply and relate to the characteristics of the geocentric approach of staffing and global mindset (Torrington & Holden, 1992). This research needs to investigate whether contemporary strategies fit into Perlumtter's model.

Massingham (2010) explains that previous research on global staffing tends to be ethnocentric. However, Reiche et al. (2009) explain that the ethnocentric approach could be complemented by short-term assignments if specific additional skills are required (Mayerhofer & Hartmann, 2004; Cappellen, 2005; McKenna and Richardson, 2007).

The argument by Suutari & Brewster (2009) helps to explain that due to a limited labour force of relying on the employment of traditional expatriates, a move towards a wider range of labour via the employment of high mobility strategies is required. There is also an increase in the mix of different staff employed from various diversities and backgrounds and thus the geocentric approach to staffing global operations is also important.

2.9 Introduction and emergence of the Communication Technology Literature

Information and Communication Technologies are tools that people integrate within their business processes to enable the firm to share, distribute, gather information and to communicate with one another, either with one other individual or in groups. Information can be transmitted through mediums of Information and Communication Technologies that use telecommunications and computer technologies (Ongori, 2009).

Various scholars claim that the advent of communication technologies would revolutionize current business practice (Cameron & Webster, 2005; Lucas & Mansfield, 2010; Nowak 2010; O’Connell, The Times, 2013). These claims have been supported by academic research into the conceptual advantages of communication technologies. Communication Technologies has received a substantial level of both scholarly, but particularly practitioner attention. Over the last 20 years or so forms of communication have changed very much in becoming more instantaneous and consisting of greater quality. There are increases in productivity, flexibility and collaboration, which help to reduce the expenses of travel (Offermann & Spiros, 2001; Evans, 2003; Johnson & Turner, 2003) and global connectivity (Cameron & Webster, 2005). The practitioner literature, has devoted a substantial level of attention to the latest technologies and advances in features. This has become more evident by the increasing number of firms providing a range of more effective communication technologies.

On the one hand, it seems that the increasing ease of using such technology and the declining costs as opposed to travelling, as well as the growing use of personal video, are having an positive impact on the use and significance of technology within the business (Poltrock and Grudin, 2005). However, on the other hand, some potential implications are also apparent.

'When the 'old' world of business collides with the 'new', a certain amount of upheaval is inevitable' (Coppock, 2009: 50).

The onset of the information age has changed the way that businesses and individuals operate and communicate even in the space of one generation (Coppock, 2009). As technology becomes fully mobile, it is apparent that it will create new challenges, for example, how to integrate new technology with existing technology. In addition, Guerrier et al. (2009) points out that despite developed technology whereby we can use a laptop or mobile phone anywhere in the world and at any time, firms still find a need for 'high touch' in relation to client support. Little work has been done on the implications of communication technologies in the academic literature in relation to SMEs. It is crucial for these implications to be explored, in order to assess the extent to which communication technology could replace expatriation, and if it cannot, what true benefits could communication technology provide, taking into consideration these implications as well?

2.10 Summary

In this chapter we have surveyed the academic literature, introducing key definitions and concepts, to provide a theoretical foundation for this research. The chapter also discussed the importance of internationalization and explored how firms internationalize, which consist of Traditional Expatriation (including a summary of Collings' 2009 review of the emergent literature on expatriates) and High mobility strategies/ 'Flexpatriate'.The application of Perlmutter's theory, and how it relates to the way that multinationals think about internationalization, and how they staff their global positions, were discussed.

Although Perlmutters theory may not be directly applied, the Polycentric Approach is host-country orientated, usually managed by the local nationals. Do SMEs co-manage with the host country nationals? This question will be explored. In addition, Perlmutter's theory is a relevant resourcing strategy within the wider workforce, particularly the Geocentric Approach. The Geocentric Approach is highly applicable to a wider workforce, particularly because of the diverse and competitive pool of talent. Organizations are able to recruit the best person capable of filling the position able to excel in the job regardless of his or her nationality.

The themes in the existing literature on internationalization are undoubtedly interesting and need to be visited when exploring SMEs. As we indicated in Chapter 1, MNCs may be used as a comparator and initiator or further research in order to learn more about SME behaviour as the literature on SMEs is limited. Therefore, this information is likely to inform the interview questions to a large extent. The next Chapter, Chapter 3, will explore SMEs and how they may be different.

CHAPTER 3

SMEs: A DIFFERENT WORLD?

3.1 Introduction

As Chapter 2 discussed, questions arise about the modes of Internationalization that SMEs employ. Is it valid to justify SMEs employ the same approaches as MNCS? Or do SMEs employ different approaches?

In this chapter, we shall explore the SME literature. The previous Chapter discussed the limited research in relation to SMEs, thus, this Chapter explores what is known about SMEs. The general differences of SMEs are discussed. The little existing literature on SMEs and internationalization is also discussed.

This Chapter defines SMEs and discusses the significance and justification as to why SMEs internationalize. The types of internationalization strategies employed by SMEs are discussed. Explanations are given in relation to how the SME differs from the MNC and their distinct capabilities. The Internal and External Challenges/Barriers of Internationalizing are discussed.

3.2 Introduction to the Small to Medium-sized firm (SME) Literature

For over thirty years, the nature of small business research has become more complex. (Curran, 2006). The academic literature regarding expatriation in SMEs is very limited and the literature regarding flexpatriates in relation to SMEs is almost non-existent. There is, however, a relatively significant level of literature regarding the internationalization of SMEs, but not in the context to how expatriates/flexpatriates are employed for internationalization.

SMEs are defined by the number of employees in the firm as well as the turnover made by the firm (Arbore & Ordanini, 2006).

Table 3.1 Number of employees and turnover

The term Small to Medium-sized firms has broadly been separated into three main categories:

	Micro	**Small**	**Medium**
Number of people employed	10 people or less	50 people or less	250 people or less
Turnover (£)	2 million or less	10 million or less	50 million or less

(Source: Arbore & Ordanini, 2006; Nebusiness.co.uk, 2011).

The size of an SME needs to be defined because one of the key themes in internationalization research has been the effect that the firm size has on the internationalization behaviour of the SME. A significant amount of the literature is derived from American studies where definitions of size differ from the United Kingdom, Europe and elsewhere. As a result of the varying perceptions of what is defined as a small or medium-sized firm, the transferability of findings and the replicability of the studies will be difficult to achieve given these differences. Thus, this could mean that implications for comparison may arise in this research (Javalgi et al., 2003; Kalafsky, 2004).

The importance of the international business development of SMEs has become increasingly important. The main reason is in order to prosper in an increasingly competitive environment (Enterprise & Industry Online Magazine, 2010). Internationalization is recognized as a significantly valuable strategy to aid the organization to grow and expand (Graves & Thomas, 2008). Various reasons as to why SMEs internationalize and why the government encourages SMEs to internationalize for the UK economy are given below.

SMEs are the ‘backbone of all economies’ and make the dominant form of business organization, which account for over 95% to 99% of enterprises, depending on the country. (OECD, 2006: 6). In fact, in 2010 the Department of Business Innovation and Skills commissioned a report on private sector enterprises to find out how important SMEs are to the UK economy. One of the highlights was that of the 4.8 million private sector enterprises in the UK, 99.9% of these were SMEs.

Internationalization has been recognized to aid towards sustaining employment (Enterprise & Industry Online Magazine, 2010), an issue that has been promoted and encouraged by the government. Indeed, the Enterprise & Industry Online Magazine (2010) states that internationally active SMEs reported higher employment growth from 2007 to 2008 than other SMEs. OECD (2006) claims that SMEs are responsible for between 60 to 70% of job creation in the OECD countries. When micro and small businesses are included, SMEs account for about two-thirds of turnover and employment. As a result of these statistics, Nebusiness.co.uk (2011: 6) suggests that it is easy to then acknowledge why ‘SMEs are often referred to as the lifeblood of the UK economy’. The innovativeness of SMEs also helps to sustain employment.

SMEs are recognized to be important for bringing innovative products or techniques to the market (OECD, 2006). SMEs understand innovation, both as being a necessity when entering foreign markets and as a consequence of foreign market activities (Enterprise & Industry Online Magazine, 2010).

A European Commission funded study explains, ‘Internationalization of European SMEs was conducted in 2009 whereby all modes of internationalization were analysed such as direct exports, direct imports, foreign direct investment, subcontracting and international technical co-operation. The study found a positive correlation between the internationalization of an SME and their increased business performance. This being that international activities reinforce growth, increase competitiveness as well as support the long-term sustainability of companies (Enterprise & Industry Online Magazine, 2010).

Through internationalization, SMEs could gain access to increasing amounts of tangible and intangible resources so as to be able to obtain firm-specific global advantages (Yakhlef & Maubourguet, 2004).

Referring back to the Research Questions in Chapter 1, this research will investigate whether technology is the most important factor in helping SMEs to internationalize. Various scholars such as Arbore & Ordanini (2006) state that technology is the most important aspect for the internationalization of SMEs, as it can offer the benefit of worldwide adoption.

Communication technology has enabled the early and rapid internationalization of firms (Morgan-Thomas & Jones, 2009). High levels of technological awareness helps to recognize opportunities and exploitation as well as to help to reduce risks for SMEs (Cooper & Park, 2008).

MacGregor (2004) states that the use of technology has the ability of empowering SMEs to help them deliver products and services internationally. SMEs can be significantly better helped to exchange a large amount of information with rapid, reliable and efficient advantages with the use of technology.

The adoption of technology can increase productivity (Powell et al., 2004; Parker, 2009) and increase the efficiency of internal business operations (Taylor, 2007). It also connects SMEs more easily and in a far more cost efficient way to their external contacts (Taylor, 2007). It also improves their operational efficiency as well as creating global market access to SMEs (Parker, 2009). Sparrow & Brown (2008) suggest that advanced technological developments have aided the ability of widespread communication across organizational boundaries, thus providing real-time information to the recipients of this communication regardless of their geographic location.

Technology enables system integration, which is becoming increasingly important for smaller firms as they look to maximize efficiency. For example, websites will become connected to firms' accounts packages.

Customer/supplier demands would need the adoption of new technologies. The structural ability of the SME, its size, sector and status as well as its information intensity, determines the technology an SME uses (Nooteboom, 1993; Arbore & Ordanini, 2006).

New technological developments are likely to reap benefits for SMEs. This research has established that SMEs do struggle to operate due to a lack of resources and finances. The firms providing these technologically developed products claim to reduce costs which will thus benefit SMEs. They will not only reduce the costs of resources but also reduce the significant costs that are associated with employing expatriates (Selmer, 2008; Milan, 2010). SMEs are likely to rely on these technologies to maintain or stay ahead of their rival firms. SMEs are trying to become global players and resources such as these new technologies, claim to provide huge benefits and transform a firms businesses processes. Good communication systems do not necessarily mean that SMEs are required to make huge investments on new communicational technologies (Sharma & Bhagwat, 2006), it can also mean incorporating a change in management mindset as well as organizational structure.

However, many SMEs still fail to fully embrace communication technologies and the new business practices that it offers. Sharma & Bhagwat (2006) suggest that SMEs have a lack of confidence and trust in new technologies. This is also due to a lack of resources within SMEs (Curran, 2006; Filippini et al., 2010; Kabylanski & Szulc, 2011; Sen & Haq, 2011). It can also include a lack of recognition and understanding of the potential technology has, to improve the way the firm can operate more efficiently in comparison to the efforts and costs of adopting technology. The practitioner literature demonstrates that considerable progress towards the greater utilization of communication technology has occurred and that many traditional SMEs continue to increasingly use some of these communication technologies. However, developments of this nature form part of the natural process of continuous improvement and incremental change and the revolutionary transition is yet to take place within SMEs.

What is the full extent of the disadvantages of communication technologies for SMEs? More research is required.

3.3 Differences between the SME and MNC

This research will frequently discuss the differences between the SME and the MNC in order to help explain the behaviour of SMEs. Curran (2006) & Filippini et al., (2010) & Kabylanski & Szulc (2011) & Sen & Haq (2011) explain that many of the distinctive differences between small and large enterprises stem from financial constraints, faced by the

SMEs. Some of these differences come from scale economies, which would dismiss the behaviours of large firms for small businesses. Edwards et al. (2010) explains that an SMEs internal resources are important, and need to be consistently created actively. Below highlights these key differences.

The OECD (2006) claims that although not every small business will turn into a multinational, it is both the SME and the MNC that face the same issues in their early days, such as finding the capital to enable them to start and build a business, and to test their product or service. However, some differences are that it is harder for SME to borrow money from banks or to find private investors than it is for the larger firms (Houlder, The Times, 2012). One of the reasons is because a lack of information on the managerial capabilities and investment opportunities of the small firms, making the potential lenders unlikely to be able to screen out poor credit risks (Nooteboom, 1993; Lohrke et al., 2006). Particularly, during the recession. Lohrke et al. (2006) explains that due to resource limitations many SMEs cannot follow similar actions to the MNCs and so must rely on outside firms, even when they face high transaction costs. In addition, the negative economic climate also means SMEs will have to do their utmost to integrate new solutions within their business processes.

Perhaps because of the limited finances and resources that SMEs have, this is a reason as to why various scholars emphasize the *need* for repeat business and a good reputation in SMEs. Preece et al. (2011) adds firms are pressured to compete for resources and customers and is essential to have a social as well as economic position, particularly, as Evans (2009) points out, in today's knowledge and service intensive businesses. In addition, Evans (2003) points out that firms must compete to attract and retain global customers due to the increasing speed of the market. However, Evans (2003) and Almor & Hashai (2004) add that delivering to customers what they want, must be conducted in a cost effective and timely manner ahead of competition. Lockett & Brown (2006) suggests repeat business is imperative to SMEs because it brings economic benefits. Good reputation has been consistently identified in the SME literature (e.g. Mutula & Brakel, 2006). The firm's image is particularly important for SMEs. They need to have both effective and regular stakeholder engagement from clients, suppliers and employees in order to establish lasting relationships and trust (Parker, 2009). SMEs are much more reliant on their customers and suppliers than MNCs are (Storey, 1994).

Evans (2009) argues that the needs of customers must be met. A lack of communication capability and the limited finances to employ communication technologies could mean communication with customers is not effectively conducted. This may lead to lost sales and a tainted image. Addressing the needs of customers are particularly important to SMEs to help build further business (Arbore & Ordanini, 2006). This is because the SMEs can learn from the customers to help them, as SMEs are able to identify further business opportunities as well as further develop their products and services, based on customer feedback and referrals (Edwards et al., 2010). For example, Edwards et al. (2010: 554) suggest that, based on their findings, customers have specific practices which the SME has not thought about, 'They do certain processes very efficiently, so we take that process and propose it to all the other customers' and 'Customers help us in further development of our products… Once the products have been developed, they will help us through their feedback to fine tune the product further'. Perhaps this is like customer feedback, but perhaps it's more important to SMEs to help them develop their business.

Wilson & Keasey (2010) argue that it is believed that traditionally SMEs must maintain close control in order to survive and grow. However, some of their findings, drawn on by prior knowledge from long-standing relationships with their stakeholder groups, indicates they were able to survive, thus, this shows flexibility.

Morrissey & Pittaway (2006) discuss that firms should provide high customer satisfaction. Particularly because of the increasing demands of customer expectations, businesses need to provide lower prices as well as make improvements to quality and service. Furthermore, these scholars add that these pressures have meant that firms need to change their approach in order to stay competitive; one of these being the importance of suppliers.

Small businesses are less able to influence the environment around them than large businesses. Rather, the SMEs are more likely to possess opportunistic behaviour and take a ‘random walk’ approach to management practice, survival and business development. They have distinctive owner-manager cultures. There are some significant differences among SMEs and MNCs in terms of the use of external help and government help (Curran, 2006). SMEs are reliant on such sources rather than the MNC.

We have stated that the government encourages SMEs to branch into global markets. Government help, support agencies and business associations could aid SMEs to internationalize. The UK TI jointly reports to the Foreign Office as well as well as the Department for Innovation, Business and Skills (UK Trade and investment, 2012). However, Edwards et al. (2010) explains that the inadequacy of the supply of support to small firms has been a long-standing issue within the UK. However, Bennett & Ramsden (2007) explains that some doubt the value of paying for this support. They explain that public agencies within the UK have been weak and that business associations have not been strong. Edwards et al. (2010) also explains that trust from these agencies and retrieving relevant information from them is important. They add that from their findings they could identify that SMEs approach the business associations with some mistrust.

Some recent research by Edwards et al. (2010) shows the lack of connection between SMEs and business associations, only about half of the ICT firms they questioned had contacted official bodies even for the basic purposes of retrieving information. In addition, Edwards et al. (2010) explains that although SMEs belong to associations, it does not necessarily mean that they place huge value of them.

The Government in the UK (as well as worldwide locations) have developed national policies to help encourage SMEs to adopt information and communication technologies and have also benchmarked targets to monitor their progress (Lockett & Brown, 2006). However, Enterprise & Industry Online Magazine (2010) argues that policies should be developed to support the greater use of the internet by SMEs and in particular of e-commerce. This is because this lowers the barriers and challenges for the internationalization for the smaller firms.

Arbore & Ordanini (2006) suggest that the 'digital divide' between the MNCs and SMEs is a relatively well-known phenomenon, which points out the asymmetry of information and communication technologies they use. These scholars provide an example from Ebusiness- Watch (2003) that at the end of 2002, the percentage of large European firms having a website, was 88.5% while for SMEs it was only 63%. In addition, Lockett & Brown (2006) further explain that there is low engagement by SMEs of the use of e-business as well as a worsening 'digital divide' between large and small firms. UK SMEs are usually four times less likely than the MNC's to be engaged in these collaborative applications. This source also adds that over 90% of UK businesses have access to the internet but there does not seem to be any increase in their usage of the more complex e-business applications.

The firms size determines the business structure, which influences which technologies a firm needs to integrate within their business processes. In comparison to an MNC, an SME has a simple structure which means they will have less internal requirements for the use of extensive communication technologies (Kontinen & Ojala, 2011). These scholars also contend that the small size of the SME allows them to be flexible and react quickly to international operations.

3.4 Characteristics of SMEs in Internationalization/Distinct capabilities of SMEs

Despite the literature arguing that SMEs lack resources and finances, which result in the SMEs being constrained in business activity and having difficulty competing against MNCs, many scholars also discuss the distinct capabilities that SMEs exhibit (Arbore & Ordanini, 2006; Bennett & Ramsden, 2007). They explain that some SMEs have superior innovative and competitive capabilities, even when compared to the large firms, because they are flexible.

In addition, Knight and Cavusgil (2004), argue that despite a lack of resources, as well as the smallness and newness of SMEs, it is possible ‘for small firms to achieve dynamic international growth’ (Morgan-Thomas & Jones, 2009: 73). Knight and Cavusgil (2004) contend that this could be because of the changes in the international climate such as the role of technology. In addition, these scholars argue that the specific industry context can aid the progression when internationalizing. For example, high technology environments offer unique opportunities and challenges in response when firms want to adopt distinctive strategies for international development. Thus, seeking global niches as well as high levels of specialization are important.

This literature has established that because of the financial and resources constraints of SMEs (e.g. Morrissey & Pittaway, 2006), SMEs find it difficult to grow and compete with MNCs. So it is important to question how SMEs do compete despite the financial, resource and lack of experiential knowledge constraints. Bhowmick (2005) claims SMEs are entrepreneurial in that they are optimizers of their resources and overcome their disadvantage of size to be able to become more competitive like the MNCs to respond to market opportunities.

Marshall (1980) argues that economic logic suggests that the competitive advantage of small firms is most likely to come about from the SMEs ability to specialize. The primary strategy that SMEs use to compete is to focus on a market niche. SMEs do not usually compete with the larger businesses, but look for gaps in the market. Thus, SMEs try to differentiate themselves from each other and from larger firms (Bennett & Ramsden, 2007).

Morgan-Thomas & Jones (2009) suggest that having distinct capabilities and in order to achieve dynamic international growth, they need to succeed by leveraging scarce resources, 'Strategies that enable access to international markets at minimal costs are key to success' (pg. 76). Instead, they use networking, strategic alliances and partnerships. This is because costs are shared with the partner which they can leverage resources with. It seems that whatever strategy they use, the root of the challenge is to be effective in leveraging scarce resources.

In addition to the argument above, Morgan-Thomas & Jones (2009) point out that their findings show there is significant diversity in the way that firms internationalize, 'It may occur over very short periods of time, with varying degrees of geographic diversity or even sporadically on an ad hoc, serendipitous of strategically determined basis' (pg. 89). Interestingly, it seems that despite a lack of resources, SMEs can still progress in different ways.

However, there could be implications with creating distinct capabilities. Having distinct capabilities could mean that there is a confidentiality issue in terms of their transactions and relations with outside suppliers (Bennett & Ramsden, 2007). Do SMEs need trust? Also, what the SME do not have (because they are specializing in one or few areas), such as components, services and expertise, they need to depend on for their own activities. This means they must find it elsewhere e.g. partnerships with others. In contrast, an interesting insight given by Edwards et al. (2010) into the downsides of specializing in a product or service, is that SMEs may be able to learn from each other and therefore will have little reason to engage externally. Shaw (2006) claims that it is important to avoid links with competing firms because of the intense competition within the sector but important to network with non-competing firms in order to gain information and contacts.

A distinctive feature of SMEs is that they are not all wanting to seek the maximum financial return because SMEs tend to be run by individuals with personal and family objectives (Curran, 2006; Ng et al., 2009). Morrissey & Pittaway (2006) highlight the importance of the motives and behavioural characteristics of the owner-manager, as well as lifestyle choices. This can lead to a choice of different types of relationships and decisions, impacting the extent to which they intend to internationalize.

We consider the lifestyle/aims of the SMEs when interviewing the various participants because some SMEs may not want to internationalize, or may want to internationalize in merely 1 or few countries. Aldrich & Cliff (2003) further explains that it is important to consider the goals of the firm as well as the attitudes to growth. For example, some small firms, are the hobby of the owner, whereas others pursue a range of personal interests. Naturally, they will be less growth-orientated than the more economically driven firms, but prefer their own niches.

In an increasingly globalized and competitive business environment firms including SMEs need to have global elements integrated within their organization, for example, creating a competitive edge by product differentiation tailored to the more international markets (Czinkota et al, 2001; Armstrong & Baron, 2002; Wittig-Berman & Beutell, 2009).

Another distinctive feature of the SME is the nature of their niche. Bennett et al. (2000) argues that small firms, 'seek even more specialized niches'. Edwards et al. (2010) argue that due to the distinct niches of SMEs, they establish a competitive position in relation to the large firms.

3.5 Internationalization modes employed by SMEs

This section will outline some of the main ways that SMEs internationalize; via Expatriates, Communication Technology, Agents/Representatives, and Partnerships/Collaboration. Wolff and Pett (2000) claim that small businesses differ amongst themselves in relation to the competitive pattern used in their export activities. The findings will address the differences among SMEs concerning their different patterns when internationalizing.

The literature on expatriation in regard to SMEs is limited. There are few studies that have been found to explore expatriation in SMEs (Brewster & Scullion, 1997; Dirski, 2008; Harris, 1999; Harris & Holden, 2001; Lin et al., 2012). These scholars claim that even after a comprehensive literature review, it still generates few studies of SMEs and expatriation. Despite the little literature, scholars such as Harris & Holden (2001) and Collings et al. (2007), do highlight that there is an increasing demand for expatriate employees in a far wider range of organizations than the traditional larger MNC because of the rapid growth of SMEs and internationalization.

Communication technology such as the internet helps SMEs to access international markets. This decreases the problems associated with distance, size, and scale (Loane et al., 2009). Furthermore, Loane et al. (2009) explains that there is also growing evidence that many new firms are using internet technologies from the beginning of the internationalization process and employing an e-business format to be global from inception. This suggests that the internet can be used not only to aid the international performance of an SME but also be used as a core capability that underpins the firms' overall international strategy.

Due to country barriers, SMEs tend to prefer to limit their international commitment to exporting, through close personal relationships with agents and representatives (Wheeler et al., 2008). Agents/representatives work for the SMEs in the foreign country.

SMEs use partnerships/alliances to help reach global markets. The fundamental reason for this is because they can share the costs and risk with the partner (Wolff & Pett, 2000; Morgan-Thomas & Jones, 2009). The collaboration approach has meant that a shift has occurred and there is a change in practice. However, the extent of this remains unclear (Morrissey & Pittaway, 2006).

3.6 Challenges/Barriers of internationalization for SMEs (Internal and External Challenges)

This section will discuss the Internal and External challenges that SMEs could experience during the internationalization process. By reflecting on the specific challenges that SMEs could endure during the internationalization process, it can help the researcher with the consideration and understanding when developing and applying ideas to models and practitioner solutions that will be developed.

Arranz et al. (2009) question and clarify some of the difficulties and challenges of internationalization. They argue that these are not new questions for researchers, but they are currently imperative for managers and for policy makers who promote the idea of collaboration as a way of increasing the involvement of SMEs in international markets as well the path to overcome some of the difficulties and challenges in internationalization. This helps to add justification as to why the challenges of internationalization are important to research.

There are two types of internationalization barriers; internal (barriers associated with organizational and human resources and capabilities of the SME as well as the firm's approach to export business) and external [barriers developing in response to the host environment within which the SME operates] (Arranz et al., 2009; Barbero et al., 2011). Both types of barriers will be discussed.

A significant level of the literature suggests that the high cost of internationalization is a major barrier to SMEs (Arbore & Ordanini, 2006; Enterprise & Industry Online Magazine, 2010, Knight & Cavusgil, 2004; Morrissey & Pittaway, 2006). In fact, a European Commission-funded study goes as far as saying that to some extent it is a 'fact of life' for SMEs. However, this source does argue that over the past few decades, major decreases have been apparent in several areas, such as the costs of communication and transport, which could help to ease some of the financial struggles that SMEs face when wanting to internationalize.

Graves & Thomas (2006) suggests that one integral area that can potentially determine whether an SME can ensure successful international expansion is to develop managerial capabilities that are required to configure and leverage a firm's resources in the international market place.

Despite the benefits of technology, SMEs have differed in the degree to which they establish an on-line demonstrated presence. Arbore & Ordanini (2006) further explains that the rate of adopting broadband is still much lower than expected. Thus, a countless number of academic articles do point out that SMEs have low engagement with IT resources and that there has been a slowdown in the uptake of IT (such as Lockett & Brown, 2006; Sharma & Bhagwat, 2006; Coppock, 2009). The recent citations show that it is clear that the same problem still persists in that SMEs are still not fully embracing IT. The researcher deems it is necessary to explore as to why some SMEs do not fully embrace communication technology.

Greenspan (2003) explains that many SMEs seem to adopt a 'wait and see' stance towards the use of the internet. For example, a survey of US SMEs found that even though 51% had established websites, 33% and 31% of those without websites did not see the value in selling on-line and also thought that on-line operations would be too expensive. In addition, a lack of awareness, understanding and knowledge of communication technology can restrict an SME from adopting communication technology to enhance their business operations (Greenspan, 2003; Arranz et al., 2009). These scholars argue that it is the smaller businesses, more than any other type of business need someone to help them exploit the technology. This is because SMEs do not have someone with IT expertise/someone that will specifically deliver IT to the SME but that no one is set up to do this.

We are eager to get to the root of why some SMEs do not adopt the internet more. However, opinions do differ on this matter, as there is substantial positive support that SMEs do embrace technology. In fact, Greenspan (2003) suggests that many SMEs are also increasingly looking for strategies to capitalize on this new medium. As a solution, policies should be developed to support the greater use of the internet by SMEs and especially e-commerce as this lowers barriers for internationalization for the smaller companies (Enterprise & Industry Online Magazine, 2010).

3.7 Summary

Chapter 3 explored the SME literature, the differences of SMEs and literature in relation to internationalization. The internal and external barriers that SMEs are faced with when internationalizing were discussed. The discussions around SMEs demonstrates SMEs differ to MNCs.

From the empirical work with the short interviews in the main investigation, the notion of Networking, Social Capital and Trust emerged. There is some interesting literature on how SMEs can work with the aid of Networking, Social Capital and Trust. This is relevant since it could be useful to help SMEs internationalize. Thus, there are other issues and literature which will be explored in the following Chapter - Chapter 4.

CHAPTER 4

TRUST IN INTERNATIONAL BUSINESS OPERATIONS: THE ROLE OF SOCIAL CAPITAL AND NETWORKING

4.1 Introduction

The empirical work in the short interviews main investigation identified the notion of Networking, Social Capital and Trust. In addition to this chapter exploring the employment of expatriation and a mixed-economy of flexpatriates and communication technologies. The additional important and relevant notions of Networking, Social Capital and Trust, which were also evident in the SME literature will be discussed.

This Chapter will explore Networking, Social Capital and Trust and how their roles influence the decision of SMEs. The importance of Networking and Social Capital for SMEs in the Internationalization process, as well as the types which constitute the ‘strong ties’ and ‘weak ties’ will be discussed. The importance of the concept of Trust for SMEs in the Internationalization process will also be explored.

4.2 Networking

Various scholars have stated the importance, and the benefits, of being a part of network relationships (Granovetter, 2005; Hutchinson & Quintas, 2008; Gao et al., 2012). SMEs are able to recognize opportunities to help create an avenue of business for themselves

(Brunetto & Farr-Wharton, 2007; Rodrigues & Childs, 2012). Lengnick-Hall & Lengnick-Hall (2013) suggest that having a relationship with one person provides potential access to others that the firm does not even know. This is because work can be conducted via relationships which are embedded in larger networks (Lengnick-Hall & Lengnick-Hall, 2013). Preece & Iles (2009) claim networking consists of developing social capital whereby it can allow for the perspective of others to support the organization.

Rodrigues & Childs (2012) point out that the other benefits include mobilising complementary resources, retrieving advice from others as well as other forms of more emotional assistance from others. Viable business relations can be established which could prove to be very effective for the future of the SME. The current researcher is keen to explore networking further in this research and find out how proactive SMEs are in networking with others and whether it is of significant relevance to the Internationalization of SMEs. However, Granovetter (1985) explains that when a firm is tied to a family, the less it will be able to develop external links, because little networking can occur. This needs to be developed further.

Knowledge and resources can become significantly more mobilized through business work that is shared by interconnected ventures in the age of the network economy. This is because 'work gets done through relationships embedded in larger networks' (Lengnick-Hall & Lengnick-Hall, 2013). These scholars also explain firms should incorporate networking because it is associated with competitive advantage for MNCs.

Having made the argument for the importance of networking, Brunetto & Farr-Wharton (2007) suggest that it is in fact the notion of trust which is a significant factor moderating the way SMEs perceive the potential benefits of networks.

4.3 Social capital

The concept of social capital has existed for decades. The work of Jacobs (1961), Bourdieu (1986), Coleman (1988) and Putnam (2000) made the concept of Social Capital significantly recognizable (Smith, 2001; 2007). Robert Putnam has been described as the most influential academic to date who has written about social capital (Smith, 2001, 2007). Putnam wrote a book, the original called 'Bowling Alone' which created a lot of interest.

A significant portion of the literature that looks at trust also examines issues of social capital and networking. This is because it is the network relations that enable the trust, and the trust enables the networking to become effective (Brunetto and Farr-Wharton, 2007; Preece & Iles, 2009). Welter (2012) also reinforces this point by adding that trust is essential and without it, network activity would not be possible. This represents one of the key characteristics of social capital. Thus, these concepts are very much inter-related.

Anderson et al. (2007: 299) explains that 'Social capital is traditionally conceptualized as a set of social resources embedded in relationships and resources available to people through their social connections. It is also claimed to be the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations'. This refers to the connections within and between social networks as well as the connections among individuals (Anderson et al., 2007; Putnam, 2000). Social capital is essentially how human resources can be leveraged to create competitive advantage in networking with others (Lengnick-Hall & Lengnick-Hall, 2013).

Gao et al. (2012) and Rodrigues & Childs (2012) contend that social relationships and networks have significant value and benefits. This is because social contacts affect the productivity of individuals and groups (Putnam, 2000; Bolino et al., 2002).

The importance of social capital is increasingly acknowledged in the SMEs literature (Putnam, 2000; Gao, 2012; Rodrigues & Childs, 2012). Social capital provides an important competitive advantage for an organization that helps create additional assets and synergies.

Social contacts affect the productivity of individuals and groups (Putnam, 2000). Anon (2012) and Smith (2001, 2007) describes social capital as being a powerful resource for both individuals and building communities. The importance of social capital, on an international scale, is that it can provide an advantage to how expansive an organization can be in its international efforts (Lengnick-Hall & Lengnick-Hall, 2013).

The theory of social capital is about how firms can create, and are also part of a web of relationships which have the potential to offer access to resources and opportunities. Social capital is about who people know and not necessarily because of what people know (Rodrigues & Childs, 2012). In addition, Smith (2001, 2007) suggests that relationships of trust and tolerance give a sense of belonging, which then brings substantial benefits to people.

Furthermore, Rodrigues & Childs (2012) contend that relationships can create new opportunities to the smaller and less powerful firms. For example, it is likely that SMEs do not have direct access to multinationals customers, but could try and access these customers through their attachment to other persons in the supply chain. If a person lacks social capital, Putnam (2000) explains that it can hinder and reduce economic prospects. These persons will find it harder to share information and are less able to achieve opportunities or be able to resist threats. It can also hinder the deepening of interpersonal bonds.

4.4 Types of Social Capital/Networking: ‘Strong ties’ vs. ‘Weak ties’

‘Strong ties’ are the ties one can have with family and friends (Welter, 2012). SMEs can gain advice from family and friends. For example, Hutchinson & Quintas (2008) discuss that personal contacts within a network are used to gain access into the market and for competitive information. Information and knowledge can be sourced such as suppliers, clients, friends and business co-tenants.

The importance of ‘strong ties’ stems from the idea that family or other personal contacts can be relied upon to provide commitment and assistance to the SME (Jenssen and Greve, 2002). They can be more trusting than others outside of the circle of these people to get sufficient feedback. The creation of ‘strong ties’ enables both individuals, to join together with similar or even complementary interests, and turn these into long-term relationships. These ties can enable ‘economies of time’ because they can take advantage of market opportunities very rapidly. Graves and Thomas (2008) and Welter (2012) adds that ‘strong ties’ can be particularly important to SMEs when they are starting their business because of the encouragement they receive through the ‘strong ties’. They are highly valuable when the SME is first developing their business idea. It is interesting that Graves & Thomas (2008) refer to the ‘strong ties’ as ‘trust-based relationships’, as if to possibly imply that others apart from family and friends cannot offer trust. Lengnick-Hall & Lengnick-Hall (2013: 491) also reinforces this point by suggesting that ‘a history of repeated exchanges’ lead to ‘strong ties’ which encourages trust, reciprocity and a longer-term perspective which develops these strategic alliances. However, it is important to point out that ‘strong ties’ can benefit group members but can also create blindspots and make it hard for new ideas to be heard (Lengnick-Hall & Lengnick-Hall, 2013). This will be explored further.

However, a few scholars such as Welter (2012) and Johnson (2010) argue that the 'weak ties' bring further opportunities. The weaker ties being those persons that connects to others who are somewhat less similar and are likely to differ. They may have new ideas, which could be highly valuable to the individual. This is because excessive reliance can become restrictive to the SME developing their business, on the advice of face-to-face, because they will only have access to these redundant ideas and resources. Johnson (2010) and Lengnick-Hall & Lengnick-Hall (2013) reinforce this point by explaining that it is not the close ties that can help unlock creativity and innovation, but the 'weak ties'.

Putnam (2000) also adds that social capital is also good at getting ahead; if trust and social networks are successful, individuals, firms, neighbourhoods and nations will prosper. In fact, there is an interesting insight from Granovetter (2005) who discusses that casual acquaintances can be more important assets than close family and friends. This is because although people may believe that their family and friends are their 'strong ties', they are actually likely to know the same people and hear of the same opportunities that he/she might do. However, the more distant acquaintances, the more 'weak ties', are more likely to link these persons to the unexpected opportunities and therefore the 'weak ties' are probably more valuable to him/her. It is the 'weak ties' that link persons to distant acquaintances that move in different circles to them are actually more valuable and effective than the "strong" ties that link persons to relatives and intimate friends whose sociological niche is very much like their own.

Although the majority of the network models deal with 'strong ties' which look at the small and well defined groups, Johnson (2010) argues that much emphasis needs to be made on the power of the 'weak ties'. It would be interesting to see what works better for SMEs; the so called 'weak' or 'strong' ties. Granovetter's 'strength of ties' finding has been replicated and explored further by other researchers that are interested in social mobility (Johnson, 2010).

Kontinen & Ojala (2011) show support for the ‘weak ties’. They discuss that the current literature in the field of entrepreneurship looks at the importance of opportunity recognition as a key element in the entrepreneurial process. The literature shows that network ties, activeness and alertness, and prior knowledge are related to how entrepreneurs recognize new opportunities. However, Kontinen & Ojala (2011) argue that it is unclear how important these factors are when a firm explores opportunities for entry into a foreign market. These scholars have conducted an exploratory case study, covering the international opportunity recognition of eight family-owned small and medium-sized enterprises (SMEs), and found that the firms in question mainly recognized international opportunities by establishing new formal ties rather than using existing informal or family ties.

Scholarly literature such as Lengnick-Hall (2013) have discussed that ‘a history of repeated exchanges’ leads to ‘strong ties’ which develops trust. Having said this, the literature on ‘weak ties’ does not discuss trust. How would SMEs develop trust when engaging in ‘weak ties’? Rodrigues and Child (2012) present a stage model for building social capital in internationalization (figure 41.). In the ‘Initiation stage’, SMEs have little influences within their environments and a lack of resources to be able to develop that influence. SMEs need trusted partners (to secure both information and protection) who have knowledge of the environment to help them create and maintain business overseas. When wanting to internationalize, the partners they want to seek out in the domestic market include persons such as export promotion agencies as well as agents, distributors and local equity-sharing partners.

Figure 4.1 **Different stages SMEs conduct to build social capital for internationalization (Rodrigues & Childs, 2012)**

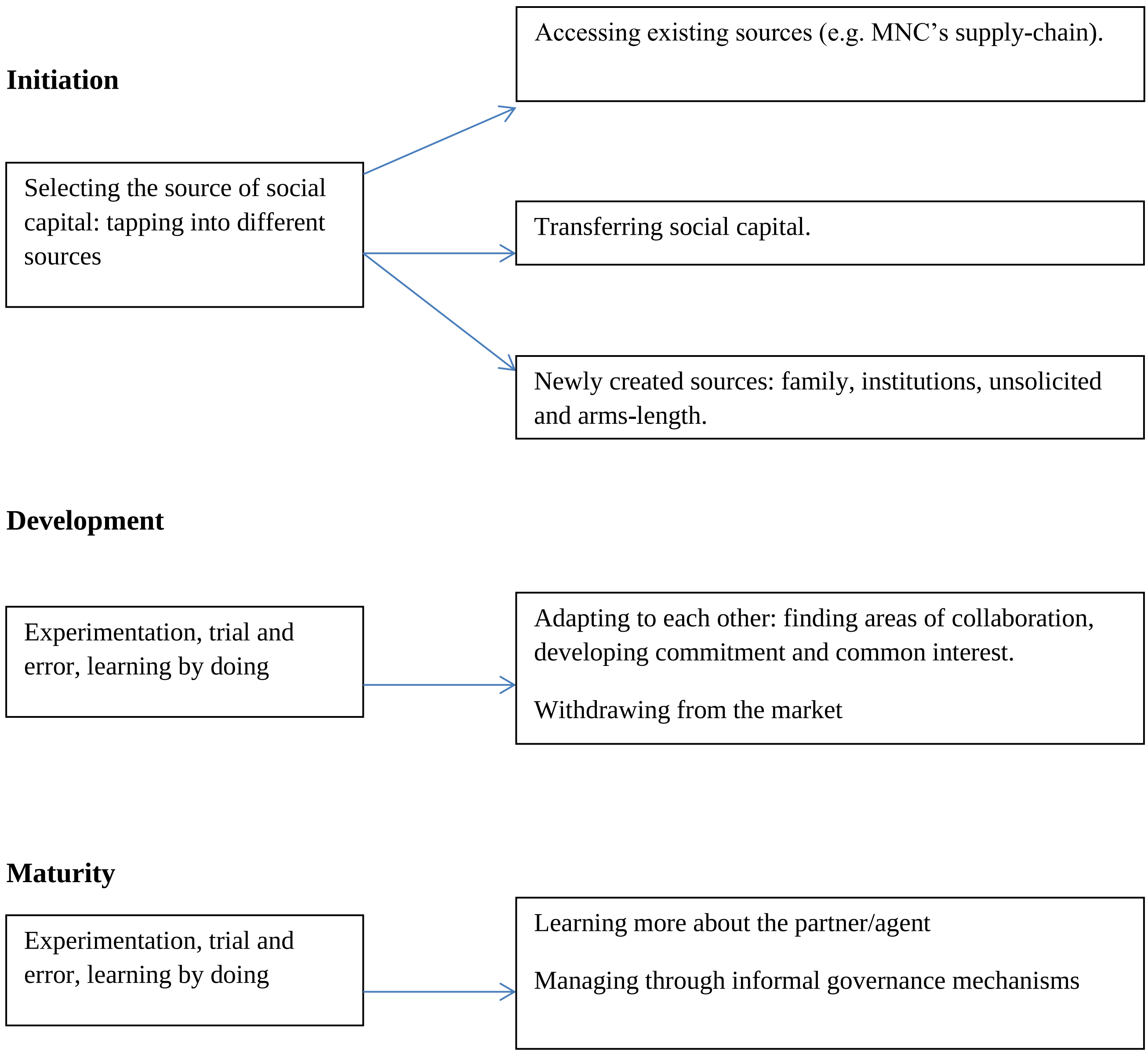


Figure 4.1 Internationalization through the Process of Creating and Developing Social Capital (Rodrigues & Childs, 2012)

The *'Initiation stage'* consists of three levels: Accessing existing sources, Transferring social capital from previous business relationships, and Creating new relationships. We begin with the first level of the *'Initiation stage'*: accessing existing sources. Rodrigues & Childs' (2012) analysis explains the extension of the companies internationalization to Brazil from their sample of research, which drew advantages from two main existing sources of social capital; membership in operational networks as well as connections to domestic institutional agencies. Most of the SMEs were already members of an international supply chain which linked them with the Brazilian market through agents and contractors. To begin with, they accessed the Brazilian market through American contractors before they set up an operational office in Brazil. There are times when SMEs need to contract out work to other companies when they receive an unexpected order they cannot manage. Contractors which are licensed to provide services in other countries are an important source of social capital for international expansion because they have the flexibility to hire local labour as well as having the knowledge of local financial procedures and tax rules.

Further to this, many of the British SMEs have already established relationships with institutional agencies that aid the smaller firms that enter new foreign markets, such as regional development agencies, chambers of commerce, industry associations and international business councils. These parties can help provide information on new markets and help make personal introductions which the SMEs in Rodrigues & Childs' (2012) sample found valuable. Many of these inter-personal relationships are formed in the home-country, prior to entry into new overseas markets.

Rodrigues & Childs (2012) place emphasis on the importance of building ties with MNCs as it helps to reduce costs. If the SME is one with significant experience in exporting, it may already know many different suitable and established contacts. For example, Rodrigues & Childs (2012) suggests that SMEs could use the connections they have with multinationals in other countries to access a market that is unfamiliar to them or to use one of their sales agents. Thus using any relationships it already has with their partners and agents or by joining in order to share some of the risk. The lack of knowledge of this risk puts the foreign SME at a disadvantage with their local competitors. Because of this, there are two sources of social capital that could be useful in these situations: personal relationships as well as institutional support. It is the locals that may be very important mediators for foreign firms concerning informal norms when dealing with economic transactions. They could introduce the firm to key relationships and they may also know which third agents are trustworthy, and with their help the SME could far more easily be able to see the signs of opportunism.

The second level is Transferring social capital from previous business relationships. Rodrigues & Childs (2012) explain some of the participants have transferred social capital for their business with Brazil from their previous employment in a larger international company. This involved using their already established business contacts/relationships for their new ventures. They are valuable to the participants because they are mature relationships; they were already tried-and-tested, which had developed inter-personal trust. They could provide business opportunities in a new foreign market rapidly.

The third level is Creating new relationships. Rodrigues & Childs (2012) explains that trade missions abroad would include social events where SMEs are able to make new connections with agents and customers. These opportunities are said to be valuable, hence a reason as to why SMEs embrace them, particularly with those with no previous contacts with Brazil. In addition, these events are also opportunities to strengthen existing ties.

The second stage is the *'Development stage'* (Rodrigues & Childs, 2012). Development occurs through the establishment and deepening of personal trust-based relations. For example, inviting the associates families to their home to get to know the family better to deepen these relations. However, those participants who are failures of social capital suggest that further attempts at personal connections should be pursued. As failures happen, it means that the SME would need to sometimes find new collaborators and partners. They also add that in some cases new collaborations happen over time. Through these partnerships, mutual development can be developed which can deepen relationships as well as providing a mutual confidence which provides the foundation for expanding the business.

The third, and the final stage is the *'Maturity stage'*. This is where social capital has reached a stable and efficient position when internationalizing. This position is reached when the interpersonal trust is sufficient, whereby there is complete confidence of the intentions and capabilities of their foreign business partners. This is so that there is more assurance and reliance on legal contracts, controls, and the level of monitoring becomes significantly less. Rodrigues & Childs (2012) add that a way of identifying that maturity has been achieved in regards to the firm's social capital is their willingness, and that of their partners, to provide mutual support beyond the scope of the work that is required to be conducted between the partners. Our findings will be compared to the insights of Rodrigues & Childs (2012) relating to social capital.

4.5 Trust and the importance for Internationalization

Trust is an outcome of social capital helping to foster new business formation. Social capital opportunities help to accelerate needed trust (Audretsch et al., 2011). The concept of trust is well-researched in the literature, but is also very complex and intricate (Welter, 2012).

Welter (2012) claims that in recent years scholars have shown a growing interest in the role of trust, which questions the popularity and significance of the concept of trust for further research.

Trust stems from emotions, experiences and characteristics as well as codified norms and rules (Welter, 2012). In addition, Nooteboom (1993) explains that the key characteristics of trustworthy partners include personal characteristics, past behaviour and emotions such as demonstrated honesty, loyalty, sympathy and empathy. Trust for some SME owners is particularly difficult to gain as they often distrust the 'outside' influences, seeing only themselves as an independent entrepreneur.

There are very important reasons why the concept of trust is crucial for an SME. Relationships are developed through trust (Welter, 2012). Trust can decrease the costs as well as the risks of conducting entrepreneur business activities in hostile or turbulent environments. Thus, the notion of trust, acts as a 'governing mechanism for various entrepreneurial relationships' (Welter, 2012: 205). Due to the SME being financially constrained compared to the MNC, conducting business activity whether domestically or internationally, can become a far trickier activity (Welter, 2012). Welter (2012) raises an interesting argument, 'How can cooperation occur if there is no personal trust at the beginning? The current researcher believes that trust must be important before SMEs can collaborate on partnerships. This should be addressed.

The SME literature earlier emphasized the importance of effective relations with suppliers. Morrissey & Pittaway (2006) argues that when SMEs have little power, trust provides the SME with an alternative for managing international firm relationships e.g. with suppliers. Also, Sako & Helper (1998) argue that SMEs add value to their external relationships, when acting in a trustworthy manner.

Putnam (2000) contends that social trust is a valuable community asset if it is warranted, and that honesty is part of this; if persons feel betrayed by one another they will decline to cooperate with one another.

We believe the idea of trust can perhaps enable SMEs to gain more ability to overcome internationalization barriers as SMEs are faced with huge amounts of risk when going international. Trust will be explored and applied when designing the SME questions.

4.6 Summary

This Chapter explores the literature on Networking, Social Capital and Trust in aiding SMEs to internationalize and how their roles influence the decisions of SMEs when internationalizing. These were the key notions which emerged from the empirical main investigation short interviews. The literature largely supports SMEs engaging in 'strong ties' to help them internationalize. However, some of the relatively more recent literature brings to light the importance of the 'weak ties'. Chapter 5 will present the inconsistencies and gaps in the literature.

CHAPTER 5

SMEs AND INTERNATIONALIZATION:

ISSUES FOR RESEARCH

5.1 Introduction

Chapter 2 provided the literature review on Internationalization, Chapter 3 provided the literature review in relation to SMEs and Chapter 4 provided the literature review on Trust, Networking and Social Capital.

Inconsistencies and gaps became evident from the literature. This Chapter will discuss those inconsistencies and gaps. The inconsistencies and gaps in the literature in relation to SMEs are identified with comparison to the MNC behaviour.

Interview questions for the Exploratory study *(Appendix 4)*, Main Investigation SME Short-Interviews *(Appendix 5)* and Main Investigation SME In-Depth Interviews *(Appendix 6)* are provided in order to show how the inconsistencies and gaps in the literature are addressed. Thus, it is the gaps in the reading that will suggest the interview questions.

Thereafter, the Methods and Rationale in Chapter 6 will justify how these inconsistencies and gaps will be addressed and the research approaches used to set-up these interview schedules. The Methodology will discuss how this research has set out the research methods to answer the research questions.

5.2 Expatriation, Flexpatriation and Communication Technologies

Some scholars have identified further research in various aspects as to whether the traditional expatriate can be replaced by the employment of the alternative assignments and communication technologies (Selmer, 2008; Suutari & Brewster, 2009; Wittig-Berman & Beutell, 2009; Milan, 2010; Starr & Currie, 2009). They raise questions of the purpose of the expatriation and flexpatriation as well as communication technology, and how it can aid the internationalization of firms. The practitioner literature has been vast but also helpful in aiding this research since the academic literature lags substantially behind actual business practice. However, this research will aim to address some of the gaps in the literature with particular reference to the role of expatriation and flexpatriation for internationalization in the context of SMEs. Work in the context of MNCs is growing, but research in relation to SMEs is virtually non-existent. There is, however, a relatively significant level of literature regarding the internationalization of SMEs, but not in the context to how expatriates/flexpatriates are employed for internationalization. The academic literature regarding expatriation in SMEs is very limited and the literature regarding flexpatriates in relation to SMEs is almost non-existent. There is, however, a relatively significant level of literature regarding the internationalization of SMEs, but not in the context to how expatriates/flexpatriates are employed for internationalization. Because there is a need for further research in the area of alternative assignments on SMEs, there could be theoretical and practical implications for firms.

The aim of the research is to explore how the modes of internationalization that SMEs use differ from the existing MNC literature. This thesis will need to explore the extent to which SMEs employ high mobility strategies and communication technologies. In particular, this research has established that because of the financial and resources constraints of SMEs (Morrissey & Pittaway, 2006), SMEs find it difficult to grow and compete with MNCs. So it is important to question how SMEs do compete despite the financial, resource and lack of experiential knowledge constraints. Chapter 1 and Chapter 3 discussed the importance of SMEs for the British economy and growth, thus there is a substantial level of expectation that SMEs will be required to prosper in international business activity. This thesis will also need to explore whether the employment of a mixed-economy of flexpatriates and communication technologies could work effectively as opposed to traditional expatriation and international travel (providing if SMEs even do employ expatriates); for example, whether communication technologies can replace face-to-face communication and also what the implications of this are. In the literature in Chapter 2, Sparrow (2009) claims that societies, and their future development, are based on a 'flat world' where computer literacy and access to information is replacing hierarchical ranks. It must be addressed as to whether SMEs will flourish in a 'flat world'.

A vast mix of both academic and practitioner literature (e.g. Mayerhofer et al., 2004; Butcher, 2005; Selmer, 2008) identify that SMEs do use communication technologies, but do they employ expatriates? This is the only thing we know about them. Any further findings are from that within the practitioner literature. This thesis must explore the significant value of technology for SMEs in order to assess the extent to which communication technology can increase the efficiency of the SME. Can communication technology significantly help SMEs to internationalize? This research will need to explore the communication technologies that SMEs will use for internal communication as well as for external communication with partners, suppliers and clients for business development purposes.

Collings & Scullion (2009: 3) who are two of the key academics of Global Staffing research, also argue that despite some of the more recent research (still of a limited nature) scholars still have ‘a far from comprehensive understanding of the nature and operation of the organization and individual challenges associated with these forms of international assignments’ of MNCs and SMEs. Collings & Scullion (2009) also express a need for developing an integrative global model or theory, which has not yet been developed.

An integrative global model or theory needs to be refined and developed for how SMEs staff their overseas positions and how they make decisions in order to internationalize. The model/theory refined for SMEs will show whether their strategies fit into the various approaches classified by Perlmutter (1979). How far does Perlmutter’s theories apply to the existing literature on SMEs? Do SMEs use any of the defined approaches; the Ethnocentric, Geocentric, polycentric or Regional? For example, small firms may integrate the Polycentric/Regiocentric approach, since these approaches are integrated if the firm is relatively small or restricts its business operations to only specific cultures or geographic regions and is locally co-managed/collaborated with the locals. Some aspects may not apply. This is because what works for a multinational may not necessarily work for an SME. In order to develop a credible theory for SMEs, a thorough analysis will need to be conducted into Perlmutters theory against the findings. It is important to find out if this theory can be used to address global staffing decisions that SMEs make, and the extent to which the models may differ.

In this model/theory, this research will propose to look at the communication technology and High Mobility Strategies (‘Flexpatriates’). In addition, elements in relation to Networking, Social Capital and Trust will also be considered in the model/theory, as these concepts are under-researched with reference to the internationalization of SMEs. It is also important to highlight where the inconsistencies of trust are present. In addition, the research will set out to explore whether the SME owners have a ‘global mindset’. The need of a ‘global mindset’ was defined by Harvey et al. (2000), Kalafsky (2004) and Moeller et al.

(2000). What is the extent to which SMEs need to have a global mindset as part of the internationalization strategy? In addition, other dynamics could also portray further differences between MNC and SME behaviour. For example, the reading (Pires et al., 2006; Reiche et al., 2009; and the *Diagram of the transition from the Expatriation Model to the Flexpatriate Model* illustrated in Chapter 2 Literature on Internationalization, showed that there are consequences to the HR department, not developing an expatriate to a sufficient level of capability, which can sometimes result in expatriate failure. Do these consequences apply to SMEs? SMEs are not likely to have a HR department, so may not come across these consequences, do SMEs suffer from different consequences?

5.3 Partnerships

SMEs engage in partnerships/alliances to help reach global markets. The fundamental reason for this is because they can share the costs and risk with the partner (Wolff & Pett, 2000; Morgan-Thomas & Jones, 2009). The collaboration approach has meant that a shift has occurred and there is a change of practice of firms. However, the extent of this remains unclear (Morrissey & Pittaway, 2006). This raises an important question for SMEs; what is the extent to which this shift/change of practice applied to SMEs? In addition to this gap in the literature, some very recent work by Welter (2012) identifies that more work in trust needs to be conducted as the further dark sides of trust must be explored. This could be particularly important if trust is important to SMEs and especially important for partnerships to develop. However, this research must address the importance, and extent of trust in partnerships and with clients for Internationalization.

5.4 Trust, Networking and Social Capital

Some of the most recent findings in relation to Trust, Networking and Social Capital emerge from Rodrigues & Childs' (2012) findings in relation to the Internationalization through the Process of Creating and Developing Social Capital. However, it is important to point out that the work of these scholars is very much centred around Networking. But this current research does not only aim to research the Networking that SMEs conduct, but also Expatriation, Flexpatriation, Communication Technologies, as well the extent to which communication technology can be used to replace face-to-face interaction and Expatriation. For example, these scholars identified that trust is important when Networking. However, it needs to be explored as to whether SMEs need trust in this research. Thus, this research provides additional factors, compared to the work of Rodrigues & Childs (2012). This research must address whether, and the extent to which SMEs need trust to internationalize?

The role of trust at a very general and broad level has been discussed in the literature. For example, literature exists in relation to defining trust, its advantages and importance. However, the role of trust has not been well researched in relation to when SMEs internationalize. If trust is important to help SMEs maintain partnerships and relationships, research to be conducted in trust for the internationalization of SMEs is fundamental.

Other academics such as Welter (2012) also identifies the fundamental gaps and shortcomings in the extant literature and suggests some interesting avenues for future research. They suggest that the lack of focus and limited literature on trust in SMEs may be because few studies have conducted longitudinal work on trust that is required to capture it's nature and for comparative studies among different contexts. In particular, there are various ideas of trust that need to be explored. The contextual aspects of 'dark' and 'bright' sides of trust, instead of over-optimistically assuming a positive role (Morrissey & Pittaway, 2006;

Welter, 2012). The idea of how trust is built has not been explicitly discussed; the process of trust formation, and the breaking and repairing in relation to the nature of entrepreneurship. This could include what triggers trust formation; the breaking and repair of trust in different contexts, specifically research in relation to the internationalization of SMEs. These recent academic articles demonstrate that trust still needs to be explored and that the current work is in-conclusive so on-going research is necessary. Welter (2012) urges that researchers need to develop a far more critical analysis of the importance and role of trust in the context of entrepreneurship, as the concept of entrepreneurship is highly important to SMEs. In addition, Welter (2012) argues future studies on trust in entrepreneurship should come from a more critical perspective, which acknowledges the bright and dark sides of trust as well as the interdependencies between forms of trust and the different contexts in which it occurs. Welter's (2012) recognition of the importance of researching the role of trust, the different sides of trust and trust in relation to entrepreneurship is important.

However, this thesis will involve research in relation to the importance of trust, not only as an important factor for communications, but also for the internationalization of SMEs. We intend to contribute significantly to this area because it relates to what this research wants to achieve; to explore partnerships and relationship building, which will entail the need of research the different sides to trust. Thus, some of the research questions are in response to Welter's (2012) research. Welter (2012) suggests that instead of just stating the existence of trust and its importance, further exploration needs to be taken into the various facets of trust as well as their complex and contextualized interactions. There is little literature on the potential/and negative sides of trust. Since SMEs depend on trust, could the dark sides of trust prohibit the development of internationalization for SMEs?

In addition, further research on networking and social capital is required. Lengnick-Hall & Lengnick-Hall (2013) explain that until recently research has not addressed how relationships that are embedded in networks affect organizational performance and sustained competitive advantage.

In summary, the areas for further research are:

- Benchmark MNCs vs. SMEs.
- A far greater understanding of the high mobility options and communication technologies in SMEs and their implications for possible substitution of traditional expatriation.
- The extent to which SMEs can effectively employ contemporary assignments to handle internal communication e.g. with staff and also external communication for business development purposes e.g. with partners, suppliers and clients.
- The extent to which the numbers of traditional expatriation are increasing or diminishing within SMEs.
- The level of efficiency that high mobility strategies and communication technologies (by examining the benefits, costs and limitations) can offer SMEs in order to compete and prosper in international business activity as SMEs are increasingly important for the growth of the British economy as discussed in Chapter 1 the Introduction.
- Networking, social capital and trust; Due to additional variables found in the Main Investigation SME Short-Interviews, further reading on networking, social capital and trust was necessary, as evidenced in Chapter 4. This developed the further research and reading for Main Investigation SME In-Depth interviews.

5.5 Summary

This Chapter identified and discussed the inconsistencies and gaps of the literature in relation to the internationalization of SMEs. The literature in Chapter 3 showed that virtually no work has been conducted on expatriation and flexpatriation in relation to SMEs. The little work conducted in these areas has been the starting point of this research investigation. Due to the lack of work on SMEs, it is important to conduct a comparative study on MNCs in order to explore SME behaviour. An Exploratory study needs to be conducted in order to explore the broad themes to help set an intellectual benchmark or basis for the comparative study. One SME is researched in this study to provide some initial comparisons with the multinational work. Further research solely on SMEs must be conducted.

The Main Investigation SME Short-Interviews are developed from the responses to the Exploratory study. The Exploratory with the MNCs provided an intellectual benchmark or basis to study and compare the SMEs against. Some of the initial comparative findings between the MNCs as well as the one SME showed some interesting insights. The Main Investigation SME Short-Interviews are conducted in order to find some of the broad themes in relation to expatriation, flexpatriation and communication technology. For example, do SMEs employ expatriates? If they do not employ expatriates, what kind of strategies do they employ to internationalize with their limited resources and finances compared to the MNC? Due to the limited work on SMEs in relation to expatriation and flexpatriation during Internationalization, the Main Investigation SME Short-Interviews will help to obtain some broad themes and a useful starting point. Thus, in order to do so, some broad questions are asked in the interview schedule.

The outcome of the Main Investigation SME Short-Interviews showed SMEs do not employ Expatriation but partner with others to share the risk and finances of internationalizing. In addition, IT is very helpful, however, it is not the most important factor to help SMEs internationalize. The Main Investigation SME In-Depth Interviews are required to explore some of the broad themes from the Main Investigation SME Short-Interviews. Some ideas in relation to the importance and use of Networking, Social Capital and Trust are explored in-depth, in addition, to some further questions on Expatriation/Non-Expatriation, Flexpatriation as well as Communication Technology.

The interview questions in regard to the Exploratory Study, Main Investigation SME Short-Interviews and Main Investigation SME In-Depth Interviews were identified in this Chapter with the aim of addressing those inconsistencies and gaps in the literature. It was important to do so, in order to demonstrate to the reader where the contribution lies in this study. It is also to identify what specifically needs to be researched in order to identify the most appropriate and relevant Methodology, to address these inconsistencies and gaps in the literature. The next Chapter will provide the Methods and Rationale.

CHAPTER 6

INVESTIGATING INTERNATIONALIZATION: METHODS AND RATIONALE

6.1 Introduction

The previous chapter highlighted the inconsistencies and gaps in the literature. This Chapter discusses the Theoretical Approach employed in this research, and the individual methodology techniques conducted for the Exploratory study, Main Investigation SME Short-Interviews and Main Investigation SME In-Depth Interviews, in order to show the research approach to meet those inconsistencies and gaps in the literature. The Exploratory study employed 'Short Unstructured Interviews' and the Main Investigation SME Short-Interviews employed 'Semi-Structured Interviews'. We will refer to these stages of research as the Exploratory study and the Main Investigation SME Short-Interviews without repeatedly expressing 'Unstructured' and 'Semi-Structured' as they are both 'Short Interviews'. These two investigations were analyzed using multi-research strategies. It is important to note that these earlier investigations led to the Main Investigation SME In-Depth Interviews, which were analyzed through Qualitative strategies.

6.2 Research Aim/questions and filling gaps in the literature

The overall aim (as outlined in Chapter 1) is to assess the extent to which communication technology can replace expatriation, face-to-face interaction and physical mobility with specific regard to SMEs. The main research questions that address the objective are presented:

1- Do firms employ traditional expatriation for their overseas activity?

2-To what extent do firms employ 'flexpatriate' staff and how does this influence the way that SME's staff their global positions?

3- What are the technologies that firms use? Is technology a contemporary substitute or a support mechanism to global expatriation and physical mobility?

4- What are the efficiency and effectiveness implications for firms?

6.3 Theoretical Approach

This Exploratory study and main investigation short-interviews are broadly based in the Pragmatic paradigm because it is an exploratory study. Chapter 5 presented the gaps and issues in the literature which this research addresses. Pragmatism is seen as the paradigm that provides the underlying philosophical framework for mixed methods researchers. The emphasis is on solving the research problem and not about the nature of the knowledge (Creswell, 2007; Tashakkori & Teddlie, 1998; Patton, 2002; Somekh & Lewin, 2005). It appears that in this study the questions of method are secondary to the questions of epistemology and ontology in that choosing one position over the other is somewhat unrealistic in practice. This is because both factual data (objective accounts) and experiences (subjective accounts) need to be considered in order to fill the gaps and issues identified in Chapter 5 (Tashakkori & Teddlie, 1998; Easterby-Smith et al., 2010; Robson, 2011). An integration of both philosophies were employed to imply a mixed use of both a qualitative and quantitative nature of work for the Exploratory study as well as the Main Investigation Short-Interviews (Somekh & Lewin, 2005).

In order to gain some sense of what is happening regarding the wider spectrum of broad issues in this research context, factual information (use of small amounts of quantitative research) and in-depth data, to explore the factual information, were used to investigate the attitude of SMEs towards Flexpatriates, Partnerships and IT. Hence, a combination of qualitative and quantitative research is used, which is also known as a *multi-strategy* (Bryman & Bell, 2003). A mix of both methods helped to make some sense of what was happening in MNCs and SMEs regarding which modes of internationalization they employ to identify the broad themes of this research (Bryman & Bell, 2003; Green & Browne, 2005). Although some academics such as Jankowicz (1995) and Winter (2000) argue that qualitative and quantitative research methods are in opposition to one another, theirs is a mixed view. To use both, fits with a Pragmatic paradigm (Somekh & Lewin, 2005). This also allows results to be triangulated. This investigative approach adopts the use of triangulation (Denzin & Lincoln, 1998) to an extent and will be used in the analysis of this research. Hence, in addition to the interviews, secondary data including information from the company websites as well as other information found on the internet regarding those companies interviewed were also used. Analysis will also highlight contradictions among the participants responses (Guerrier et al., 2009), which will help to develop the critical depth and argument within this study. Content analysis was conducted for the Exploratory study and Main Investigation SME Short-Interviews in order to generate meaning from line-by-line reading and coding (Bryman & Bell, 2003). Initially content analysis was sufficient to fit the nature of the study since the interviews were short and codification was much simpler. However, it became evident that Grounded Theory Approach was necessary for the Main Investigation SME In-Depth Interviews, as not only were the interviews longer and more probing, but the questions were developed from the earlier Main Investigation SME Short-Interviews to cover topics that are not currently found in the SME academic literature.

Since there is no theory development on alternative strategies specifically in SMEs, thus, where these phenomena are not well understood, a purely qualitative method was adopted in the Main Investigation SME In-Depth Interviews to explore this complex topic in-depth (Baker, 2003; Saunders, Lewis & Thornhill, 2003; Somekh & Lewin, 2005; Major & Badon, 2010; Janesick, 2011). We wanted to explore the modes of internationalization of SMEs in relation to the expatriation and a 'mixed-economy' of flexpatriates and communication technologies, which lacks literature. This helps to build theoretical models on SMEs, which at present are inadequate and do not sufficiently capture the complexity of SME international business activity (Green & Browne, 2005, Creswell, 2007). In addition, it is important to obtain the rich insights of the lived-experiences and perspectives of the SMEs (Glaser & Strauss, 1967; Charmaz, 2006; Major & Badon, 2010) to retrieve the in-depth nature of the data required. The inductive characteristic of a qualitative approach was essential for the study to explore depth into SME behaviour during Internationalization (where the literature is limited). The detail this research requires can only be established by talking directly to people (Creswell, 2007) as data needs to be socially constructed by people.

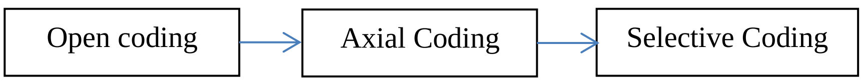
Thus, data preparation and analysis for the Main Investigation SME In-Depth Interviews, employed the Grounded Theory Approach. It is important to clarify that Stauss & Corbin's

(1990) reformulation of Grounded Theory has been used as opposed to the classic and original framework by Barney G. Glaser & Anselm L. Strauss in their book *The Discovery of Grounded Theory: Strategies for Qualitative Research*, which was published in 1967.

Strauss & Corbin's (1990) work is appealing to the context of analysing this research. To fit with the nature of this study, we employ the Grounded Theory Approach as an interpretative strategy, whereby we can generate theory from data. In line with our objectives, the Grounded Theory Approach allows us to generate theory that will be developed inductively from data (Punch, 1998). Glaser & Strauss's classic theory requires on-going comparisons between the old and new data, and as a result, it means the categories developed have to be constantly re-fitted. In contrast, in Strauss & Corbin's approach, if the importance of the ideas do not materialise in the data, then they will be deduced. Induction is not over-stressed as it is in Glaser and Strauss's classic theory, because the idea of Strauss and Corbin's theory is to find a core category which is grounded in the data and for which is the central idea in the data (Punch, 1998). We only compare the 'old' data in the Exploratory study with the 'new' data in the Main Investigation with discussions, and do not re-fit any categories.

Heath and Cowley (2003) suggest that the merits of both approaches must not be debated, but the theory should be chosen that best suits the researchers cognitive style and one that can develop the analytical skills of the researcher. Strauss & Corbins theory consists of open coding as the analytical technique, axial coding in order to reduce and group the categories and selective coding to develop the categories. We found the substantive codes with open coding, we then used axial coding to interconnect the main substantive codes. Where we broke the data apart with open coding, we then put the data back together by interconnecting the ideas in a conceptually different way. At a final stage, we used selective coding to elaborate our analysis on the higher-order of the core category.. This meant that once we concentrated on the core category, we then deduced and pulled together any theoretical analysis and development that relate to the core category (Punch, 1998). *Figure 6.1* illustrates this (Punch 1998, Heath & Cowley, 2003). In addition, we also employ the idea of memo-writing as developed by Glaser & Strauss's earlier work. This helped to solely develop and record our ideas. As suggested by Heath and Cowley (2003), boundaries between both approaches were maintained as opposed to mixing them. The employment of the Grounded Theory Approach made us confident that we developed an integrated and grounded picture of the main ideas in this study.

Figure 6.1 Key concepts in the Grounded Approach as developed by Strauss & Corbin (Punch, 1998; Heath & Cowley, 2003)



There were various reasons for the use of the Grounded Theory Approach. We needed to obtain data in order to develop theoretical models on SMEs in relation to their internationalization strategies to compare SMEs with MNC behaviour, thus, the Grounded Theory Approach was suitable for my research. Chapter 1 discussed the theoretical contribution of the thesis to develop possible flexpatriate, expatriate, or technological theories/models. This is because of the lack of work on SMEs and expatriates/flexpatriates and technology. Thus, a theoretical model was developed to present the data found. The main difference between the Grounded Theory Approach and other approaches to qualitative research is its emphasis upon theory development. This emerges from data, which this research requires (Yates, 1998; Strauss & Corbin, 1998; Grounded Theory Institute, 2011), and due to the limited research we wanted to develop a theory of conceptual density. This ties in with the 'richness' of employing the qualitative approach (Strauss & Corbin, 1990). The Grounded Theory Approach was important to my research because it is drawn from data that offered insight and enhanced understanding (Grounded Theory Institute, 2011).

As noted, the Grounded Theory Approach consists of adopting various steps. This is discussed in full, in the Main Investigation SME In-Depth Analysis.

Initially, we wanted to conduct case studies in the Main Investigation instead of In-Depth Interviews. The Exploratory study, was conducted in order to test the research technique and sample as a comparative study against which to measure the differences between MNCs and SMEs. The Exploratory study showed that the HR Managers in MNCs did not have a complete understanding of the communication technologies they provide. Equally, we believe that the HR Managers cannot themselves speak about the personal experiences of the flexpatriates and expatriates within their companies, as we all have our own experiences of travel; whether it is for frequent flying trips or when residing overseas for a long duration of time. HR managers cannot speak directly about the impact of expatriation or how it can impact on our individual lives and the lives of our family. Therefore, HR Managers cannot tell how IT is replacing expatriation.

As the literature highlighted, an SME does not function in the same way as an MNC; it is likely that the owner of the SME may control and manage the communication technologies with his/her business. A case study was initially deemed a suitable technique to gain understanding of the differing perspectives, and the number of case studies would have been 15-20, with three participants in each, the manager, the expatriate/flexpatriate and the IT manager. This was because we wanted to build as big a picture as possible regarding the various aspects of the SME in relation to the context of this research and to gain a full sense of what is happening. However, this did not seem to be feasible at all since after some attempt at contacting SMEs we realized we were not going to be able to contact a sufficient number for a ‘case study approach’.

6.4 Research Stages and Individual Methodology Employed for each stage

As outlined in Chapter 1, this research took place in different stages. A Exploratory study with 10 MNCs and 1 SME allowed for broad themes to emerge in relation to Expatriation, Flexpatriation and IT. The Main Investigation SME Short Interviews consisted of short semi-structured interviews with 8 SMEs, which explored broad themes in relation to specifically how SMEs develop internationally in relation to Expatriation, Flexpatriation and IT. The Main Investigation SME In-Depth Interviews consisted of In-depth interviews with SMEs in relation to Trust, Networking and Social Capital as well as 1 MNC (Financial Traders Corporation, for comparison with SME data).

The Pragmatic Theoretical Approach is employed for the Exploratory study, the Main Investigation SME Short Interview and Main Investigation SME In-Depth Interview. However, the interview techniques used for the research stages vary. The Short Interview was employed for both the Exploratory study as well as the Main Investigation SME Short Interviews. In-Depth Interviews were employed for the Main Investigation SME In-Depth Interviews.

This following table presents the data required to answer the gaps in the literature and the research methodology in the Exploratory study, Main Investigation SME Short Interview and Main Investigation SME In-Depth Interviews. This section will discuss how the interview technique was chosen and undertaken in order to address the required data.

Table 6.1 Application of Research Methodology to address the data required to answer gaps in the literature

Data required to answer gaps in the literature	**Research Methodology**	**Study**
Broad themes in relation to the Internationalization strategies MNCs employ; employment of expatriate and flexpatriate and information and communication technology activity.	Short Unstructured Interview Qualitative research and small amount of quantitative research (only to retrieve factual data of the strategies MNCs and SMEs employ).	Exploratory study + 10 MNCs + 1 SME (Comparing an SME with the MNCs to obtain initial information about how SMEs operate internationally to set questions for SME investigation).
Broad themes in relation to the Internationalization strategies SMEs employ; employment of expatriate and flexpatriate and information and communication technology activity.	Short Semi-Structured Interview Qualitative research and small amount of quantitative research (only to retrieve factual data of the strategies SMEs employ).	Main Investigation SME Short Interviews + 8 SMEs
Networking, Social Capital and Trust.	In-depth interviews Qualitative Research	Main Investigation SME In-depth interviews + 7 SMEs + 1 MNC (Extended interview with the MNC to compare the SME data).

6.5 Ethics

Due to the lack of theory development on SMEs and a ‘mixed-economy’ of Flexpatriates and IT, this research needs high engagement with the participants to retrieve in-depth data. This requires consideration of ethical issues in order to minimize harm to participants. The research was conducted in line with the British Sociological Association (BSA) ethical guidelines. The guidelines outline the ethical practice that should be followed when conducting research (BSA, 2002).

At first glance, issues around privacy seemed to be minimal. However, some broader ethical issues emerged. Many of the SMEs in this research sample are family-based businesses. But some of the participants we interviewed were non-family members of the family-based business. To comply with ethical guidelines, the respondents were sent a consent letter to assure the participants that precautions would be taken to protect the identity of the participants and the anonymity and privacy of their responses. Some of the factual details of the participants have been changed where necessary. For example, for reasons of anonymity, specific country locations of the participants are termed as continents (Kvale, 1996; Somekh & Lewin, 2005; Richards, 2009; Mathews & Ross, 2010; Thomas & Hodges, 2010; Somekh & Lewin, 2011). Prior to the interviews the participants were asked permission to record the interview. All of the participants agreed and signed the *Roehampton University Participant Consent form (See Appendix 1).* Respondents were then re-asked for permission to record the interview at the start of the interview, which was initially requested in an email and also reminded that their responses would be treated in confidence. The data was also anonymized when entered into the computer (Bryman, 2008), which includes the transcripts and the data entered into, the various tables e.g. profile of participants, as well as the findings and analysis. This helped as some of the non-family members spoke very frankly in their answers. Also, the profiles of the respondents, which are presented in tables in this Chapter, identify the firms specialization/activities for anonymity purposes as suggested by Hakim (1987). Anonymity will be used throughout the thesis for confidentiality to disguise the firm's name e.g. to report a direct quote (Hakim, 1987). The position and location of the participant are also stated in the tables.

The ethical precautions were sufficient for the Exploratory study and any recordings or phone conversations were carried out with the permission of the participant. In addition, in the Main Investigation SME Short Interviews, three of the interviews involved more than one participant. This proved helpful in two of the interviews which helped to provide in-depth responses required for the nature of this study.

However, in the Main Investigation SME In-Depth Interviews, we interviewed 1 MNC, with 2 participants; the Head of IT and Head of Networking Services. The Head of IT seemed to have a more senior position to the Head of Networking Services as the participant seemed to control the responses given and quickly shut down any questions in relation to Trust and even some questions relating to Networking, although the Head of Networking seemed to want to answer the questions in relation to their department. However, we did not push on these questions and soon after ended the interview. Although we asked the same questions that we emailed to the HR manager in advance, it seemed that the Head of IT was unhappy with the questions. Thus, we decided it would be unethical to continue the interview to reduce any potential harm. We acknowledged the ethical guidelines throughout all stages of this research.

The remaining part of the Chapter will discuss the individual interview techniques for each stage:

- Exploratory Study with 10 MNCs and 1 SME Short Interviews (Unstructured) (6.6)
- Main Investigation SME Short-Interviews (Semi-Structured) (6.7)
- Main Investigation SME In-Depth Interviews (6.8).

6.6 Exploratory Study Short Interviews with 10 MNCs and 1 SME

Four tasks have been completed showing how the Exploratory study was conducted to fit the requirements of the research question, which are best identified through the Pragmatic Approach, which consisted of:

- Selecting the type of Interview Technique,
- Implementing the Interview Technique,
- Recruiting participants in the Interview,
- Data Preparation and Analysis.

This section begins with the type of interview methodology selected and why it was chosen. This will involve providing an outline of the research questions and justify the appropriate methodology to help address these questions. This will consist of providing justifications for selecting Unstructured Short interviews as an exploratory research method for this Exploratory study.

The main purpose of conducting the Exploratory Study with the multinationals is to generate broad themes that will be used as an intellectual benchmark in the Main Investigation with the SMEs. This is important to answer the gaps in the literature which require some initial comparisons to be made between the MNC and SME. It is also to test the methodology for the Main Investigation with the SMEs (Jupp & Sapsford, 1996; Saunders et al., 2003).

The method adopted to address the research questions and objectives for the Exploratory study was the Unstructured short interview with an exploratory approach which fits in with a pragmatic philosophical approach in order to help refine the research issues of what is happening in relation to the internationalization business strategies employed in MNCs and SMEs (Kvale, 1996; Creswell, 2007; Saunders et al., 2007; Myrosha, 2011). As a result of this aim, it was not necessary for the sample number or specific industry to be defined. The generation of broad issues was the priority that the firms have overseas activity. The convenience sampling method, was employed which is a non-probability sampling procedure where cases are selected based on convenience and those that were easiest to obtain (Wohlin et al. 2000; Saunders et al., 2007). Whilst the Exploratory study provides an indication of the research questions, it is the quality and relevance of the findings that will indicate and develop the precise sample and the research questions required for the Main Investigation with the SMEs.

Initially the planned/expected sample size of this study consisted of researching 2-3 firms. However, after the first few interviews we were impressed with the information gained and although there were similarities with the findings there were also significant differences between the responses. As a result, we thought it would be helpful to interview other MNCs that offered to participate. The sample size totalled 10 firms with 2 respondents participating from the Mobile Telecommunications Corporation. In addition to the MNCs, 1 SME was researched too.

A number of multinationals were chosen located in various countries (e.g. United Kingdom, Australia, Middle East, USA) based on whether they have overseas activity and staffing. The General Directors/HR manager's were contacted via email. One of the respondents had participated in our previous postgraduate studies. The email requested research on firms with overseas business activity and communication and invited these respondents for participation. The initial email correspondence was in the form of an invitation cover letter which *(See Appendix 2- Cover letter for MNCs to participate)* provided a credible rationale as to why the research is taking place (Gillham, 2007). This detailed who we are, the purpose of the interview and its importance, a very brief overview of the research background, the research questions, length of interview, and type of information that is required from the potential respondent. The email also discussed why they have been selected and that the research is for academic purposes (Gillham, 2007; Bryman, 2008). We were confident that the cover letter consisted of a sufficient, yet concise, level of information before distribution to the participant. Of the approximately 340 multinationals that were emailed and called, 10 of them agreed to participate. We were fully aware that some participants might want further information or an interview schedule in advance so that they can use the questions in front of them as a visual prompt (Gillham, 2007). *See Appendix 4- Interview questions for Exploratory study.*

By using this approach, a reasonably good response from the practitioners was received and as a result 10 organizations willing to participate were enlisted and interviewed. All practitioners were experts in managing the affairs of overseas staff in this field and communicating with these staff as well as clients and suppliers. An Exploratory interview was also conducted with one SME (Lighting Solutions SME). Table 6.2 gives brief details of the participants and their companies.

Table 6.2 Participants in the Exploratory Study

The MNC and SME is differentiated by regarding the MNC as 'Corporation' and the SME as 'Company'.

Industry/specialization of MNC or SME	**Participants Position**	**Current location of participant**
Electricity and Gas Corporation (MNC)	HR and Finance	USA
Mobile Communications Corporation (MNC)	International Mobility Division (2 participants)	UK
International tobacco Corporation (MNC)	International Mobility Manager	UK
Banking group Corporation (MNC)	HR and Finance	UK
Mining group Corporation (MNC)	HR	Australia
Computing Corporation (MNC)	Global Mobility Division	USA
Grocery and Retail International Corporation (MNC)	Asia Development Division	UK
Automobile Corporation (MNC)	HR	UK
Theme park Corporation (MNC)	HR	Middle East
Insurance Corporation (MNC)	HR	UK
Lighting Solutions SME Company (SME)	Owner	UK

The same interview questions were used with the multinationals and the SME. The latter interview was crucial. It lead to an analysis of the relevant questions for SMEs and as a result, questions were changed for the Main Investigation with SMEs. This is because of the different modes of internationalization that the initial interview with an SME demonstrated. It became evident that the major difference between the MNC and SME is that SMEs have limited resources and finances. We shifted the questions in the Main Investigation with the SMEs to acknowledge the lack of resources, finances and time of the SMEs from the Lighting Solutions SME. Without the Exploratory study we would have not been able to derive the developed and relevant questions for the SMEs. *See Appendix 5 for the interviews of the Main Investigation SME Short-Interviews.*

The initial interview with this SME was face-to-face. In contrast, with regards to the interviews with senior people within the multinationals, the face-to-face interview became problematic because of the valuable time of these persons (Kumar, 1999) and thus the telephone interview was more convenient than the face-to-face interview for the participants. Four of the International Human Resource Managers interviewed were working outside of the UK at the time of the interview. Thus, the telephone interview was ideal.

We conducted an unstructured interview as it would encourage the respondent to freely talk about a broad subject of the topic of interest. This is appropriate to retrieve broad themes (Kvale, 1996; Myrosha, 2011). The interview was open to new and unexpected phenomena. We did not steer the interview but restricted our participation to careful probing (Hart, 1987; Kvale, 1996; Myrosha, 2011).

We used a voice recorder to record all interviews as it is a necessity to use an adequate recording procedure (Creswell, 2007). When the interview was recorded we were able to listen to the recording as many times as needed as well as listen to the tone of the participants voice, and the pauses in their responses (Kvale, 1996). It allowed for the required rich content to emerge for the qualitative study. Notes were also made throughout the duration of the interview in order to highlight the key points for analysis purposes (Matthews & Ross, 2010). Once the interviews were complete, the voice recordings were transcribed immediately (Bryman, 2008).

Since, the interviews for this research consisted of both telephone and face-to-face interviews, we thought it would be important to become familiar with the characteristics and differences of the telephone and face-to-face interaction to make full use of the opportunity given by the MNCs and SMEs to retrieve relevant information. In addition, it was important to briefly critique the telephone interview and face-to-face interview in comparison with one another to assess the opportunities they each could offer. Since some of the HR managers were not around in the UK, the telephone interview provided the best source of interview to gain direct access to the individuals overseas (Gillham, 2007). Therefore, without the telephone interview, some of the interviews would have not been possible (2 of them are residents of that country and 2 of them are only temporarily overseas at the time of the interview).

Gillham (2007) explains that the disadvantage of the telephone interview is that the interviewer cannot see the person and therefore all of the non-verbal elements that a normal communication consists of are missing. In fact, in the face-to-face interviews the facial expressions made by the participant when answering questions were interesting to see and were analyzed within the research. The non-verbal elements within face-to-face interaction were necessary for the in-depth investigation as they added to the rich insights required. This face-to-face interview enhanced the interview with the SME in this Exploratory study.

The telephone interviews for this research were on average between 15-25 minutes. However, some of the interviews went over the expected duration, approximately 30-35 minutes as these respondents were happy to discuss more. Although Wellington & Szczerbinski (2007) argue that the telephone interview should not be beyond 20-25 minutes as the participants become restless where there is no face-to-face interaction, nonetheless, the length of these interviews seemed to be fine.

Of the 11 interviews, (10 MNCs and 1 SME), 9 of them were conducted via telephone interviews and 2 interviews were conducted face-to-face at the participants head offices. We found that the face-to-face interviews did help to establish rapport with the respondent, as well as a somewhat more insightful discussion regarding the research topic than the telephone interviews. However, we were successful in developing rapport with many of the telephone interviews as well.

The interviews with the Human Resource Management specialists within multinationals for the Exploratory study are an integral part of this research for two reasons. As mentioned in Chapter 1, due to the abundance of resources of the MNCs, they are most likely to have some knowledge of the latest communication technologies. Insights could potentially be gained on what these communication technologies are, and an evaluation of these technologies from the perspective of the MNCs might be assessed. The second reason is that the information derived from the literature concerning this area of research, shows that much of this discussion is in relation to multinationals so that we felt the need to find out about the experiences of the actual practitioners. Thus, information was needed from the multinationals in order to produce comparisons with the SMEs.

All of the respondents are involved with the international movement and communication of staff that encompasses overseas assignments and operations.

This section discusses the Analysis of the Exploratory study, which consists of data preparation and coding. The text data in transcripts was reduced into themes through a process of condensing large amounts of text into codes and then representing the data in figures, tables and discussions. This consisted of various steps.

In the first analytical step, transcripts were read line-by-line to eliminate any irrelevant information to the topic of the research (Kvale, 1996). Some form of irrelevant data was expected because the respondents were given the opportunity to talk freely as most of the questions, with the exemption of two questions, were open-ended. This step was important so the data could be condensed into analyzable units (Denzin & Lincoln, 2000).

The second analytical step of the data preparation involved all of the *relevant* information being tabulated into various columns (see extract of table below) e.g. each column of the table represents topics in relation to the different research questions and conceptual ideas. For example, the columns included were 'Purpose of traditional expatriate', hence, all of the relevant information concerning the reasons as to why firms send people overseas were sorted into this column. A table for each firm in the Microsoft Word program was created. *The full Coded Findings Table in the Exploratory Study can be found in Appendix 7.*

Table 6.3 Data tabulated in various Coding Columns

Demo-graphics/ context of firm	**Expatriate usage/International travel**	**Purposes of expatriates/International travel**	**Technology**	**Purposes of technology**	**Advantages/ Disadvantages**	**Replacement of international travel with communication technology**

The third analytical step involved each line within the tables (extract of table, above) being re-read several times and content analysis was employed to code line-by-line in order to identify the emergent topical codes (Denzin & Lincoln, 2000). In order to code the information various words and sentences were manually highlighted from the responses/data in the Microsoft Word Program with a different colour and assigned a code to each piece of data. *See Appendix 7 Coded Findings Table for Exploratory study*. This also involved logging the number of occurrences of these themes, their sources, reasoning and the level of confidence they provide. This helped produce some factual data. This helped to reduce, group, sort and cluster the data which then derive key themes with similar patterns and characteristics (Miles & Huberman, 1994; Denzin & Lincoln, 2000; Guerrier et al., 2009). Coding was used in order to organize the data according to the key conceptual aspects as well as emerging threads of evidence. The coding was guided by the research aim and conceptual framework.

These analytical steps helped to generate meaning during the analysis (Denzin & Lincoln, 2000). It enabled an overall idea of what the data meant as well as making some quantification such as counting statements that would indicate the different perspectives to the phenomenon of global expatriation and flexpatriates as well as communication technologies. For example, counting the number of SMEs that employed the various strategies of expatriation and flexpatriation. Thereafter, further interpretations could also be made with regard to these specific statements. This approach helped to make comparisons, and provide the basis for the emergent theoretical model.

6.7 Main Investigation SME Short Interviews (Semi-Structured)

The thrust of the Main Investigation SME Short Interviews was to acquire some factual information via the use of quantitative methods to help gain a sense of what is happening e.g. the number of different strategies that SMEs are specifically using to Internationalize. Equally this data must be explored, and qualitative analysis will also be required. Again, as in the Exploratory study a Pragmatic Approach has been developed, to help address research questions and to comply with a Pragmatic philosophical method.

Four tasks have been completed showing how the Main Investigation SME Short Interview was conducted to fit the requirements of the research question, which are best identified through the Pragmatic Approach, which consisted of:

- Selecting the type of Interview Technique,
- Implementing the Interview Technique,
- Recruiting participants in the Interview,
- Data Preparation and Analysis.

The Main Investigation SME Short Interview explored key and broad themes solely in relation to SMEs and not MNCs, which helped to identify the strategies SMEs employ to internationalize. Hence, the questions for this study shifted. For example, do SMEs employ expatriates? If they do not, what non-expatriate strategies do they employ to internationalize? How do they conduct these strategies? Once the broad themes were refined, a foundation of ideas emerged with which to conduct the Main Investigation SME In-Depth Interviews in the next section. The findings in the Main Investigation SME Short-Interviews led, as a matter of necessity, to the development of a further enquiry.

The intended sample size of the Main Investigation SME Short Interview was to be relatively large, of around 15-20 interviews. This was because we wanted to build as big a picture as possible regarding the various aspects of the SME in relation to the context of this research. The actual sample size was 8 interviews. However, this did not seem to be problematic because although many different interesting insights were found from conducting the interviews, towards the end of the 8 interviews, similar insights were found, which meant that the interviewing process could stop. We took this decision to develop this in the Main Investigation SME In-Depth Interviews.

A number of possible SMEs were emailed *(See Appendix 3- Cover letter for SMEs to participate)* and phone calls were made, however, this proved to be highly difficult. As a result, we sought contacts from friends and also one contact was given by my main supervisor. This proved to be successful and all 8 participants were from personal contacts or from participants who suggested others who then put me directly in contact with the participant. The criteria for the kind of SMEs chosen were SMEs that have overseas activity and the size of the SMEs. These varied from micro firms to medium sized firms, with the number of employees being the sole proprietor to larger firms of up to 250 employees (Curran, 2006).

Additional questions were also asked in relation to the possible lack of resources and finances of an SME and whether this influences the SMEs behaviour. For example, the Exploratory study findings showed the significant cost constraints that the Lighting Solutions SME faced and how this directed the decisions they make for their international activity, thus it was important to integrate this perspective in further questioning for the Main Investigation SME Short Interviews *(See Appendix 5- Interview questions for the Main Investigation SME Short Interviews).*

Based on the experiences of conducting the interviews in the Exploratory study with the MNCs, the most efficient and appropriate way of gathering data for the Main Investigation SME Short-Interviews was conducted with the use of face-to-face interviews. It seemed to be incredibly important to also see the facial expressions and body language of the participants helped to provide richer insights for an exploratory study. Thus, it was paramount that for this stage of the research that face-to-face interviews are conducted.

The participants were informed that the interview would last approximately 30 minutes. Two participants in the Oil and Gas Subcontractor Engineers Company did discuss answers in a fair amount of detail, however, the answers were shorter than we had anticipated with little depth. A significantly large number of questions were not written down in the interview schedule because we wanted the participant to go into a relative amount of depth and openness of broad themes in their answers. Perhaps the participants thought they needed to be brief when answering questions because of the short duration of the interview. We ensure we have probing questions developed for the Main Investigation SME In-Depth Interviews because we require rich data to address the in-depth nature of the investigation to address our objectives in relation to the concepts of trust, social capital and networking. *See Appendix 6 for the shift in questions for the Main Investigation SME In-Depth Interviews.*

The setting of these set of interviews all varied; four of the interviews were conducted in a bar/restaurant location, two were conducted in the participant’s home, and one in the participants office.

Table 6.4 Participants in the Main Investigation SME Short-Interviews

Industry/ specialization of SME	**Participant's Position**	**Type of interview;** **Face-to-face/ Telephone/ Skype**
Oil and Gas Subcontractor Engineers Company Sub-contractor for engineer work (Petroleum Development Multinational in Oman that the Sub-contractor does work for also interviewed as part of the data for Interview 1. To begin with, the idea behind this research was to conduct case studies. Thus, an initial case study was conducted in Oman and one of the interviews consisted of a multinational, as their client is an SME so we needed to get an all-round picture of how partners worked together. This multinational (as part of Interview 1, Subcontractor for Engineer work) have a joint venture with an Oil and Gas MNC.	<u>Participant 1:</u> Manager-Operations <u>Participant 2:</u> Senior Engineer	Face-to-face
Wine distributor Company	Owner	Face-to-face
Knowledge Consultancy Company	Owner *(This participant was also in a Senior position of a leading Telecommunications multinational company, which allowed me to gather some useful comparisons between an SME and multinationals in the context of my work).*	Face-to-face
Structural Engineering Architects Company	Managing Partner	Face-to-face
Trading re-usable products overseas Company	Owner	Face-to-face
Glass Structural Engineering Company	Managing Director	Face-to-face
Financial service product for the education sector & Dating Agency Company	Chairman	Face-to-face
Real time market intelligence provider Company	<u>Participant 1:</u> Chief Executive <u>Participant 2:</u> Chief Technology Officer <u>Participant 3:</u> Chairman	Face-to-face

6.8 Main Investigation SME In-Depth Interviews

Due to the information discovered and analysed during the Main Investigation SME Short Interviews, in-depth questioning was developed for the in-depth investigation involving further probing. This was also to extend the depth of the respondents as in two of the earlier interviews in the Main Investigation we felt insufficient data had been obtained. During the Main Investigation SME Short Interviews it came to light that Expatriates are not being employed by SMEs and that the use of IT is very different in SMEs from that of MNCs. Themes in relation to SMEs and Trust, Networking and Social Capital were identified and became the dominant concepts for the in-depth investigation and different codification was required for additional exploration. Hence, further questions were developed for the in-depth investigation. Due to the need for in-depth exploration of these concepts, there was a need for a coding process to be able to extract and cross-check the data that would be far more in-depth than the content analysis process. Although content analysis was sufficient for the purposes of the Main Investigation SME Short-Interviews, a far more complex process, the Grounded Theory Approach, seems to be appropriate.

The Qualitative Research employed for the Main Investigation SME In-Depth Interviews is discussed. As discussed in the Chapter, the in-depth interview was used to allow rich insights to emerge into key issues in relation to expatriation and the alternative assignments (Kumar, 1999). Hence, the in-depth interviews employed a purely Qualitative Approach as opposed to the short interviews in the Exploratory as well as the Main Investigation SME Short-Interviews, which would provide a limited amount of depth.

Four tasks have been completed showing how the Main Investigation SME In-Depth Interviews was conducted to fit the requirements of the research question, which are best identified through the Interpretative Approach, which consisted of:

- Selecting the type of Interview Technique,
- Implementing the Interview Technique,
- Recruiting participants in the Interview,
- Data Preparation and Analysis.

We conducted the in-depth technique to enable the respondents to provide a far greater in-depth account of their experiences in order to address the research objectives. This required in depth data of the broad themes highlighted in the Main Investigation SME Short-Interview consisting of trust, networking and social capital (Kvale, 1996). This can be achieved through a small sample of representatives rather than focusing on a large scale population (Mathews & Ross, 2010). The questions allowed for a fuller understanding of the respondents' views rather than the intervening of the researcher in the questioning, although we did have a more detailed probing technique with more probing questions ready should the need arise (Hart, 1987). *See Appendix 6- Interview questions for the Main Investigation SME In-Depth Interviews.* Since the in-depth investigation requires in-depth data, developing a rapport with the interviewee was an important part of this qualitative study, to be developed through the interviews in order to encourage conversation and retrieve more of the participants' thoughts to enable rich and helpful insights. Rapport was developed by initial introduction in the interviews and some of the initial questions helped to 'break the ice' with the participant and put them at ease with the interview (Bryman, 2006; Gillham, 2007; Bryman, 2008).

Given the difficulties of accessing SMEs in the Main Investigation SME Short Interviews, we ensured that plenty of time was made to access SMEs. Working through the sample method for this stage required great effort to obtain contacts. Apart from one contact that was referred from a friend (Construction Company), we had to retrieve all contacts. All interviews were accessed through the City Business Library Database. We began by sending out many emails. However, due to the implications we experienced in the Main Investigation SME Short Interviews, we made many phone calls first in addition to sending out emails. Solely sending out emails did not seem to suffice.

Several databases were explored at the City Business Library. When retrieving a list of potential participants to interview, the search was refined by ensuring a sample was retrieved from the options available on the database which were: (A). 250 employees or less (e.g. Small or medium-sized firm which was required) and (B). that they have overseas business or activity. This list was retrieved, and then downloaded into an excel spread sheet. The spread sheet included various details such as the SME's telephone number or website address. We had a brief look at the website for each SME in order to have some basic knowledge of what the SME did and would then call and ask to see if they would like to participate in this research. An email was then sent with the details of the interview and the project and to also arrange a date and time for the interview to take place. This proved to be successful as 8 participants agreed to take part.

The interviews gave us the opportunity to do an in-depth interview of an hour (or more), each accompanied by good preparation (comprehensive interview guide and probing questions), and enabled us to conduct some very informative interviews. The actual sample size constituted of 7 interviews with SMEs and 1 with an MNC. Again, it also did not seem to be problematic to interview 8 SMEs because although many different interesting insights emerged found from conducting the interviews towards the end of the 8 interviews, similar insights were being found, which meant that the interviewing process could stop. We wrote down field notes on any impressions of the situation throughout the duration of the interview as well as after the interview, e.g. location of the interview. These were the important parts of the non-verbal communication that the voice recorder does not have the ability to capture (Bryman, 2008).

After interviewing the SMEs at this stage it was very useful to interview a further MNC. The aims of this research (as presented in Chapter 1) have been to make comparisons between the SME and the MNC, and the exploratory study with ten MNCs (presented in Chapter 7) helped to achieve this as it created a benchmark for comparison with the SMEs. When conducting interviews in the Main Investigation with SMEs, we found themes such as trust, networking and social capital emerged that were not previously evident in the interviews with the multinationals. Thus, we decided on analytic grounds in these In-Depth Interviews that the final interview would be with one MNC (Financial Traders Corporation) to discuss points such as trust, networking and social capital. This helped to make further in-depth comparative points with the SMEs.

There were, however, two main implications with accessing participants. With regards to the first, the interviews were set up too early before they actually took place. We wanted to be as organized as possible and try and confirm the participation of the interviews at an early stage to be confident that participants were available for the research and to ensure the participants had plenty of notice. We agreed with the participants that the interviews would be held in the summer. However, because we got into contact with the participants about 2 months before the summer, by the time we contacted the participants again, it seemed a few of them had forgotten about the research and a few did not reply. We waited about 3 weeks for a response and sent 2 further email reminders. More potential participants replied back, but not all of them. This made us anxious and reluctant to wait any longer for a response as the interview schedule needed to commence. As a result, we re-conducted accessing potential participants again. We then spent from 10-5pm for the next 5 weeks or so trying to access more participants by making phone calls, continuing from the list of SMEs that had not been called yet in the excel spread sheet. This proved to be successful. We successfully achieved contact with the proposed 7 SMEs and 1 multinational (for comparison with the SMEs).

The second implication was the inconvenient timing of the interviews due to the summer period and the London Olympics 2012. Because the interviews were taking place over the summer period, some of the participants were away or it was a very busy time for their company e.g. the Timber agent was undergoing major reconstructions to their company. The Main Investigation SME Short-Interviews was also conducted in the summer. We wanted to learn from the mistakes of conducting research in the summer but the research schedule ended up being during the summer time. Also, it was the London 2012 Olympics which meant that many people’s schedules were also tied up as they wanted to see the games.

The SMEs details were retrieved from their websites giving initial information about the companies activities, their products and their overseas activity. This forms part of the Triangulation process that was outlined in the introduction. There were three reasons for exploring the company websites. Firstly, some background information about the firm would make me more confident during the interview. Secondly, by beginning questions with something about the company it could ease the participant into answering the question. Thirdly, the participant would be likely to be pleased that the participant had conducted some research into the company which might make them more willing to help a researcher that has made the effort to research their SME. Essentially, it helps to build rapport.

Table 6.5 Participants in the Main Investigation SME In-Depth Interviews

Industry/ specialization of SME/MNC	**Participant's Position**	**Type of interview;** **Face-to-face/ Telephone/ Skype**
Collaborative Software	CEO	Face-to-face meeting
Construction Company	Project Manager	Face-to-face meeting
Timber Agent Company	Managing Director	Face-to-face meeting
Operational Performance Improvement Specialists Company	Managing Director	Face-to-face meeting
Artisan Cheese Retailer Company	<u>Participant 1:</u> Human Resources Manager <u>Participant 2:</u> International Transport and Logistics Manager	Face-to-face meeting
Mailing and packaging solutions Company	HR & Marketing Manager	Face-to-face meeting
Supply Chain Management Specialists	Operations Partner	Skype
Financial Traders Corporation (Extended interview with multinational organization).	<u>Participant 1:</u> Head of IT Production <u>Participant 2:</u> Network Services Manager	Face-to-face meeting

Notes were taken during the interview in relation to the key points made and some direct quotes as well. We found it helpful to conduct face-to-face interviews. This is because of the many benefits of conducting face-to-face interviews as opposed to the telephone interviews, as previously discussed. This was particularly because we found the body language to be an important way of obtaining a more comprehensive and truer account of what is really being 'said' in the responses of the participant. It gives a deeper and richer account of what is going on in an under-researched area (Gillham, 2007).

Taking notes also became very important (Management Consultancy in Operational Performance Improvement Specialists) because of the amount of background noise e.g. building work and people talking, it became very difficult to pick up what was being said from the recorder when trying to transcribe. Although we managed to transcribe the entire interview, some of the additional notes taken during the interview were very helpful with this.

The in-depth interviews lasted for one hour (and more in 3 of the interviews). The setting of the location of these set of interviews all varied such as in their offices; (Construction Company) was conducted at the place of their current work which was at a primary school the participant was doing building work for.

Data Preparation and Analysis is discussed in relation to the Grounded Theory Approach. The introduction defined the Grounded Theory Approach and outlined the reasons as to why this approach was employed. However, in this section we have presented the steps of the analytical process taken as part of the Grounded Theory Approach developed by Strauss and Corbin (Strauss & Corbin, 1998; Grounded Theory Institute, 2011).

We intended to use the Nvivo software to help manage the data for the Main Investigation Analysis, after researching Nvivo software for the Main Investigation SME Short Interviews, where we discovered that it could potentially be efficient to use Nvivo in order to manage the large amounts of data, such as might be retrieved in the Main Investigation SME In-Depth investigation. Although, Nvivo could have been helpful, we ultimately did not use it because the use of Nvivo involves a large amount of typed transcripts that are difficult to view and see on the screen at once (Welsh, 2002; Bryman, 2012). We found that managing the data manually was a far more helpful way of viewing the data at once with the use of colour coding with highlighter pens and coloured stickers because it is an exploratory study to make sense of everything. We also used the wall in the PhD room to 'mind-map' and manage our ideas *(See Appendix 8- Mind-mapping ideas of SMEs and the Modes of Internationalization they employ)*. The use of the Microsoft Word software program was used to pull everything together. In addition, we felt more confident that we could manage the data efficiently when conducted manually. Bazeley & Jackson (2013) reinforce this point by suggesting that the reliability and trustworthiness of results depends on the skill of the researcher and ability to use the software. It could be argued that managing the data manually could be a time-consuming process, however, McLafferty & Farley (2006) and Bryman (2012) argue that the use of Nvivo is also a time-consuming process that takes significant effort. Thus, we chose not to use Nvivo as it was satisfactory and appropriate to use a manual approach to manage the data.

Step 1 required the data to be collected. Each interview summarized what the SME does and the Modes of Internationalization they implement *(Appendix 10- Summaries of SMEs in the Main Investigation SME In-Depth Interviews).* The summaries show the main activities of how the SMEs manage their overseas activity, and to compare which interviews were similar and also different to one another. The analysis of data began from the very first interview.

Data collection during this research always continued because as the interviews went on, coding and taking notes continued to raise fresh questions which could only be addressed by the gathering of new data, e.g. additional questions would be added to the next interviews (Yates, 1998).

Step 2 involved the data in the transcripts to be coded carefully to allow the analysis to follow in a comprehensive manner (Strauss & Corbin, 1998; Yates, 1998). Open coding was an essential part of the coding process in order to help open up the text to 'expose the thoughts, ideas, and meanings' of the participant (Strauss & Corbin, 1998: 102). We closely scrutinized the data to examine and compare the similarities and differences to differentiate various meanings to the responses (Strauss & Corbin, 1998). This meant a very close eye for line-by-line and word-by-word reading. We opened up the enquiry by asking many specific questions about the words, phrases 'in-vivo code' (terms used by participants) and sentences. We consistently and imaginatively engaged in open coding. Therefore, we did not try and attempt to find the 'true' meaning of a line or find out what the 'real' motive of the interviewee is, that lies behind their response, as the initial concepts are merely provisional. Thus, every interpretation at this point is tentative (Yates, 1998). A provisional name was given to each code, either an in-vivo name or one that was constructed by us.

We found memo-writing key in helping me to develop ideas and served as reminders for what we were thinking about (Strauss & Corbin, 1998). As mentioned, this notion of memo-writing is taken from the classic Grounded Theory of Glaser & Strauss (1967). The reason was to develop ideas and not for any analytical purpose of following their work. Sometimes we found it easier to develop ideas by hand-drawing diagrams and also because we wanted to develop on these diagrams when writing the findings. The diagrams also helped to depict the relationships among the concepts (Strauss & Corbin, 1998). In fact, the smaller hand-drawn diagrams helped to develop the complex theoretical framework for SMEs. The memos were written and the diagrams were drawn throughout the transcripts next to the data it was in relation too.

This type of working was helpful because it allowed us to be creative and imaginative, with one idea often stimulating another. Also, because the idea of the memo-writing is to not be fixated on correctness, it allowed me to be confident in 'dropping' ideas down and questioning things, which is not something we would have normally found easy to do (Strauss & Corbin, 1998). Thus, the memo-writing helped to move us further from the data and into a more analytic realm. This is the reason why we felt that this stage of the analysis was the most productive, because we consistently asked questions and noted all throughout, and challenged what they had said and the earlier participants in SMEs we interviewed, could be compared to what was said in the literature and to what the multinationals claimed too. Once a question was asked a memo was noted comparing what was said in the data with the literature and very specifically noting down what bit of literature, the author or what previous multinational interview we were specifically referring to.

Step 3 involved Axial coding whereby the concepts were defined and developed by identifying the significance it represents in the data (Strauss & Corbin, 1998). The level of axial coding is required because of the generation of many codes which must be reduced (Heath & Cowley, 2003). This was to enable similar activities and common characteristics that are related in meaning to be placed under common headings to be grouped (Strauss & Corbin, 1998). *The allocation of a name to each concept is found in Appendix 9, which provides the Coded and Concept 'Spider' Diagrams for the Main Investigation SME In-Depth Interviews.* Once a name was assigned to each concept, the concept was then numbered. Each of the coded names that were placed in each concept were also referenced with the interview number as well as the page of the interview. Furthermore, from where the data were assigned to that specific concept, the concept and its number were placed by the data in the transcripts.

Step 4 consisted of Selective coding for the final development of analysis, which involved selecting the core ideas and shaping these core ideas into a group of more abstract categories. The categories were developed for detail. This helped to explain what is going on and manage the number of ideas. This is also to find out what the key factors are in the context of the research. It is crucial for this research that data must be generated in order to develop theory. Some of the names came from the concepts as some of the concepts stood out as far broader and more abstract than the others, which showed similar characteristics. Another source of category names is in-vivo codes because they have turned out to be 'catchy' terms which helped to explain what is going on (Strauss & Corbin, 1998). They were further differentiated by subcategories. This formulates patterns as well as their variations (Strauss & Corbin, 1998). This helps to move towards theoretical completeness of the SME work.

6.9 Summary

Chapter 6 discussed the research approaches applied to the Exploratory study, the Main Investigation SME Short Interviews and the Main Investigation SME In-Depth Interviews. In order to present the rationale for the Pragmatic and Interpretative Approach adopted, a number of methodologies were considered. The research methods were set-up to answer the gaps in the literature, outlined in Chapter 5. Lessons were learnt from each research stage, and some methodologies had to be changed, such as focusing questions on the modes of internationalization that SMEs specifically employ and probing questions regarding these particular modes. However, the methodologies adopted successfully enabled the following topics to be explored: Employment of Expatriates, Flexpatriates and Communication Technologies, Networking, Social Capital and Trust that MNCs and SMEs employ, the driving factors for their uses and the implications for Internationalization.

The following Chapter, Chapter 7, will present the findings and analysis of the Exploratory study with the 10 MNCs and 1 SME.

CHAPTER 7

INVESTIGATING INTERNATIONALIZATION:

AN EXPLORATORY STUDY

7.1 Introduction

As highlighted in Chapter 6, this chapter will discuss the initial research of the research investigation, which is the Exploratory study with the MNCs and SME.

The main purpose of conducting the Exploratory study is to generate themes concerning the various modes of internationalization, that will be used in the main investigation. Another reason is to test the quality of the data and to find out whether it is suitable for empirical testing, for the main investigation. As part of addressing the research questions and to help explore SMEs in the Main Investigation, it is important to explore MNCs (e.g. Curran, 2006), to create an intellectual benchmark as a comparison grid with the SMEs. For example, it is the MNCs that the use an abundance of communication technology. It would be ideal to use this aspect as a comparative point with the SMEs. One SME, the Lighting Solutions Company, is interviewed in this study to provide some initial points of comparison.

Unstructured Interviews were employed for the Exploratory study, and content analysis to analyze the data. This involved line-by-line reading and coding to generate meaning and themes (Kvale, 1996; Denzin & Lincoln, 2000; Guerrier et al., 2009). Testing the methodology proved very useful because it lead to Strauss & Corbin's Grounded Theory Approach to be used for the Main Investigation SME In-Depth Interviews [Not the next stage of the study which is the Main Investigation SME Short-Interviews, as these employed Content analysis also].

The main findings of the Exploratory study with the MNCs is presented. In addition, two key findings from the coded data of the MNC findings is shown as this formed essential points for comparisons *(Appendix 7)*. A Summary will analyze the findings and literature in relation to the MNCs. A section will consist of the overall causes of the differences between the academic literature and the Exploratory study with the MNCs.

The main findings of the Exploratory study of the one SME, being the Lighting Solutions SME, in relationship to MNCs is discussed, as this formed similarities and essential differences as part of the early comparative work between the SMEs and MNCs *(Table 7.2).* Further research is required for the SME Main Investigation (Main Investigation SME Short-Interviews and Main Investigation SME In-Depth Interviews).

7.2 Main Findings of the Exploratory study with the Multinationals

The table below *(Table 7.1)* shows the Main Findings of the Exploratory study with the MNCs, which highlight some of the broad themes in this research context. [Very small amounts of Quantitative research have been incorporated with Qualitative research under the Pragmatic approach, as identified in Methods and Rationale (Chapter 6)].

Table 7.1 Main findings of the Exploratory with Multinationals

Findings ***(The study consisted of only 10 multinationals so it must be pointed out that the data collected can <u>only indicate</u> findings)***	**Responses from the various Exploratory studies**	**Numbers (factual information)**
The number of traditional expatriates are not dropping. Flexpatriates and communication technologies help a firms international activity. But the role of the expatriate remains significant. The physical mobility and face-to-face communication is required at some point. This finding indicates that there is a need for the physical mobility of staff. As a result, the findings indicate that the contemporary strategies cannot replace expatriation.	• *Expatriates are used for a particular individual where their knowledge/skills can be transferred to another country (International mobile telecommunications Corporation).* • *Develop their talent in order to make sure that their talent is trained very broadly using the global world to do so (International mobile telecommunications Corporation).* • *HR leadership from across the group must travel to headquarters to discuss important matters that simply cannot be communicated via communication technology. The discussions taking place are regarding what we are doing within the firm and the technologies we are using (International banking group Corporation).* • *Specifically for the initial stages of setting up our operations in a foreign country out of the 10 year initial stages, we export our capability and knowledge from our business into our newer markets (International grocery and general merchandising retail chain Corporation).* • *I don't think it has reduced the number of expats* (International grocery and general merchandising retail chain Corporation). • *I think the numbers [of expatriates] have been steadily increasing… so there is a need for us as an international company to keep on increasing how many people we have got on international assignments… so at the moment we are quite heavily looking for people to go to Singapore… (Global leader in insurance Corporation).* • *International travel is necessary when staff is needed to travel for relationship building, to move things on quicker at a day to day level. Videoconferencing can be used more when relationships have been established and there is established rapport. (International electricity and gas Corporation).*	9 respondents send staff out to overseas destinations (expatriation), with the exemption of respondent 1, from the world theme park. They recruit staff coming in to Abu Dhabi to work for the world theme park. All 10 respondents explained that high mobility strategies and communication technologies cannot replace expatriation/face-to-

	• *Communication technology is more of a support mechanism. The firm believes that there are things you can do through that so I don't think you will ever be able to have your CEO for India sitting here and not be in India (International mobile telecommunications Corporation).* • *We believe it is a support mechanism and not a substitute. We believe that people need to be there. However, communication is used to an extent because some staff don't need to travel as much as they may need to but there is no substitute. Travel is needed and to move people. Value for face-to-face contact remains, being personal remains rather than technology value in peoples side. Still dealing with human beings (International tobacco group Corporation).* • *Really depends on the business. But travel is crucial for many tasks such as an acquisition and establishing operations. Communication technology can replace up to an extent and then works as an aid. Technology has its complications (International computing Corporation).*	face interaction.
Cost efficiencies are taken into consideration when deciding whether to employ high mobility strategies and communication technologies as opposed to employing the traditional expatriate. But the findings indicate that cost efficiencies do not determine whether a high mobility strategy or communication technology should be used as opposed to traditional expatriation, which is what is expressed in the literature.	• *We challenge whether to send people out… we challenge traditional expatriation (International mobile telecommunications Corporation).* • *Dependent on the nature of business (Commodity business unit in a global diversified mining group Corporation).* • *Cost efficiencies considered in all of our decisions and everything we do (Global leader in insurance Corporation).*	9 respondents consider costing in their strategies. Although some emphasized the issue of costs more over others.
Communication technologies and flexpatriates significantly	• *Webinars are used if you're trying to give some information to a large group of people it's quite a good way of delivery because we have got some new studios in Newbury you can actually go into the studies and it can be filmed live and ask questions… it's actually a really good way of sharing some information with*	6 respondents explain that flexpatriates can aid business

aid business development	*a big group of people so for example we do it with HR, our HR director will do a regular HR webinar… he just uses it as a form of communication to let us know what's happening and any changes that are going on… It's perfect because we are a global community and we can't go round to every single country and meet everybody so it's a great method because it gives the HR director a chance and gives everyone a great visibility of him and to give his message and we get a chance to ask questions. It might be that somebody sat in the HR team in Ghana or India asks a question from a completely different question showing that we are part of a bigger global community. Some people would watch them together so there will be bigger groups and you can work from home and just watch from your laptop so it's just a very flexible way which is recorded if a member of staff misses it. Good way of communication' (International mobile telecommunications Corporation).* • *'Videoconferencing to all the major sites- operations in Copper division for 5/6 different areas they would have video conferencing in each facility' (Commodity business unit in a global diversified mining group Corporation).* • *A computer with a camera in the hallway would be set up outside of where groups sit and they would leave it going all of the time and when people were walking in the hallway they have hall talk because they have remote teams here and needed to collaborate and feel connected. You can have conversation with people because people who are in a virtual team don't get to see and connect obviously like the people in the same office together so that people can at any time sit there and see you know if anyone's walking by they keep it up on the desktop. These are technologies that are relevant and important for the future of the firm (International computing Corporation).* • *Efficiency and features of the round table. For example, let's say you're going through a power point slide so the individual that is presenting can share their desktop through this integrated communication so they can actually share their desktop with everybody in the room and everybody that's on the phone can see what's going on and what they're sharing to everybody as well as interact with one another and see one another and white boarding is possible through the interface as well. So you can literally have a meeting with people, virtually, without having to bring everybody into the same room. Also I can't have a hand-on team meeting every month with people in every location with different time zones because it is costly (also a reason for the use of hallway cameras) (International computing Corporation).* • *We have a lot of video conferencing facilities as well, which is intentional to cut down the amount of business travel they do so that's one of the main reasons why they have introduced a lot of video*	development. All 10 respondents believe that in some way or another believe that communication technologies can aid business development.

	conferences and video conferencing facilities in all of their main countries and main offices and it works very well. They have just introduced a brand new system recently around the world so that's really cut down a lot of business travel (Global leader in insurance Corporation). • *Sometimes when we have established operations overseas we send someone out for a few days or a short-term assignment say a month to check on operations (Global leader in insurance Corporation).*	
The problems and challenges associated with communication technologies are varied but become insignificant over the initial period of the technology being installed.	• *Bit strange when you're not used to it, when you don't know where to look, or where to speak to or you have to get used to seeing yourself on the screen. We are quite good at adopting the technology so although it might be a bit strange at first you very quickly get into the routine of using these things (International mobile telecommunications Corporation).* • *There is probably the set up fees. But if you think of the amount of people that are using them versus getting on a plane and hotel costs and all that part of thing (International mobile telecommunications Corporation).* • *A disadvantage of the videoconferencing is also the time delays which affects the conversation (International tobacco group Corporation).* • *Also another disadvantage is the time zones as well. With the use of communication technologies you can never avoid the time difference (International tobacco group Corporation).* • *Bit difficult to hear people from across the group, accents aren't great and connection problems. Serves the purpose so need to get used to it; must be chaired effectively for a good virtual team meeting [PS4]* • *Some people get a little anxious when they are told they are going be on a web camera, little shy and nervous about it at first and then you get rid of that and you get more comfortable with it. But that's the biggest draw back and no one has said anything else negative about it (International computing Corporation).* • *So it doesn't solve the time zone problem and while it may be great from an integration perspective the time needs to be right to have that dialogue. Does not always seem to be convenient for every situation… the first two times I said they were gonna use our camera today… and that way we would be able to see one another… interact with one another in real time and at first they were like OH! Well… what you have to realize is that it might be noon here in Redman, Washington, USA… but where you are its 8 o clock at night… I assume you're at home… you may have your shoes kicked off… you know your t-shirt thrown on rather than work clothes… Or something like that so if I'm having a call at 10 o clock at night and I'm*	9 respondents confirmed communication technologies can be problematic. This finding mainly came about from the probing of the interviewer. The disadvantages of communication technologies did not seem to be significant enough as respondents did not answer straight away and some really had to think about it. However, once some of them starting answering this question, the

	calling India I'm not gonna be in my office… I'm gonna be at home… and I WILL have a t-shirt on and not wanting to be on camera!… so that would be the other thing. Its 5 in the morning… you want me to be on camera… I haven't even brushed my teeth! (International computing Corporation). • *It's not the greatest form of communication connectors always, but the only downside is knowing that the actual person you're talking to on the other end when you can't see them is it the actual candidate, if you hire them and they show up, are you getting the brother who can speak English? Or are you getting the real person? So that's the downside (Theme park Corporation).*	disadvantages seemed significant.
Very few problems were found with the flexpatriate assignments. However, flexpatriate arrangements such as the short-term assignments and international business travellers are associated with high costs.	• *We do encourage it buts it's so expensive that they have to again be very pragmatic and think the cost of bringing someone from China to London to a job weighed up against paying for a new person and getting someone from one of our competitors and bringing them in so they have got to weigh up the costs… like most things it just comes down to cost (Global leader in insurance Corporation).* • *They won't ever send people on assignment or being people in or short-term business trips or anything like that unless there is some value for them for them doing it and that if they can't justify it and produce evidence to support why they are doing it then they won't do it so [firms name] it feels quite bureaucratic sometimes but actually its absolutely why their firm is as strong as it is financially because they don't waste money they don't spend money on things unless they can justify it that it's a good business reason (Global leader in insurance Corporation).*	2 respondents discussed this.

7.3 Discussion of Two Key Findings from the coded data

This section presents two key findings. The number of respondents who expressed these responses are included which helps to develop the factual information.

The two key findings are crucial to discuss in-depth as it becomes a significant comparative point with the Main Investigation SME Short-Interviews and the Main Investigation SME In-Depth Interviews. These discussions are provided in the overall analysis in Chapter 10.

The key findings are interpreted (Matthews & Ross, 2010; Janesick, 2011), and relate to the literature review, *with particular reference to Perlmutter's theory (1969) and Edstrom & Galbraith (1977).* The discussion of findings include both the qualitative responses and also a count of the number of occurrences e.g. number of expatriates employed.

7.3.1 Key finding One: Expatriation is significant and cannot be replaced by a 'mixed-economy' of flexpatriates and communication technologies.

We explore the participants in relation to the purposes as to why expatriation is employed. Nine out of the ten firms employ traditional expatriation.

Line-by-line reading was conducted to group the data in line with the purposes of traditional expatriation, in various codes ready for content analysis. Each purpose as identified, is analyzed.

Purpose 1: Knowledge transfer/sharing and establishing overseas operations,

Purpose 2: Discuss important matters,

Purpose 3: Staff development and to experience different cultures,

Purpose 4: Nature of the firms business, and

Purpose 5: Utilizing great talent in particular markets.

Purpose 1 is for knowledge transfer/knowledge sharing and establishing operations. Knowledge transfer mirrors the first key motive developed by Edstrom & Galbraith (1977). As the coded data in *Appendix 7* shows, six of the respondents asserted that one of the major reasons for the requirement of international assignments stems from the knowledge transfer/knowledge sharing and to establish overseas operations.

The International Mobility Manager and her colleague within the International Mobility division from the International mobile telecommunications Corporation explain that, *'expatriates are used for a particular individual where their knowledge/skills can be transferred to another country, particularly present in emerging markets'*. The Development Director for Asia from the International grocery retail chain Corporation claim the employment of traditional expatriation is a key strategy to their overseas activity because they are setting up operations in various countries where there are under-developed retail markets.

'Specifically for the initial stages of setting up our operations in a foreign country out of the 10 year initial stages, we export our capability and knowledge from our business into our newer markets.'

She further explains the significant reason as to why this is:

'The markets that we tend to go into, we look for countries where the retailing market is under developed and where there are high populations of people. For example, operations in China, India, Korea, Thailand and Malaysia all meet that criteria but it means that we would be going into a market where the profession of retailing is not very well established... so we simply must export the knowledge and skills into the foreign location ourselves.'

This firms' aim is to develop a huge customer base; their products need to be localized, thus expatriates need to physically be sent out there to engage with the customer base.

This case mirrors the ethnocentric approach as it is the home-country nationals that are sent out to transfer knowledge. The crucial nature of knowledge transfer is placed within the key roles at the headquarters.

Purpose 2 is to discuss important matters. The Head of HR from the International banking group Corporation suggests that the decision on whether to employ traditional expatriation stems from important matters being discussed. She explains that:

'HR leadership from across the group must travel to headquarters to discuss important matters that simply cannot be communicated via communication technology. The discussions taking place are regarding what we are doing within the firm and the technologies we are using.'

This response shows that the face-to-face interaction and physical mobility of staff would be required for some tasks of the business. This is not one of the motives developed by Edstrom & Galbraith but this motive has been expressed in the literature (e.g. Harzing, 2011).

Purpose 3 is staff development and to experience different cultures. The Head of HR from the International electricity and gas Corporation discussed that experiencing different cultures is part of the expatriate's succession and career planning. Many of these firms such as the International Mobility Manager and her colleague in the International mobile telecommunications Corporation, describe this reason '*As a 'talent move' so it's about working in another culture'.* In addition, the Director of Global Mobility from the International computing Corporation, suggests it is to '*develop their talent in order to make sure that their talent is trained very broadly using the global world to do so.'*

The International Mobility Manager and her colleague from the International mobile telecommunications Corporation, explain their main focus is about developing the talent for the key roles within the firm and those particular people that the firm wants to develop so it's about making that 'match'. In order to develop these selected individuals, they want their expatriates to live and experience other countries and want staff who are likely to be their future leaders to develop more of a global mindset and so it is necessary to invest in them. Both participants explained that they require their expatriates to '*experience different cultures to become future leaders in order to gain a global mindset*'. Some of the firms also reinforced this point.

The reason as to the motive for employing expatriates described above is management development, which is the second motive developed by Edstrom & Galbraith (Reiche et al., 2009). This is where an international transfer gives the manager international experience and develops him/her for future important jobs. This kind of transfer would be conducted even if the qualified host country nationals were available because the firm would want the expatriate to gain the experience. Wittig-Berman & Beutell (2009) reinforces this point by suggesting the longer-term expatriates are preferred for just involving management and development. However, Crawley et al. (2009) suggests expatriates should not be so significant within firms because of the culture shock they are exposed to when living in a different country, especially with a vastly different culture (Crawley et al., 2009). They suggest they could become less useful to the parent company as the expatriates could have difficulties becoming acquainted with the new culture. However, the role of the expatriate seems important from the perspective of those firms questioned. The responses from the multinationals seem to put significant emphasis on the expatriates becoming future leaders than Edstrom & Galbraith do. These cases could suggest an ethnocentric approach because the firm wants the expatriates to develop by gaining international experience within the key roles, even if the local people could fill a position.

Although these findings confirm what is expressed in the literature with regard to expatriates being employed for leadership purposes (as experiencing different cultures aids the expatriates in becoming future leaders), this was not portrayed as a highly significant reason to employ expatriates in the literature. In fact, scholars have repeatedly stated the motives for expatriates, developed by Edstrom and Galbraith as being for managerial control, development and knowledge transfer.

In contrast, the Director of HR from the Global leader in insurance Corporation, explains the staff who are assigned to these projects are for their most talented staff and they are very clear on how they define talented people. This is because it is very expensive in terms of the costs of travel, and investment in training. Essentially the goal is that they can bring back to the company what they have learnt. This helps them perform and be better at what they do.

Purpose 4 is about the nature of the firms business. The nature of the firms business has been cited as a reason which determines whether traditional expatriation is employed, which is mainly discussed by the Director of Global Mobility from the International computing Corporation. The staff within many different groups are located all over the world and therefore staff sometimes need to travel to meet with other staff. This participant explains,

> *'the employment of expatriation depends as there are lots of different things and groups going on across our many overseas locations where the groups fulfil very different roles.. it really depends on what the role is that the individual is applying and what the business requirements are so it could definitely be asking the member of staff to just stay there indefinitely or it could be to put someone on assignment and put them there for three years'.*

This rather general motive has not been discussed by Edstrom & Galbraith. This reason seems to be of high significance in this MNC in comparison to some of the other MNCs which also talk of this reason. This motive does not seem to apply to Perlmutter either. However, it could be argued that this case implies a polycentric approach because a high level of autonomy and responsibility is given to the product development groups in India and not at the headquarters.

Purpose 5 concerns utilizing great talent in particular markets. A firm's decision of whether to go abroad or not is only discussed by the Director of Global Mobility from the International computing Corporation '*if there is some great talent in that particular market then the firm needs to be able to utilize that great talent. In four locations.. Europe, Fargo, California and Redman staff are constantly interacting and successfully shipping products as* *a virtual team. The best talent is not just in the US and therefore software needs to be developed so that interaction can be carried out across various countries.'*

This point goes hand-in-hand with the geocentric approach discussed within Perlmutter's theory. The geocentric approach has been defined as positioning people within roles at the headquarters and subsidiaries recruiting the best person capable of filling that role irrelevant of what nationality they are, and neither do they feel the aspect of superiority (Johnson & Turner; 2003; Scullion & Collings, 2006; Reiche et al., 2009). This means that home-country nationals have not been used but it is about the best person filling the role who have the great talent (Scullion & Collings, 2006).

This also applies to the points made by MNCs such as the Director of HR from the International insurance Corporation regarding employing local people. This participant suggested that sometimes they even use people locally if it is cheaper and if they have the expertise. This suggests a geocentric approach. Thus, they do not send out someone from their headquarters just because of their position in the firm (seen as an ethnocentric approach), whereby the best person is recruited irrelevant of their nationality, but based purely on their ability. Different labour markets and flexibility in different assignments suggests that international working is shifting to high levels of a geocentric approach. This case could also imply a polycentric approach because utilizing talent that is not of the home country would give headquarters less control as they may not be making all of the decisions.

Nine respondents stated that due to the importance and significance of the traditional expatriate, a 'mixed-economy' of flexpatriates and communication technologies cannot replace traditional expatriation. For example, the International Mobility Manager from the Tobacco group Corporation explained face-to-face interaction is needed because of the human element '*…We believe it is a support mechanism and not a substitute. We believe that* *people need to be there. However, communication is used to an extent because some staff don't need to travel as much as they may need to but there is no substitute. Travel is needed and to move people. Value for face-to-face contact remains, being personal remains rather than technology value in peoples side... Still dealing with human beings'.* The Director of Global Mobility from the International computing Corporation suggests expatriates and face-to-face interaction is required because of the nature of the business, *'...Really depends on the business. But travel is crucial for many tasks such as an acquisition and establishing operations.* Communication technology can replace the expatriate to an extent and then works as an aid. Technology has its complications. However, it seems that the bottom line is that all firms suggest that expatriation cannot be replaced.

This section provides an interpretation and discussion (Analysis) of the findings in relation to the employment and the purpose of expatriation with reference to the literature.

The literature has presented arguments for the purpose and significance of the employment of traditional expatriates. The data collected finds and strengthens support for the significance of traditional expatriation. Traditional expatriates are in many cases, deemed as the preferable option in the earlier stages of internationalization, as opposed to the alternative modes to help with establishing operations by the export of their capability and knowledge from their business into their newer markets in order to achieve international business development. The literature review showed that as a result of the impacts of globalization, intense competition and the significant costs of expatriate failure, scholars claim firms are reconsidering their expenditure by cutting costs on international assignments (Selmer et al., 2008; Wittig-Berman & Beutell, 2009) However, the data from this research has shown that although multinationals challenge their employment of expatriation, they do not in fact cut down on the numbers of expatriates.

The difference between data and literature concerning numbers of expatriates is analyzed. For example, the Development Director for Asia from the international Grocery and Retail chain Corporation explains that:

'I don't think it has reduced the number of expats we have but it certainly has helped for my job, if you look at my job, so I'm management development for Asia, its enabled me to do this job still based in the UK which I wouldn't have been able to do otherwise so you know that's if you do a multi country job which mine is then I think then it substantially helps'.

The Director of HR from the Global leader in insurance Corporation states that:

'I think the numbers [of expatriates] have been steadily increasing… I think [firms name] is you know… much more international over the years and all the sort of acquisitions and mergers so it makes for different countries and companies so we're expanding in Asia… we're expanding in Eastern Europe so there's a lot more business travel to go do a project or something… that may convert into a longer-term assignment so they stay longer… so there is a need for us as an international company to keep on increasing how many people we have got on international assignments… so at the moment we are quite heavily looking for people to go to Singapore'… The insurance Corporation clearly shows that the more international their corporation becomes the more people they need to send overseas. Thus, this study indicates the numbers of expatriates are not dropping, which were expressed in the literature e.g. Selmer et al. (2008). However, the findings do confirm what has been found in the literature, that high mobility strategies and communication technologies are becoming very important (Collings et al., 2007; Meyskens, 2009). *But the findings show that they are not necessarily becoming more important than expatriation.*

The points made above show that the purpose of the expatriate is significant. In addition, the employment of expatriates does not particularly need to fit into the core purposes as developed Edstrom & Galbraith e.g. to control overseas operations, but the use of sending staff overseas can be to help staff to become acquainted with other cultures.

The causes of difference between data and literature are analyzed. The number of traditional expatriates is increasing along with their importance, despite the mentioned scholars in the literature arguing for the employment of a 'mixed-economy' of flexpatriates and communication technology is becoming more important. These scholars argue that flexpatriaion and communication technology are becoming more important because traditional expatriates are expensive and time-consuming to administer and organize, and that the number of expatriate failures is still high and a significant problem. As a result, some scholars believe that a 'mixed-economy' of flexpatriates and communication technology are the solution. The reason as to why the numbers and purpose of expatriates are significant from the findings (in addition to the significant purposes of expatriates discussed above) are that the face-to-face element cannot be underestimated.

The emerging theme from the analysis is that the findings indicate that the number of traditional expatriates are not dropping, remain high and are increasing. Traditional expatriates remain significant (despite some literature suggesting that expatriates are no longer as important as the flexpatriate). This indicates that there is a need for expatriates because face-to-face communication is required in some situations to meet face-to-face with clients, partners or suppliers (external communication). Thus, a need for the physical mobility of people could be required, which cannot be replaced with a 'mixed-economy' of flexpatriates and communication technology.

The findings help to address the research question regarding whether traditional expatriation is significant within an organization. This information is necessary to enable us to examine the extent to which the traditional expatriate can be compromised by the employment of the alternative modes to internationalization. The introduction explained the concept of globalization and it seems as though firms need to employ the traditional type of expatriate mainly for international growth reasons and to help develop business face-to-face. The findings confirm the significance of expatriation as expressed in some of the literature. The findings also show that due to the significance of the role of the expatriate, organizations will not always be able to move away from expatriation in favour of the alternative modes to internationalization as suggested by a significant amount of the recent literature e.g. Meyskens et al. (2009).

7.3.2 Key finding Two: Costing is considered but is not a determinant of strategy

In order to explain the costing decisions that an organization makes, the factors assisting the decisions from which strategies are developed, need to be investigated. The theme itself evolved as a direct result of answering the questions regarding the disadvantages of expatriates, the reasons for employing a ‘mixed-economy’ of flexpatriates and communication technology as well as their benefits. Asking for advantages and disadvantages are effective measures of this variable. All of the interviewees responded and were able to provide supporting empirical examples and justifications to their responses.

The interpretation and discussion (analysis) of the findings are provided in relation to the costs of the modes of internationalization in relation to the literature.

The literature showed that decisions on the type of assignment selected, depends on low costs as opposed to employing the traditional expatriate. The employment of cost effective strategies has become a popular theme within the literature supported by some scholars (Selmer et al., 2008; Sparrow, 2009; Milan, 2010). The literature suggested that as a result of the significant changes in the business environment, the dynamics concerning international working and the types of assignment have changed. The critical factor of low costs is also a countlessly re-occurring theme within the academic literature because there is the notion that traditional expatriation is a costly process. The International HR Specialist from the International Automobile Corporation, discusses how '*The expatriate assignment is more costly to the company because it's longer term and there are benefits that have to be included, for example, the costs of the family accompanying them is significantly a higher cost. For long-term assignments they have an allowance visit. Also, they get full intercultural training, for example, a lot of people were sent to China so they make sure that before they go to China they are fully aware of the lifestyle there and address all the 'do's' and 'don'ts' and also on the business side they get training on how they behave there and what the acceptable norms are in order to be successful on assignment'.* This extract mirrors the many expenses of the expatriate as expressed in the literature (Black & Gregerson, 1999; Buckley & Brooke, 1992).

The International HR Specialist from the International Automobile Corporation explains that there are extensive costs involved with long-term assignments that include intercultural training. This concurs with the literature. Also, the CRcME report (Centre for Research into the Management of Expatriation, 2010) (survey of 500 MNCs in Europe) explains that the flexpatriate assignments are less complicated to administer as they do not require relocation costs. There are also no repatriation costs and no complex international compensation packages (Mayerhofer & Hartmann, 2004). There are differences within the academic literature as to what the advantages are perceived to be. The respondent from the Automobile Corporation explained that the trend of the previous company she worked for was to send local people from another company to another local country consisting of some relocation assistants. She added that she assumes that, in these previous companies, this is how they tried to minimize their costs, and reduce paying for the full cost of expatriates.

The findings from the literature would suggest that decisions on how to staff positions do not fit with any of Perlmutter's theory but is dependent on some consideration of low costs.

Taken together, some of the literature concerning the employment of low cost strategies suggests that low costs can have a significant influence on the decision to use alternative assignments. The main reason that has been cited in the literature for the employment of alternative assignments such as short-term assignments has been so that firms can contain their costs with significantly lower costs than global expatriation.

This influence occurs because introducing low costs and less risk can increase the competitive position of a firm. The academic literature has presented cost efficiencies to be a *significant determinant of employing alternative types of assignments* e.g. communication technologies as opposed to the traditional expatriate which incurs high costs. However, in huge contrast to the literature, the findings particularly from two firms will present a significantly different case.

This section explores what the findings show. Although long-term expatriation is employed by 9 of the multinationals, costs are considered. The International Mobility Manager and her colleague within the International Mobility division in the International mobile telecommunications Corporation explains how, '*We challenge whether to send people out… we challenge traditional expatriation'.* Although they use high numbers of expatriates, the employment of expatriates is fiercely questioned so as to not waste the firms' time or expense. They ask themselves that if they do not need to send staff abroad they will not, but instead will use an alternative to this international travel. They challenge and question exactly why they need the person, whether it be for talent development, skills or knowledge transfer. This point was also suggested within the practitioner literature (e.g. Butcher, 2005). It has been suggested (especially because of the economic conditions) that firms should review the need for face-to-face meetings as not every meeting needs to be face-to-face; virtual collaboration can provide real alternatives (Goulding, 2009: b).

The respondents explained that a reduction in travel can cut costs although both respondents from the International mobile telecommunications explain that it's not just about costs but whether technology might be able to replace the travel. Can IT replace face-to-face interaction? However, the Director of HR from the Insurance Corporation have discussed that they also challenge the employment of expatriates to essentially cut costs. However, for two of the firms, the International mobile telecommunications Corporation and the Mining group Corporation, cost efficiencies are *only a part of why* they change some of the ways they communicate and staff overseas positions. The potential cost efficiencies made from technologies is certainly not the main factor in how these firms conduct their operations.

The Development Director for Asia from the mining group Corporation suggest that technology is a suitable alternative to employing mail delivery, which consumes time and expense. However, it is important to point out that the respondent explained these cost efficiencies are an *advantage but not an alternative to* expatriate assignments. However, in contrast, the Director of HR in the Global leader in insurance Corporation has a slightly different perspective, whereby claiming that the costs are considered in everything that they do and any decision they make. But they do suggest that costs are simply '*dependent on the nature of business*'. However, when the respondents were asked what the advantages were to employing high mobility strategies and communication technologies, only the participants from two of the firms, the International mobile telecommunications Corporation and the Global leader in insurance Corporation suggested that IT cost efficiencies could be an advantage to the organization when operating globally.

The nature of the business demands whether expatriation will be employed or not and IT costs are important and thus, Perlmutter's approaches do not seem to apply.

The findings also, do in fact show that flexpatriates and communication technologies to be associated with high costs. For example, the Director of HR from the insurance Corporation explains that '*we do encourage it* [short-term assignments] *buts it's so expensive that they have to again be very pragmatic… They won't ever send people on assignment or bring people in or short-term business trips or anything like that unless there is some value for them for them doing it'.* The argument of this statement is yet to be found in the literature. Overall, the findings related to costing determines shifts more widely in the activity of companies, which could indicate some changes to the dynamics of the literature with regards to international staffing and communication.

The causes of difference between the literature and the data are analyzed. The findings confirm that low costs are important. This is also confirmed in the literature. Changing business environments, intense competition and the high costs of expatriate failure mean that organizations need to focus on containing their costs for expatriates, flexpatriates and communication technologies. However, they do not confirm that cost is the most significant advantage by all of the organizations when deciding the employment of expatriates.

The causes as to why cost efficiencies are not a significant factor in the multinational data in this study (in terms of low costs being an advantage) as they are in the literature are given thought.

On the one hand, the reason as to why low costs are critical and seen as an advantage is to save time and expense for some MNCs and not as a determinant as to whether a firm should send an expatriate overseas or not as confirmed in the literature. This could be that multinationals have a substantial amount of finances. On the other hand, low costs have not been a significant integral factor for all MNCs, may be because for years firms have solely relied on the employment of traditional expatriation to develop their global operations. It has been the role of the traditional expatriates to develop management talent, to integrate their operations across international borders and so forth. Many MNCs may still not be confident enough to dive into other forms of assignments. It may be that cost efficiencies are inter-related with other determinants.

The analysis of Conclusion Two is provided. The literature expresses that flexpatriates are used because of low costs. However, the findings indicate that cost efficiencies are taken into consideration when deciding whether to employ high mobility strategies and communication technologies as opposed to employing traditional expatriation. But cost efficiencies *do not determine* whether a high mobility strategy or communication technology should be used as opposed to traditional expatriation. Multinationals will pay the high costs wherever the business demands; so if the nature of the business demands high costs and expatriation then they will be used. Multinationals are not saving on expatriate costs but just on general international travel costs such as business trips as well as saving on IT costs. Multinationals want to make cost efficiencies but the IT and flexpatriates cannot give them these cost efficiencies as they are still employing expatriates. It may be that cost efficiencies are inter-related with other determinants.

The findings concerning the costing decisions a multinational makes can significantly help to address the research question regarding why certain strategies of staffing and communication are used over others. The findings somewhat confirm the significance of cost efficiencies as expressed in a substantial level of the literature, which concerns the alternative assignments being used as opposed to the traditional expatriates. However, a rather significant difference with the literature is that the multinationals discussed that cost efficiencies *do not determine* whether flexpatriate modes of internationalization are used as opposed to expatriation.

7.4 Summary of MNC findings and Reading

A summary of the MNC findings and reading is provided in relation to Expatriation.

Some of the academic literature suggests the role of the expatriate is diminishing and that the role of the Flexpatriate and Communication Technology is becoming more important.

However, this research finds support for the significance of traditional expatriation. Despite the recent academic literature portraying how important the alternative assignments have become, the findings from the Exploratory research show that the numbers of traditional expatriates are not necessarily always dropping but in some cases are also increasing. Flexpatriates and communication technologies help a firms international activity. But the role of the expatriate remains significant. This shows that the role of the expatriate is not diminishing as it is claimed in some of the literature (Mayerhofer et al., 2004; Capellen, 2005; Welch & Worm, 2005; Selmer, 2008; Starr & Currie, 2009). An established reason for the employment of traditional expatriates, as developed by Edstrom & Galbraith (1969) such as managerial control are less focused on in the findings. Traditional expatriates are in many cases, deemed as the preferable option in the earlier stages of internationalization, as opposed to the alternative assignments to help with establishing operations by the export of their capability and knowledge from their business into their newer markets. In addition, the physical mobility of face-to-face communication is required at some point. The findings indicate there is a need for the physical mobility of staff. As a result, the findings indicate that alternative strategies cannot replace expatriation.

Interestingly, some academic literature (Mayerhofer & Hartman, 2004; Welch & Worm, 2005; Selmer, 2008) argues that the expatriate should not be so significant as part of the internationalization mode for MNCs because of the culture shock they experience. However, in contrast many of the respondents from the findings emphasize the importance for staff to actually live and experience different cultures to gain a global mindset. Some of the literature also reinforces this point to a very high degree, as staff have to have the ability to become far more flexible in their assignments as well as the greater number of cultures they experience. Flexibility for external communication, e.g. with clients, is important. Modern communication technology is needed for businesses to get in touch with one another instantly and cheaply without having to travel too much.

A summary of the MNC findings and reading is provided in relation to Cost Efficiencies. Cost efficiencies are taken into consideration when deciding whether to employ High Mobility Strategies and Communication Technologies as opposed to employing the traditional expatriate. But the findings indicate that cost efficiencies do not determine whether a High Mobility Strategy or Communication Technology should be used as opposed to Traditional Expatriation, which is what is expressed in some of the literature (Selmer, 2008; Milan, 2010). It may be that cost efficiencies are inter-related with other determinants. Having said this, the MNCs only use travel when necessary.

In addition to the cost savings, the employment of alternative assignments will also be less time-consuming. This is a factor that has not been made significant in the literature. One way that these types of assignments provide a less time-consuming process is that technology could be employed as opposed to the traditional expatriate. Another factor that seemed to be made highly significant in the findings (e.g. Theme Park Corporation) is how extensively technology can help the level of external communication, in particular with clients. The findings confirm that technology is used to cut costs. However, technology is also used for reasons beyond containing costs such as taking the opportunity of using technology to employ the best talent available.

In the literature the use of mobile phones has been identified and supported as a way of communicating and cutting costs (Mobile Data Association cited in Government Technology, 2009; Khanna, 2009). However, none of the firms explained the cost efficiencies of the mobile phone.

A summary of the MNC findings and reading is provided in relation to Communication Technology. Most firms use various forms of effective communication technology in the MNCs. This was confirmed in the literature. This research also provides insights that are not as significant in literature. For example, the respondents discussed additional types of technologies used in their firms that are not particularly significant in the literature, such as instant messaging or the smartphone. The academic literature explains that alternative assignments integrate various communication technologies that are employed in order to contain costs in comparison to the high costs of the traditional expatriate.

Another significant purpose in the findings explains that technology is used for discussions when communicating with other people internationally. This has been confirmed in the literature (Ongori, 2009; Lucas & Mansfield, 2010). In fact, videoconferencing has been acknowledged as the most popular form of communication technology. It has advanced, so much so, that whilst video conferencing, documents/images can be shared so that they can be seen by everyone. Some of the firms discuss internet share points to be an effective strategy of sharing information. In addition, it helps with discussions for others who are overseas to get involved in as well, as webinars are a way of communicating in-house.

In addition to this, firms also explain that video conferencing is used for debates. This is an interesting finding because it shows that people do not have to necessarily, at times, have to travel to meet face-to-face. This suggests that the voice quality and screen/image quality must be clear enough that can allow discussions to take place effectively. Technology is used simply because there are areas in the business unit where communication technology can be used as opposed to the travel.

The advantages of technology such as the fast connections of broadband, mobility, flexibility, instant contact, quality improvements, efficiency and ease of convenience as well as the cost efficiency that technology can provide, confirms these factors have been discussed in the literature. However, the findings shed light on other factors that have been made more significant. Firstly, a factor highly emphasized by the two respondents from the mobile telecommunications company are that they do not have landlines for any of their staff but management have replaced them with mobile phones, making everyone aware of their availability, whether they work from home, another country or anywhere in the world. This does not feel strange at all to anyone because everyone is aware of their availability and can be contacted anywhere in the world. Also, the respondents explain that instant messaging is a suitable form of communication as staff can contact other staff overseas, see who is available and pin them a quick note. This availability factor (technologies that can show whether an individual is available to talk to) was only made significant by these two respondents. It could be that this factor was not made as significant in the literature but in the findings, particularly the mobile telecommunications company, because of specifically the way they work and their business culture.

Secondly, another advantage the various respondents raised as significant, is the body language that can be witnessed on the video conferencing screen. Body language was not emphasized in the literature. However, the information from the findings suggests differently. In fact, this factor is seen to be so significant that it was expressed by many of the respondents and it was the first thing that many of them suggested to be an advantage.

The disadvantages of communication technology raised from the findings confirm some of the disadvantages raised in the literature e.g. Coppock (2009) (specifically the practitioner literature e.g. Butcher, 2005). These are difficulty hearing other persons when communicating internationally, difficulty of the systems and technologies, connection problems, initial set up of technology. In addition, some aspects of communication technology, are being less rich than face-to-face communication, have also been presented. Thus, the use of communication technology may not be able to provide the effective communication that would occur if people are to communicate face-to-face.

In contrast, there seems to be two significant disadvantages that were not made significant in the literature. The first significant disadvantage is the time difference/time zone. The second significant disadvantage is the strangeness of being on camera. Other factors of less significance were also the missing verbal and body language that cannot be seen clearly on communication technologies, such as video conferencing. In addition, the misuse of technology is also not mentioned.

The problems and challenges associated with Communication Technologies are varied but become insignificant over the initial period of the technology being installed.

The literature also discussed the problems of Communication Technology, however, there was little on how these problems are resolved by firms. The practitioner literature discussed the significance and benefits of Communication Technology but also hugely explained the significant problems of communication technology.

A summary is provided of the MNC findings and reading in relation to Flexpatriates. Support is found for the purpose of the short-term assignment such as to transfer knowledge or to fill a skills gap. However, the most popular purpose is mainly due to the nature of the firms business and what they need to do. This was not a significant reason in the literature. Two of the firms, described how business travel and the short-term assignment are used to engage in face-to-face interaction. Thus, a key tool for developing their external communication and business development. Face-to-face interaction is needed to retrieve the information correctly. These relatively new insights from the findings show that the purpose of employing business travel and short-term assignments is more than to fill a skills gap, but face-to-face interaction is needed.

The advantages of being employed on short-term assignments were confirmed in the literature, for example, the buzz of working in an exciting location (Dowling & Welch, 2004; Redman & Wilkinson, 2009). However, in contrast to some of the insights of the disadvantages of the business traveller in the literature, the respondents do not report on any disadvantages. One of the significant disadvantages of the business traveller is the stress encountered from the frequency of travel and how this can have a profound negative effect on family life. Even this disadvantage was not claimed by many of the respondents.

The literature has mostly found that short-term assignments diminish the family problems associated with the traditional expatriate, as the short-term assignees will not be overseas for more than 6 months to a year so will be away from home less. However, the more recent literature in Chapter 2 suggested that family problems are in fact associated with short-term assignments (Starr & Currie, 2009; Milan, 2010). This research finds support for this as some respondents claim the existence of family problems to be associated with the short-term assignments too. This will be further explored.

The advantages and disadvantages can help to assess the extent for the employment of flexpatriate staff. The main reason that has been cited in the literature for the employment of alternative assignments has been so that firms can contain their costs with lower costs than expatriation.

Very few problems were found with the Flexpatriate assignments. However, flexpatriate arrangements such as the short-term assignments and international business travellers are associated with high costs. The literature (Mayerhofer et al., 2004; Selmer, 2008) argued that the short-term assignments are seen as a lower expense than the traditional expatriate. However, the MNCs in our sample explained that although the short-term assignment entails lower costs, they are still expensive in their own way.

Perlmutters's theory and differences between MNCs and the Lighting Solutions SME are presented. Perlmutter's theory (1967) shows that multinational organizations employ expatriates. We needed to explore whether Perlmutter's theory is relevant and applicable to SMEs. Do SMEs follow the same activities as multinationals do to develop internationally? Are expatriates important to the international development of SMEs? The findings in relation to the MNCs showed that they follow Perlmutter's theory. However, by reflecting on Perlmutters theory, SMEs do not follow the same activities as MNCs do and don't develop internationally in the same way.

A significant contribution that has emerged from the findings is the differences between the multinational and the SME in terms of the employment of international travel, global expatriation and the various forms of communication technologies used. SMEs are much more conscious of costs. They do most of their business with the use of communication technologies and use of former staff or existing contacts. We intend to obtain further insights in the main investigation. The main investigation is dedicated solely to SMEs (apart from one interview with a Financial Traders MNC Corporation) to explore more about the international travel and the communication technologies used within the SME to aid their overseas activity, and to make the much needed contributions to the academic literature. This thesis will particularly look at any additional variables experienced by SMEs in contrast to the multinational organizations.

Firms are becoming more flexible with selecting those people who are right for the job. For example, one of the firms mentioned that sometimes they even use people locally if it is cheaper and if they have the expertise. Thus, they do not send out someone from their headquarters just because of their position in the firm (seen as an ethnocentric approach). Different labour markets and flexibility in different assignments suggests that international working is shifting to high levels of a geocentric approach. Using local people instead of home country-nationals has more or less been discussed in the literature. In addition to this, companies can now use the best talent (despite seniority positions).

This section provided an evaluation of the high mobility strategies and the communication technologies in relation to MNCs. This evaluation can provide extensive justification of the extent to which the alternative forms of assignments can be employed to replace the traditional expatriate. The findings from the literature shed little light on the disadvantages of high mobility strategies, especially how communication technology, would impact the company. The literature does not provide sufficient justification for the extent to which the disadvantages would affect internal communication and external communication within an international communication network as well as business development. Therefore, claims by some scholars that communication technology is more important than the traditional expatriate are made on little basis. The findings from this research provide more substance to derive to such a decision and more importantly for the practice of SMEs.

The findings identified in the academic literature concerning the implications of alternative assignments have been substantially under-researched despite some recent research. However, the Exploratory Study, shows that there are fairly significant implications of technology. The reasons as to why these implications have not been discussed in the literature as much as they were explained in the Exploratory study could be for various reasons. One of the reasons could be because the alternative assignments are significantly under-researched, the implications simply have not been found. Alternatively, it may have not been necessary or valuable to research staffing methods that are not used as much as in some firms.

7.5 Main Findings of the Exploratory Study with an SME

This section outlines the outcome of the Lighting Solutions SME explored, which was important to derive some differences or similarities with the MNC to be considered for the main investigation. It is necessary to become introduced with the nature of SMEs in order to help define the further research.

The Lighting Solutions SME is a very small firm consisting of only a handful of employees, conducting international activity in Germany, Turkey and China. The owner of this SME was interviewed in order to be able to indicate whether the interview questions will work with the further SMEs in the main investigation, as well as to explore any differences and similarities between the nature of the MNC and SME. Although a comprehensive comparison cannot be made between 10 MNCs and 1 SME, the table below *(Table 7.2)* shows some similarities and contrasting differences in relation to the Internationalization modes employed by MNCs and an SME. These insights will help indicate some of the aspects necessary to consider to help design the questions for the main investigation and to help refine the further research to take place based on the SMEs.

Some of the similarities and differences between the nature of the MNC and SME are discussed. We found that one of the main outcomes of this interview, which is necessary to think about in the main investigation, is that, compared to the multinational firms, the nature of the SMEs is highly different due to their limited resources (constrained by their budget and the number of people they have employed in their firm). The table below presents some of these interesting differences and similarities. We gave more thought to the nature of SMEs and their international activity. The nature of the questions are different to the questions asked of the multinationals. If the questions are not tailored to the SME, substantial and relevant information relating to SMEs may not be able to be derived.

Table 7.2 Similarities and Differences between the Internationalization modes employed by the MNCs and SME

	Contrasting differences		**Similarities**
Concept	**MNC**	**SME**	
Expatriation	• The strategies employed to aid business development within the multinational seems to dominantly employ traditional expatriation to enable the firm to establish operations overseas and to develop long-term relations with their partners and clients.	• In contrast to the multinationals that employ traditional long-term expatriation, the responses from the SME interviewed differed. The Managing Director from the SME, explained that he does not use any expatriation at all. In fact, his staff travels overseas covering a duration of no longer than a week. International travel that covers a duration of a few days to three weeks are defined as business trips (Mayerhofer et al, 2004). Thus, the travel that is conducted within the SME would be categorized as business trips. Very little international travel is used so much so that the use of the telephone but particularly the email and use of their website helps with 80% of the majority international business activity. The email is most important and is increasingly important because drawings, specifications and prototypes will emailed to the client and so it will be the dominant main communication tool that will help develop the business. The SME uses relatively basic communication technology but to extensive levels (80%) to aid business development.	• Although the different types of staffing and international travel that the multinationals and the SME explored are different, both types of firms need to conduct some face-to-face communication at some point within their business activity and with relationships with their clients and partners. As the responses from the multinationals showed, expatriates need to be sent overseas in order to establish operations overseas or transfer knowledge to other persons. In a similar way, SMEs need some level of physical mobility of a staff member from within the firm that is not necessarily the Managing Director, is required to travel overseas for Public and Customer relations. Seeing people face-to-

		• The strategies employed to aid business development within the SME questioned are from the employment of communication technologies. This is an interesting finding but further interviews with SMEs will be required to provide further insights to find out if this is a reoccurring theme in those SMEs too.	face can help with long-term relationships and thus their external communication with partners, clients and suppliers. Physical mobility is also in order to handle technical and sales requirements with clients.
Costing	• The responses from the multinationals show that international travel and the employment of traditional expatriation is challenged because of time but mostly because of the costs. For example, the global leader in insurance suggests that they base their decisions on costs but mostly on the nature of business and what they need to achieve. Although costs are considered they do not determine choice of assignment.	• In huge contrast to the various extracts gathered from the MNC, the SME shows that the reason for using international travel is not because of the nature of the business, but if in fact it is based first and foremost on whether *the client is willing to take care of the costs*, so much so that they cannot make a decision about international travel until the client ensures that they will secure the budget first whereas in MNCs the decision lies in their territory. The firm would need to judge what is profitable. Although in the multinationals costing is also a significant factor, the decisions an SME makes are based on costs, thus costing is a central determinant of many of the decisions that an SME makes in their activities. However, for the majority of the multinationals questioned costing is not the determinant as to why an alternative to expatriation is used. • As the discussion above mentioned, this firm uses overseas travel that lasts no longer than a week. This is actually because of the costs of the hotel and food costs. But they also mention that if the project is large then this doesn’t matter or if the client has facilities such as housing.	

		Costing is also associated with risk in this SME; short-term projects are employed for quick profit and the short-term project is preferred because the contract could be terminate, with the MD pointing out that ‘you don’t put all your eggs in one basket’, showing that because of the high costs that they cannot manage they must be aware of the risks whereas multinationals can probably be a bit more risk averse. The responses from the multinationals showed that they challenge traditional expatriation so there has to be a reason as to why the expatriate is sent out as to not waste time or expense. This is also very similar from the perspective of the Lighting designer. The MD also explains that there needs to be real motives as to why people are sent overseas so as to not waste expense and also because of the risk. • Another interesting insight from the MD of the SME is that costs are important in profit-based companies, however in his company although profit is essential the decisions he makes do not only concern profit. It also comes from his lifestyle and his passions and in which country he wants to go to that he is passionate about and where he can do business too.	

7.6 Further Research for the Main Investigation (SME Short-Interviews)

Further research is required. This study explores the role of Traditional Expatriation, High Mobility Strategies/Flexpatriates and Communication Technologies with reference to SMEs.

A far greater understanding of the high mobility strategies and communication technologies in SMEs is required. Their implications are required to help us explore if, and the extent to which they can substitute traditional expatriation. A rich understanding of traditional expatriation in SMEs is required because as the literature showed there is very little research in this area. The Lighting Solutions SME uses family members of their globally connected staff, to carry out work for them. They also employ Chinese, Japanese, French, German, Spanish and Italian designers who are on student visas for short-term contracts on the understanding that they have international connections. When these staff go home they are already trained and take the connection for further business with them; the Lighting SME uses them for global marketing, materials and business contacts. It would be interesting to find out how many other SMEs do this or if they employ expatriation.

As a result of finding out the implications of whether firms can replace expatriation, the research examines the extent to which SMEs can effectively employ a 'mixed-economy' of flexpatriates and communication technologies to handle internal communication e.g. with staff, and external communication for business development purposes e.g. with partners, suppliers and clients.

The level of efficiency that high mobility strategies and communication technologies can offer SMEs in order to compete and prosper in international business activity need to be researched, as SMEs are increasingly important for the growth of the British economy. The level of efficiency can be evaluated by examining the benefits, costs and limitations.

7.7 Summary

This Chapter provides an analysis and discussion of the generation of themes concerning both the traditional expatriate and the alternative assignment. The Exploratory study was essential in order to test the quality of the data and of the research process, giving us the ability to determine the suitability of the research procedure when conducting the main investigation.

Overall, the evidence from this study is supportive of the claims expressed in the literature that high mobility strategies and communication technologies are important and do aid the internal and external communications to help business development. However, despite some of these claims, this study indicates that they are not becoming more important than expatriation. This study also indicates that the role and purpose of expatriates remains significant and are not likely to be replaced by either high mobility strategies or communication technologies. The main motives for expatriation mirror the motives developed by Edstrom & Galbraith (1977). This logic was tested with the multinationals. The knowledge obtained from this study has been conducted to identify some of the issues at the multinational level in order to set an intellectual benchmark for the SMEs.

Perlmutter's theory (1969) has been an important framework in this study. Much of the MNC findings fit into the approaches defined by Perlmutter. However, only some of the theory could be applied to SMEs, for example, the Polycentric Approach could possibly be applied. In fact, this study also finds additional reasons when making decisions on how international positions are staffed beyond the restrictions of cost.

The results raise theoretical and practical implications. As a result, a further rigorous and in-depth examination of this substantially under-researched area, in the context of SMEs, is required to be conducted for the main investigation.

The next Chapter, Chapter 8, provides the findings and analysis for the Main Investigation SME Short-Interviews.

CHAPTER 8

SMEs AND INTERNATIONALIZATION:

MAIN INVESTIGATION SME SHORT-INTERVIEWS

8.1 Introduction

As pointed out in the previous chapter, Chapter 8 will discuss the findings and analysis for the Main investigation SME short interviews. This Chapter begins by outlining the theoretical and methodology considerations taken from the Exploratory study in order to discuss the research conducted for the Main Investigation SME Short-Interviews. This Chapter will then present the key findings and analyse the SMEs among one another, as well as some comparative analysis with the MNC study. Comparisons are also made with the literature; this includes the very important recent research from Rodrigues & Childs (2012) on social capital and internationalization of SMEs. The differences are discussed with the findings. This helps to show our contribution of social capital during internationalization in the context of SMEs.

The purpose of conducting semi-structured short interviews with a series of SMEs for the Main Investigation SME Short-Interviews is to generate broad themes in relation to this research context, similar to the Exploratory Study whereby the aim was to generate broad themes on MNCs. The Main Investigation SME Short-Interviews helps to develop questions from the key areas we identify from the broad themes for further research to be conducted for the more in-depth interviews in the next Chapter. Reasons are also provided for the need for in-depth interviews.

8.2 Considerations for the Main Investigation SME Short-Interviews

The aims of the Exploratory study are to generate themes of the current global staffing strategies and communication technologies employed by MNCs. The other main aim of the study is to help plan the interview design. The Theoretical and Methodology considerations are examined.

The findings start to address some of the research techniques required for the main research questions. The findings indicate that expatriates remain significant (9 out of the 10 respondents employ expatriation) and that 9 out of the 10 respondents felt that communication technologies and flexpatriates cannot replace the role of the traditional expatriate.

The main findings showed that there is an emphasis on costs, but not how these costs effect decisions for expatriates, flexpatriates and communication technologies. It is likely that this will be an issue within the SMEs, particularly since the literature expressed the rather limited collection of resources of SMEs (Wilkinson, 2010).

Perlmutter’s theory (1969) has been important in this study. The findings have shown aspects of the ethnocentric, geocentric and polycentric approach. However, the findings also indicate other reasons when making decisions of how to staff global positions.

The main motives for international transfers as developed by Edstrom & Galbraith (1977) are highly regarded in the literature. The main motives for international assignments employed by the multinationals mirrors the main motives developed by Edstrom & Galbraith (1977). However, other determinants do influence the companies interviewed.

One of the aims of the Exploratory study was to test the interview process in order to help plan the interview design for the main research. For example, to try and find out how much the firms are willing to disclose information and, whether the data derived from the questions achieves the objectives of the study. In fact, many of the respondents went into extensive detail, far more than the level of detail we had anticipated. However, the responses on costs of the various strategies employed were varied. Thus, the research methodology and set-up of questions helped to fill some of the gaps in the literature as well as generate the themes and address the objectives of the study. However, for the main investigation, far more in-depth data will be required.

One of the highly significant implications of this research was that some of the HR managers said that they did not have 100% knowledge of all of their communication technologies (e.g. the technicalities of Communication Technology). For example, when we asked about the communication technologies in a bit more depth or asked what they used before, about three of the respondents could not answer fully. They did provide an extensive amount of information. However, they did not know everything. It may not be important that they do not know everything, however, if they use something but the respondent does not know that they use it, it can affect the results. As stated, three of the respondents could not answer and since there were only ten respondents this could substantially impact the final results.

For the main research all of the interviewees questioned must have a sufficient and substantial knowledge of all of their communication technologies. One way of ensuring this is that in the cover letter there are some short yet effective examples of the information needed. However, it may be that this is not a significant problem for all of the participants that will be interviewed in the main research as the participant sample will be Managing Directors; individuals who usually have all-round knowledge of the firm. Having said that, an improved cover letter would help for the interviewees who may not be the Managing Director of the firm but may still like, and have the knowledge, to participate. Thus, by mentioning more detail, the firm can either say they can or cannot help or it can give them the opportunity to give them some time to find the right candidate to answer the questions.

Two out of the ten HR managers in the MNC's did not have 100 per cent knowledge of the technical side of the communication technologies they use. Will this be the case for SMEs? We may need to interview the IT managers in the SME's as well as the flexpatriates and expatriates for an account of their experiences. For example, the findings showed that few problems were associated with the flexpatriate staff from the perspectives of the HR managers, however, the perspectives of the flexpatriates themselves may offer a different insight.

Face-to-face interviews will be employed for the main investigation as opposed to the telephone interview. The main reason is because the researcher could not see the respondent and therefore all of the non-verbal elements that a normal communication consists of were missing (Gillham, 2000). It is far easier to build rapport in a face-to-face interview to pick up on the non-verbal elements (Gower, 1983; Gillham, 2000; Irvine, 2010). The researcher could get a better indication of results. Face-to-face interviews are required for the main investigation as it is the quality and in-depth content of the data needed. However, due to the nature of the expatriate and flexpatriate, who may not be physically available for the interview in the UK, some telephone interviews may be used.

8.3 Key Findings of Main Investigation SME Short-Interviews

The findings from the Main Investigation SME Short-Interviews show Perlmutter's theory cannot be applied to these SMEs. Most of the SMEs do not employ expatriates but tend to partner with others or collaborate with their associates due to the nature of their business. This is to help share the risk and cost of going overseas or their partner has a network that the SME can gain access to. Debate over the need of expatriates varies within the SMEs. Some respondents claim they do not need them because they can partner with others, use a local agent or use purely communication technology to trade overseas. However, one respondent with significant experience of both MNC and SME experience claims that expatriates are needed to reach international markets because they have associates they will need to seek out. However, collaboration seems to be the way SMEs are internationalizing. Perhaps there are other ways to internationalize and communicate. This will need to be researched in the in-depth interviews. The concept of trust also seems to be important because they need to build relationships with those they partner with.

Trust with customers is also significant for small businesses to attract and maintain their clients. Particularly for the smaller firm, each customer is important. SMEs try to build trust and relationships to gain new customers with the help of their existing or former customers. Trust can be enabled when contacts or business partners are found from word-of-mouth. In contrast, to the Exploratory study, the findings showed that MNCs do not talk about trust.

The concept of the ambition or the lifestyle of the owner is interesting. The idea of ambition and lifestyle goals of the SME has been identified in the literature, although not particularly significantly. It is a relevant concept because in some SMEs, it is the ambition or the lifestyle of the owner that directs the business development of a firm and the extent to which the SME will *want* to internationalize. Thus, these are not particularly profit driven small businesses.

The findings show that communication technology can only be used to an extent, it can aid international activity, but it certainly cannot replace expatriation because they need to build relationships and trust. Although the Real Time Market Intelligence Provider does not need to travel as they only trade over the internet. The Trading Re-usable products overseas SME uses the internet for all business, but he *likes* to travel to see people. However, international business trips do need to be used from time to time; but they do not happen unless there is a specific and important need for it. Email is the dominant type of communication technology employed. However, it comes with its implications; SMEs receive a large quota of emails which can be distracting and also the tone of voice or facial expressions cannot be seen over an email.

The use of technology is required to create a history path of the communication exchanged in emails, because of the difficulties of how IT is managed, hence it needs to be stored and organized in an accessible and retrievable manner. This is so that if something does go wrong they can look back to what decisions were made and what was said. This is difficult because everybody does things differently, everybody's an individual, and despite the protocols SMEs put into place there are nuances to that.

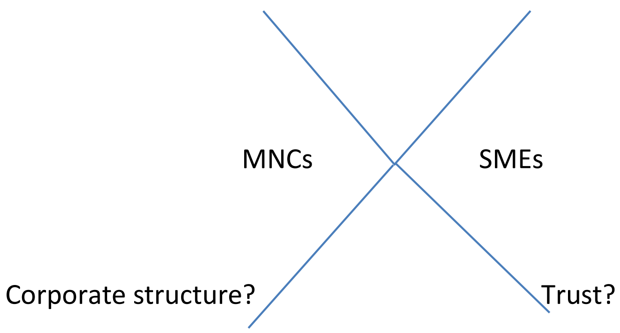
Social capital and networking is a common finding, important in helping firms access international markets. Little academic work looks at social capital and internationalization for SMEs. Recent work by Rodrigues & Childs (2012) provide highly relevant and insightful work in this area with regards to the networking aspects, but this first section of the Main

Investigation also takes into consideration expatriation, flexpatriation and communication technologies. Hence, exploration of further ideas is essential, as is shown in this investigation.

One of the most common internationalization barriers seems to be recruiting the right personnel and also recruiting the right partner or agent to work with. This is a time-consuming process for the SME and is also a risk. Cultural and language barriers also emerge as there is misunderstanding and misinterpretation of culture. There is a fear of the unknown as to how they will deal with someone that is of a different culture.

The figure below shows the MNCs possibly, working in a corporate structure, and the SME working with the concept of trust to be able to internationalize.

Figure 8.1 MNCs employ Corporate Structure? SMEs use Trust?



8.4 Significance of trust for SMEs

The next sections will explore each of these key findings. We have identified the significance of trust with partners and with customers. In addition, trust can be developed when contacts are found from word-of-mouth.

The significance of trust with partners will be discussed first. The interview with the Lighting Solutions SME in the exploratory study showed that the owner uses his network of former staff to conduct future work. Hence, when interviewing SMEs for the Main Investigation SME Short-Interviews it was necessary to ask the SME whether any of his suppliers or the people that they work with, are people that he already knows. The Wine Distributor explained that none of his contacts such as his suppliers are people that he knows but he must develop trust with his contacts to do business with them, '*It's about trust… so if the trust exists you would have a business… if it fell out you have to find another trusted relationship or the business would fold…'*. In contrast, the Structural Engineers expressed, *'We recruited people that we actually know…'* because they already have established contacts.

The Lighting Solutions SME in the Exploratory study use their existing network of former staff. However, Kontinen & Ojala (2011) have some opposing views on this, whereby making contacts with others they do not know gives them 'opportunity recognition'. SMEs are by their nature entrepreneurial opportunists. The literature shows that network ties, activeness and alertness, and prior knowledge are related to how entrepreneurs recognize these new opportunities. However, Kontinen & Ojala (2011) argue that it is unclear how important these factors are when a firm explores opportunities for entry into a foreign market. These scholars conducted an exploratory case study, covering the international ‘opportunity recognition’ of eight family-owned small and medium-sized enterprises (SMEs), who found that they mainly recognized international opportunities by establishing new formal ties rather than using existing informal or family ties. In addition, Kontinen & Ojala (2011) found, due to the small size and the flexibility of the management team in family SMEs, they were able to react quickly to new international opportunities.

We find it interesting that the issue of trust did not seem to be a significant in the Exploratory study with the MNCs. It seems MNCs do not need to rely on trust. Perhaps MNCs have enough capital so that if an international activity does not succeed with a partner then they may have the finances to partner with someone else. The SME is constrained by their limited finances, so they need to rely on trust and build a good relationship to avoid such risks.

Trust with customers is important for SMEs to attract and maintain their clients and to ensure they can get business; particularly for the smaller firm, each customer is important.

The participant from the Structural Engineers Specialising in Glass explains that, *‘I mean you’re only as good as your last project, we can’t afford as a small business to deliver a bad service because it’s difficult enough for people to buy into your credibility when you’re a smaller business… therefore when you get a job and a client you have to do a better job than perhaps some of your larger competitors might have done… and they’ve got more work abroad-based projects and they can afford to let projects… the odd service to not be quite right… it’s not critical to them if they do that initially… where as it can be to us… one bad experience can be damaging to us in trying work with clients…’*.

On the other hand, the SME owner who runs both the Financial Service Product for the Education Sector as well as the Dating Agency discusses the importance of trust because of the high costs of their product, *'clients have got to trust us like they trust a bank…It's very high touch… you know people aren't just gonna click online and pay 30,000 pounds… so we need very well-trained people who can do a number of things so there we operate with lots of people… local people… international people… and high face to face contact with the customer…We have got an office in a very expensive part in Bangkok because we have got to look like we know what we are doing… we have got a lot of staff who are trained in how to talk to the customers and most of the staff themselves have also done MBA's in the UK…'*

This direct quote reinforces the work of Evans (2009) who suggests that in order to meet the needs of customers; organizations must give their employees the right tools and support to help customers.

It seems trust in SMEs is important because they rely on every customer for business and for referrals. Is this one of the main ways SMEs can grow? This will be explored in the SME in-depth interviews.

8.5 Ambition and lifestyle goals of SME owner

The concept of the ambition or the lifestyle of the owner is an interesting idea that has emerged both from the responses in the findings and also from the Lighting Solutions SME in the Exploratory Study. It is the ambition or the lifestyle of the owner that directs the business development of a firm and the extent to which the SME will *want* to internationalize. Thus, these are not particularly profit driven small businesses.

'I mean in my case the business came about because we have a house in France… and I make contacts through that… so to date I have not done a unique business trip for my business needs because I mix business and our own visits…' (Wine distributor). In addition, the Lighting Solutions SME in the Exploratory study also explains where he does business depends on his lifestyle and he does business in places where he enjoys going. He also mentioned that his SME is not just a profit-led SME. However, this is a contradictory point because he also explained he does business where he can get business from his former students who have gone back to their country of origin.

The findings concur with Manolova (2010) who argues that the SME owner's personal factors has the ability to strongly influence the choice and degree of internationalisation in small firms. Personal factors encompass various dimensions, including achieved attributes, environmental perceptions and business skills. However, Manolova (2010) does argue that even though this is apparent, most studies have the tendency to combine these dimensions with other internationalization factors (Manolova, 2010). In contrast, MNCs are profit-driven.

8.6 Willingness of international travel

Scholarly literature such as Selmer (2008), Milan (2010) and Starr and Currie (2010) discuss the increase of Flexpatriation as opposed to Expatriation are being employed. Referring back to the literature (e.g. Shay and Tracey, 1997; Wittig-Berman & Beutell, 2009) when the expatriate is relocated it can cause numerous problems, whereas the flexpatriate assignment involves the assignee residing overseas generally for no more than 6 months so it is convenient. In significant contrast, the Knowledge Consultancy, *'it's much more difficult to* *find people to go for 6 months or something like 3 months…6 months is worse because it's in between I think you can say to people… well look go and stay here for a year and take your family or whatever… for 2 years… people can get their heads round that… when your going for something like 3 months its quite difficult to leave their loved ones for that period of time'.*

Whereas the literature argues the nature of flexpatriation is convenient, the findings show that the shorter overseas stays are more disruptive. Only very little literature claims that the short-term assignments are disruptive to the flexpatriate. We think that it is rather simplistic that scholars such as Mayerhofer (2004) and Selmer (2008) stated that flexpatriates should be employed as opposed to the expatriates because of the problems associated with the expatriate. Although the literature does not identify the potential problems associated with the flexpatriate, it can be assumed that there would be problems. The flexpatriate needs to fly in out and of the country far more frequently than an expatriate does. Thus, even if this means they may not encounter the same problems as an expatriate would, the flexpatriate may encounter a different set of problems.

The difference with the multinationals in the Exploratory study is that most people preferred the short-term assignments and business trips as opposed to the long periods of being away from family as well as their life back in the home-country. Although very few people in the Exploratory study did mention that short-term work and frequent business trips is disruptive to them.

8.7 Quality of communication technology

The issue of the quality of communication technology may seem like a trivial theme because it is well-documented in our very day lives in how much the quality of technology is improving and progressing. However, this issue remains a matter of debate within SMEs.

The literature (particularly the practitioner literature) describes that SMEs can significantly benefit from adopting communication technology into business operations to access international markets.

The advantages of broadband and wireless connectivity enable firms to offer new services such as efficient on and off site mobility and remote working. This is an essential feature for SMEs that may use technology to replace some of their possible global staffing and global travel. The flexibility and adaptability of wireless connectivity makes it easier for the user that is on the go (Morley, 2009). The practitioner literature and the academic literature is very encouraging regarding the large extent to which high quality of communication technologies can help SMEs.

However, some SMEs express how the low quality of communication technology creates difficulties for SMEs. For example, the Wine Distributor argues, *'but now there are some difficulties in teleconferencing… sometimes the dialling doesn't come in play earlier… sometimes it gets disconnected… and then you have to call them again… or sometimes you have to let one guy out of the teleconferencing and then talk to him later on… just update him with an email…'*

It is apparent that although there are some valuable high quality technologies, which can aid SMEs to access and develop in international markets, it can also bring some difficulties for some SMES. The extent to which IT is being embraced (or not) must be addressed in the in-depth interviews as it can be valuable to the recent debates in the academic and practitioner literature.

Few problems associated with the quality of communication technology exist within multinationals. In fact, we had to probe on questioning about this. Three of the MNCs did explain that problems can be severe but they get by. However, for the SMEs it seems to be not only a significant problem, but one of the main problems they encounter when internationalizing.

8.8 Embracing communication technology

This section discusses the importance of SMEs to embrace communication technology because of the high amount of the progress they can make to communication and do business with international markets. It would be interesting to see why they do not embrace communication technology.

‘*Because they are stupid!... It’s silly they don’t use it isn’t it?... I mean what I think is amazing is that I can have a skype call about something with 5 people from 5 different countries at the same time…’*.

The Chairman appears to state the above point very strongly. However, we find a contradiction in his response as he then says SMEs may have an insecurity in dealing with people they don’t know but just seeing them on the video conference, e.g. how do they know that they are who they say they are and that their biggest competitor is not standing behind them listening to everything they are saying.

The IT manager of this SME adds comments regarding the reluctance to embrace technology ‘*depends on the choice of technology… I think that’s probably a big one… I think it’s probably easy to fall down the path of investing in some system that sounds like it can solve all of your problems… in practice however we can use good technologies and communications can cost us next to nothing… Skype the way we use it is free… But I don’t think it’s the communications is the problem… I think sometimes it’s more about the ability to* *execute in that country… so if you've never done it… I mean I am quite lucky I have the background… all my SME business has been international but if you have never held a conference call for 3 hours away… somewhere in Europe… 3 hours is nothing… but if you have never done it then it can feel like a big step and be quite tricky… and don't have the confidence to do it… but once you have started it… it becomes easier but you have got to have a reason to do it…'*

8.9 Sharing communication technologies with partners

It has been well-documented in both the practitioner and academic literature that SMEs have limited finances and resources compared to the MNC. The findings from the 10 multinationals demonstrated the advanced communication technologies used. We then questioned how an SME with a limited number of resources (with perhaps specialized integrated technologies), is then able to communicate and work with multinationals who have a larger and more generic set of resources. Does the MNC share communication technologies with their SME partners or give them temporary rights to their partner's technology until a shared project is finished. None of the SMEs interviewed so far have expressed the need to share communication technologies with their partner.

However, one of the interviews in the Main Investigation SME Short-Interviews study was conducted with a Petroleum Development Multinational in Oman (interviewed as part of the Sub-contractor for SME Engineer work who does work for the SME). We asked what some of the main communication technologies are, that they use to keep in contact with the Oil and Gas MNC. The Petroleum Development Corporation responded, *'Definitely we use them all… we have the email… and we do the telephone conferencing… and all the highest* *technology… because we are a joint venture with [the Oil and Gas MNC] and we have to keep up with them too… they share [the technology] it with us'.*

Sharing communication technology with partners is perhaps a somewhat obvious finding because if two companies are a joint venture they are likely to share resources so as to get to a joint result. However, we wanted to know how it works when an SME, which is either working with, or for, another company such as a multinational which has more resources. Interestingly, none of the SMEs questioned felt the need to ask the MNC for assistance with providing communication technology. However, we were not able to ask every SME this question, because of the limited time with some of the interviews. But some interesting examples from the Structural Engineers Specialising in Glass (who develop large scale projects for MNCs) did emerge. The Managing Partner responded, *'That hasn't happened yet… that's not to say that it might not happen … but I would say that we just move with the times… IT is an investment cost… but it's not a big cost… given what you get out of it… I mean the importance that it has to your business… it's not a major capital investment… I mean buying a computer these days is cheap… so you know there's not much that's very expensive… so there's no excuse really not to use it…'.* The response from this SME may indicate that SMEs do have sufficient levels of communication technology and may not require the help of shared technology with other companies, even if they do need to deliver a product or do need to work with them.

An interesting insight from the Director of three firms may relate to this argument of the need of IT for SMEs, despite the costs. The Director of the Dating Agency, Real Time Market Intelligence Provider and Financial Service Provider for Education Sector, gave a very comprehensive discussion of how prepared and resourceful SMEs need to be if they do want to develop their business.

'I mean I'm a bit bolshie about this… as a small business… you've got to first work out how to do it properly and then to decide if you want to do it properly or not… if you want to do it properly you've got to accept all of those things and get on with it… and if you don't want to do it properly then you shouldn't do it…, your either in or your out… most SMEs try to internationalize themselves and don't go in with enough commitment… so then you have got to be harsh about this… you could say as an SME… I don't have a lot of money… I will dabble a bit here… I will try a bit of this and I will try a bit of that… but it's completely wrong in my book… because what your saying is that your customer should care about your problems… why should customers care about your problems… customers should care about their problems…'

Perhaps, in a similar sense, maybe the partners of SMEs shouldn't have to care about whether or not the SMEs possess the technologies required to complete a project. Although many SMEs do have limited resources and finances, perhaps the partners they do business with may expect them to be resourceful on their own.

8.10 High costs of traditional expatriation

The high costs associated with traditional expatriation in relation to the MNCs are well-documented in the academic literature, which the MNC literature covers. The high costs of expatriation are evident in the sub-contractor for Engineer work as well as the multinational, questioned as part of this set of interviews. Some examples are given below:

'*One of the disadvantages is always the cost… of course an expatriate coming here costs us more… because we pay for the children's education… we pay for the tickets… Shipping, accommodation… although we pay for Omani's for their accommodation… but the* *accommodation that we pay for expatriates is different… there is more costs involved… one of the downsides is that the expatriate will leave us within a short time… whereas Omani's will hopefully stay in the country… even if they are working in a different company… they will still be within the country…'* (Petroleum Development Multinational).

However, some interesting insights have emerged regarding the costs of traditional expatriation in relation to MNCs as discussed by the Petroleum Development Multinational. Firstly, the Capping of the number of expatriates due to high costs (but also due to country laws) and secondly, we raise the question; Do SMEs *need* to employ expatriates, but cannot due to cost? Irrelevant of costs, do SMEs *need* expatriates? Are there other ways to internationalize or communicate? Various debates exist. The arguments are discussed here.

Referring back to the MNC literature, we identified expatriates are decreasing due to high costs. In contrast, the interview conducted with the Petroleum Development Multinational in Oman gave a different insight of the numbers of employing expatriates, which are due to costs, but also due to Omani country laws e.g. being able to fill some of the positions with local people. We asked the extent to which costs are a factor in the decision-making process, and whether costs are minimized, which is when the subject of capping of expatriates came to light in the interview (This was not a subject which was previously identified in the literature),

'We definitely do try to minimize costs in (Petroleum Development Company)… we have a gap capping… capping for numbers to recruit [Oil and Gas company employees]… for example if this year is 400… next year should be less… every year we have less of the Oil and Gas company members numbers to recruit because they have the highest cost… for example we cannot go beyond a certain number to recruit for each year because they are

very expensive which means as we try and fill the vacancy we need to first… but then we also have Omanisation percentage that as a company we need to achieve… but we cannot achieve it because sometimes those Omani's are not ready to fill those positions… look at Omani's… then we have another thing called direct hire… then expatriate… but they are not through [the Oil and Gas Multinational]… we have to search for expatriate through the Oil and Gas company route… which is direct hire… which means we are paying them through (partners name) structure… which is still expatriate… which is less when you compare in terms of cost for recruiting a person from the Oil and Gas company…'

The Sub-contractor for Engineer work adds, '*As for local country laws it is always decreasing… as they have to increase the localisation percentage… that is one reason for the decrease… and the other reason is the local population is getting more and more trained… naturally the requirements will be… less and less…'.*

Exploring the academic literature in relation to SMEs has been a relatively difficult task because of the small amount of research. Also, it has been somewhat difficult to find further insights because many of the SMEs interviewed do not employ expatriates; either because of the high costs or because they don't need to. This section will look at the different perspectives. Thus, to have been able to gather some insights from some of the SMEs has been insightful for this research. Hence, we can explore the role of the employment of expatriates in SMEs a little more.

Referring back to the MNC literature, we identified the study developed by Edstrom and Galbraith (1977) who theoretically examine why international transfers take place e.g. why expatriates are employed. Some important work by Brewster and Scullion (1997) adds that due to the rapid growth of SMEs that have internationalised their operations, this has meant that the issue of expatriate's is becoming significantly important; not just for the multinationals but also for SMEs. Dirski (2008) suggests that multinationals make much of their turnover from international activity, stating that this increasingly applies to a greater number of SMEs. They suggest that more than 70 per cent of SMEs are exporters and that the trend towards internationalisation will not slow down.

With regard to this point, it is important to question, whether, and why SMEs need expatriates. In the Exploratory study we explored the employment of expatriates in SMEs. The Knowledge Consultancy gave some very insightful discussions relating to the need of expatriates in SMEs [participant is the former Chief Executive of a British telecommunications]. When questioned about the differences of whether communication technology can replace physical mobility in a MNC as well as an SME, the participant responded, *'Yeah I do… most SMEs can't afford to have expats… because I mean in the true sense of the word… the big businesses do it… I mean big businesses can afford… you're paying double the… your often paying tax… you're paying the tax equalization and you're paying for housing, maybe education… so a true expat… costs a lot of money… and even in big businesses there are much and many fewer expats now… just because they are so expensive…'*

In response to whether the numbers may have decreased because of costs,

'Yes definitely… now… what big businesses like is that they do like people to have some international experience and global experience… but they don't really want to pay for it… so they are much more keen to recruit nationals who they'll promote nationally and then they may end up with a small cadre of people who are prepared to move around and pay for… but much much smaller… so all the business… I mean I used to work in [leading global telecoms company]… now [leading global telecoms company] lived on expats there were a massive number of expats… it probably had a tenth of the expats it had before…'

Irrelevant of costs, do SMEs *need* expatriates? Are there are other ways to internationalize or communicate?

Despite the expense associated with expatriates, according to the findings in the Main Investigation SME Short-Interviews, SMEs do not in fact need to employ expatriates. This could be because they can internationalize another way e.g. with the use of technology or because there is no need to physically have someone 'on the ground' overseas to help the business internationalize or communicate with others overseas.

The Wine distributor discusses that he conducts his business activity without the employment of any expatriates, simply because he does not need to.

'I have contacts in France… I negotiate with France… and then I use outsourced shipment… bigger shipment… and personal shipment for smaller… so as an example if I bring in a palette load of wine I will use a company… but if I bring thirty cases I will put it in the car…'. He also likes to focus on relationship with the customer himself because he wants to introduce his key customers to his associates, '*I mean half the charm of my business… which is French wines is that of course its French… so you would take people… I would anticipate taking some of my key customers to France… to the vineyard and introduce them to the people who do it… typically that would be a couple of days… but I wouldn't need to… nor anticipate having someone locally based in France…'*

We then asked if the participant would have someone do that for him or if the participant would go out there and do that himself.

'I would… negotiate… either personally… to answer your question… for me… partly cos of language… my suppliers don't speak English… and my French is rudimentary but exists! So therefore I negotiate in French by the telephone… by internet… but truthfully if you

really want to understand and get it right then I have to do it personally with the person… however… once that's done… fine so that's the supplier if you wish… but the process of importation I can do electronically… I've never met them… I can do it by telephone or *internet and it's delivered…'*

The Structural Engineer also discusses that he conducts his business activity with little use of the employment of expatriates. This SME completes various projects around the world. The duration of these projects vary but some do last a considerable amount of time. For example, one of their client's stores was designed and constructed in 20 months. We were interested to find out whether this was completed with expatriates because of its long duration and the expertise required.

'*No… we went there a number of times… but it was actually designed over here… it was generally fabricated in Germany and then it was assembled and put into pieces there… and the actual construction of that particular project took 3 months or so… and during that time… we only probably went once a month or so…'*

8.11 Technology cannot replace travel

The extent to which technology can replace travel and the physical mobility of people as well as the face-to-face interaction is part of the research objective for this research. This is a subject that was researched quite comprehensively during the Exploratory study with the MNCs. The findings showed that technology can only be used to an extent and that although it can aid international activity, it certainly cannot replace expatriation. Some of the academic literature confirmed this, however, some of the literature discussed that technology can replace expatriation (Selmer, 2008; Mayerhofer et al., 2004). This response was also replicated in this set of interviews with the SMEs.

According to the findings in the Main Investigation SME Short-Interviews, we found face-to-face interaction and physical mobility cannot be replaced.

For example, the Knowledge Consultancy claimed *'I don't think technology can replace it [expatriates], I think general travel replaces it… I mean I think you have got to establish business is about relationships and you cannot create a relationship remotely… not a trusting relationship… but once you have and once people know each other… then I think you can do an awful lot more after that… but that's not to say that a lot of the work cannot be done remotely… but I think you've got to have meetings… you've got to be there for meetings… you've got to know who you're dealing with…'*

However, the participant clarifies that collaboration remains key, *'because they have associates they will seek out… so they will partner with a similar company… or they'll seek agents to sell or distribute their goods… so it's like [participant's husband] wine business really… he a distributor… they are not having as many expatriates over here… maybe in days gone by they would have done… so I think the world is more collaborative… I don't know if that is the proper word… but the world does more through collaboration… and more through partnerships than it did before…'*

Since similar responses were arising e.g. technology can only aid expatriation and travel, the researcher believed that perhaps the researcher has gotten everything they could have out of this question and the sufficient justification and understanding to this answer. However, the researcher believed it would be important that this question would still be asked, but perhaps the researcher could ask the participant to give a percentage of how much they believe the extent to which technology can replace expatriation or travel to be true. The response was usually of around an 80% percentage.

8.12 SMEs need to go global

There were ideas presented in the literature that SMEs make most of their turnover from international activity (Harris et al., 2001) and therefore should focus on reaching international markets for further accumulation of revenue than from the domestic market. The concept of internationalization has traditionally been a strategy, recognized to be employed by the MNC. However, as we recognized in the literature, SMEs can no longer survive through the domestic market but must follow their customers and reach for a more international market in order to maintain a competitive position (Rodrigues & Child, 2012).

The data from the Main Investigation SME Short-Interviews showed how some of the respondents were very particular on SMEs focusing on an international market rather than just a small segment of the domestic market because of the international opportunities available.

8.13 SMEs use social capital/networking to help internationalize

Social capital and networking is an underlying theme in most responses in the Main Investigation SME Short-Interviews. Social capital enables SMEs to understand the role of networks in social and economic development (Gao et al., 2012). Some interesting responses are quoted.

'Well when they have spent a few years developing their career overseas from their home countries then they might go back… but we would be unlikely to recruit them from their home country unless it was by a reference, a recommendation… so someone might say… look… say a managing partner might have a friend and a business in Australia and he might

say look… I've got a great engineer and he wants to come to the UK and I would recommend him… all that sort of thing is very important' (Structural Engineers Specialising in Glass).

The findings concur with the literature. A substantial amount of detail discusses social capital and the benefits for SMEs. However, less academic work is conducted on how SMEs could use social capital for internationalization and how SMEs can manage this. Carefully structured probing questions will help to retrieve the information required in the in-depth investigation.

In this research, we need to explore what the key factors are to help an SME internationalize. We would like to find out whether it is the advances in communication technologies or expatriates that can benefit SMEs significantly when wanting to become more international or whether social capital can help SMEs internationalize. It is acknowledged in the literature that social capital can aid SMEs, but it would be interesting to find out the extent to which it can aid SMEs to internationalize.

Social capital was not of relevance to the MNCs. However, it did seem to be important to the Lighting Solutions SME interviewed as part of the Exploratory study, e.g. the Managing Director uses his former staff that have gone back to their country of origin for future business. Clearly, this could be a very important subject to explore further as it could potentially share insight on whether there are various avenues of social capital and networking, which can help an SME to internationalize.

8.14 Use of third parties to internationalize

The exploratory study showed that the Lighting Solutions SME do not employ expatriation. However, we needed to find out whether other SMEs do, and if they do not, how do they successfully reach international markets. Various respondents discussed that they did not employ expatriation but used the help of third parties.

For example, the Structural Engineers Specialising in Glass explain*' there's a guy out there that runs our office and what we did rather than just open an office there is we started a separate company there… and he has a shareholding in that company… the reason we did that was to get him to buy into that company… to make the growth happen itself… so it's not just a case of having people there listening to what we're doing… but having people there that have an investment and have an interest in growing their own business… and we communicate with them pretty regularly… I think what's important is the structure we set-up… he's there to manage it… so that takes the burden of managing it on a day-to-day business… so I visit once a month or once every 6 weeks… we talk 2 or 3 times a week on the phone and we skype an awful lot…*

This participant added that third parties are necessary because of the country laws, *'We have an office in Paris and in order to be able to work in France you actually have to be a French company… so in particular specifically to what we do… the expertise that we offer has to be licenced in France… so we were forced to be in a position where we would have to have to set-up a company there… so we had to set-up a separate company there… with the same name but its registered in France… and it holds contracts for all the work that we do there… although we actually do the majority of the work here… so all of these companies are separate companies but are owned by a UK limited company…'.*

There are numerous studies which explore the importance of social capital for SMEs. However, very little research has been conducted in how SMEs create, develop and maintain internationalization and network relationships, apart from some of the more recent work by Rodrigues & Childs (2012).

8.15 Further Research for the in-depth SME investigation

An In-depth study on SMEs is essential to retrieve in-depth data on some of the ideas from the Main Investigation SME Short Interviews. The in-depth interviews were approximately 1 hour, whereas the short interviews were approximately 20-35 minutes to generate broad themes which did suffice, given the aims of the study but they did not reach far enough.

We discussed early in the study in Chapter 1 that literature in relation to SMEs compared to MNCs is very limited. Given the importance of SMEs and their potentially significant contribution to global activity, it was deemed important that we conduct some in-depth work, giving us an opportunity to probe around the answers. This helps to make more valid comparisons with the MNC.

The Main Investigation SME Short-Interviews consisted of questions in relation to expatriation and communication technologies. However, more time is needed for the in-depth investigation in order to cover three more areas in addition to expatriation and communication technologies, which are Networking, Social Capital and Trust. There is some literature that explains the barriers that SMEs face when wanting to internationalize. However, there is little research to explain how key factors such as Networking, Social Capital and Trust, can relieve some of these barriers. This is particularly important as these key factors are shown in this thesis to be the key aids into how SMEs can internationalize. Thus, the in-depth interviews can explore and show how SMEs could potentially embrace social capital, networking and trust in order to decrease the pressure of the internationalization barriers. This could provide an easier set-up and transition for SMEs to move overseas.

The in-depth interviews will allow us to get a deeper insight into the SME perspective on expatriation. Thus, they could answer questions such as, 'Do SMEs need expatriates?' 'Do SMEs not employ expatriates because of cost, or is it because they do not actually need to use them but they have alternative ways such as seeking partners, agents and distributors to go overseas? This information could offer academic research some interesting insights into expatriation with SMEs, where very little academic research exists.

Further insights on the SMEs thoughts into the use of communication technologies could be retrieved. For example, when we were exploring the level of communication technologies that SMEs use and the extent to which they utilise the potential of communication technology to reach international markets, we found that a rather significant reason was because of a lack of confidence. There was a lot of information in both the academic literature, but a far greater level in the practitioner research. We will have an opportunity to get some in-depth insight into the reasons as to whether there are other reasons as to why SMEs do not embrace the potential of communication technologies to reach international markets.

Social capital is one of the most important topics that have emerged from the Main Investigation SME Short-Interviews. The in-depth interviews will be able to capture far more in-depth and rich insights into the relationship between SMEs and Social Capital.

8.16 Summary

This Chapter presented the findings and analysis of the Main Investigation SME Short-Interviews. This Chapter reflected on the theoretical and methodology considerations from the Exploratory study to the Main Investigation SME Short-Interviews. The broad themes relate to the non-use of expatriation, communication technology and high mobility strategies. However, additional factors were also found from the empirical work in the SME short interviews, these being Networking, Social Capital and Trust, which are the reasons as to why in-depth interviews are necessary.

The In-depth Interviews in Chapter 9 further explore some of the key ideas developed from the Main Investigation SME Short-Interviews.

CHAPTER 9

SMEs AND INTERNATIONALIZATION:

MAIN INVESTIGATION SME IN-DEPTH INTERVIEWS

9.1 Introduction

Chapter 8 showed us that further issues of trust, networking and social capital emerged from the main investigation short interviews and further in-depth research would be required. This chapter will provide the findings.

This thesis set out to examine the changing patterns of workforce management in SMEs in relation to the extent to which SMEs employ expatriation or a 'mixed-economy' of flexpatriates and communication technologies to internationalize. This involves assessing the extent to which communication technology can replace expatriation, face-to-face interaction and physical mobility. Though, literature exists in relation to expatriation, flexpatriates and communication technologies at a broad level, or specifically for MNCs, the SME literature has not addressed these particular areas. While there is literature on the concepts of trust, networking and social capital, the literature fails to critically explore how these concepts can help SMEs access and succeed in international markets.

We found that Internationalization, particularly for the MNCs is largely conducted with the employment of expatriation. Referring back to the work of Perlmutter in the MNC literature, there are different ways an MNC is staffed from hierarchical structures (ethnocentric approaches) towards the network of heterarhical structures (geocentric approaches). In contrast, we found SMEs internationalize by collaborating and partnering with others, and the important issues around these modes of internationalization, which are relationship-building, trust, referrals and networking.

This Chapter will present the In-depth interviews with SMEs of the main investigation. The findings have been sectioned in a systematic way; appropriate to the qualitative nature of the study. The key issues were developed by analysing how important the findings were to the SMEs' international activity and the significance in comparison to the literature, which could provide additional contributions.

We identified in the Methods and Rationale Chapter (Chapter 6) that we employed the Grounded theory approach (Strauss & Corbin, 1998) to analyse the in-depth interviews. Before conducting any analysis, we produced short summaries for each SME *(Appendix 10)* detailing what they do, and the key and interesting ideas relating to the modes of internationalization they adopt. This helped to explore any initial comparisons among the SMEs.

As described in the Methods and Rationale Chapter, the Grounded theory approach consisted of three crucial steps: Open coding, Axial coding and Selective coding. Open coding was incredibly important because it enabled us to break the data apart. We did this through various ways such as brainstorming ideas from the data on large posters on the wall in the research office at Roehampton University *(Appendix 8).* We also conducted open coding by questioning and commenting on the transcripts to open up the enquiry. Part of this step also involved memo-writing on the transcripts. Traditionally, memo-writing is part of the original theory of Glaser & Strauss. However, we solely used memo-writing for recording purposes and to help illustrate some ideas that would better help us understand the data. The second step consisted of Axial coding, which involved interconnecting the main codes. The interconnection of the main concepts, which emerged from the codes and ideas are illustrated in *Appendix 9*. Based on the interconnected ideas from Axial coding, we then used Selective coding to develop the ideas that relate to the core category and elaborate our analysis on the higher-order of the core category. This Chapter discusses the core ideas.

The key findings presented are the contrasting expectations of the SME and the customer; different opinions have emerged showing that the SME is not able to meet every customers expectations because of the way the SME must operate. The importance of communication technology to create an audit trail to capture, audit and confirm communications between SME and customers and other key associates has emerged. However, the findings show communication technology is not the most important contributing factor towards the SME gaining access and developing their business in international markets. More so, it is the notion of trust, enhanced through relationship-building, social capital and the mode of referrals and networking that enables the SME to expand overseas. In particular, the relationship between networking, trust and relationship-building is explored with analysis to ‘strong ties’ and ‘weak ties’ in SMEs.

9.2 Contrasting Expectations: SME and the customer

The first key finding here is the notion that companies must orient their products and services to meet customer expectations, widely-accepted in the ‘customer is king’ discourse, is rather problematic for many SMEs.

On the one hand, various SMEs challenge the customer’s needs by providing value or providing specialist and high end products, and working above and beyond to meet the customers every need. In contrast, a very different opinion from the Cheese Retailer emerges which suggests the customer must follow the SME's procedures in order to do business with them. The SME imposes rules on its clients. Essentially, it is the customer that must challenge the SME in order for the SME to want to do business with the customer. This means in the case of the Cheese Retailer, they want to protect the reputation of their company as it is a reputable family-grown business, founded over 25 years ago. They have built very solid relationships with their suppliers and clients and want to continue to be known for their reputation. Their potential clients need to find them on their website and to make contact with them. The customer selling their cheese has to do a good job, because they have to represent the cheese makers properly.

'We will not chase customers, we have to check clients, we have to see that we can work with them and they can work with us. We have to make sure that they get what we are trying to sell, not just because they have heard we have quality cheese, because they then understand what the SME are trying to do and why we do it. So it's not a traditional type of 'go out and get them', where another customer is always what they are looking for, as they have got to do the job properly'. In addition, this SME also obtains connections by the use of internships. This is not mentioned by the other participants. Many of these SMEs' customers from the US will intern with them and equally their people will go out and work with them. It is network-based; targeting and finding people, 'it's all about people' seems to be somewhat irrelevant with this SME. But when they do make potential connections with others, they then place importance on building relationships.

For some SMEs, with high end and expensive products and services, such as the Mailing and Packaging Solutions Company, customer expectations have increased over the past couple of decades: they have high expectations of good service and customer care. As the Operational Performance Improvement Specialists emphasize, there is consequently a strong need for them to be able to specialize and provide a market niche, to provide something that their other competitors do not. They seek to form a ‘client-consultancy partnership’ between the client and the consultant, “more like joint teams”. Rather than acting like other consultancies, just giving advice to clients, they go that one step further to put their advice into action by helping the client implement the plan. So, rather than just telling the client what the consultancy thinks the client expects to hear, the client actually wants and expects to be challenged. The Artisan Cheese Retailer is not essentially about making profit or aggressively expanding; the way that they are operating at the moment suffices.

Differences in customer’s expectations also varied with the amount of communication that is exchanged. The Timber Agent explained their clients like them to call them less. However, the Management Consultancy in Operational Performance Improvement Specialists express that their clients like the SME to call them more because they like to emphasize their contact and feel reassured that the SME will keep in touch. The Construction Company calls the customer whenever the customer wants.

In contrast, the Artisan Cheese Retailer also has a standard process in place for how frequently communication takes place between the customer and the SME. The SME tends to contact the customer when need be and not the other way round. In fact, some secondary evidence did help demonstrate this. We found guidelines on-line (not on the SME’s website) which listed the type of communication technology used from initial contact with the customers, through to ordering the delivery. This standard way seems to concur with the very specific way that the SME operates.

It is a possibility that the customer may not feel completely happy if they are not contacted as much as they want, or if they are expected by the SME to not just email but keep consistent interaction via the phone. However, we find this is probably how the Artisan

Cheese Retailer retains it's image as a reputable business, where people want to work with them.

According to the literature, these findings reinforce the work of Iles et al. (2010) that an organizations approach depends on their mission and culture. In addition, the findings do concur with the ideas in the literature regarding the importance of reputation and credibility (e.g. Arbore & Ordanini, 2006; Edwards et al., 2010). However, the findings from the Timber Agent, but more so the Artisan Cheese Retailer, show the different approach taken to gain reputation and credibility, that has not been identified before, than the more typical way of approaching customers to promote a business to attract customers. For SMEs every customer is assumed to be crucial for revenue, and business is tailored to the individual product offered, and the type of client purchasing that particular product.

9.3 Importance of communication technology and SMEs

We were interested to find if there were any benefits from the use of communication technology as opposed to engaging in face-to-face interaction. The limited number of benefits of communication technology over face-to-face interaction became apparent in the findings. Communication technology is not the most important factor for SMEs, but there is a persistent and significant need for face-to-face interaction that cannot be overlooked by communication technology.

Having said this, there is one key benefit of communication technology that is substantially critical; an audit trail with the use of communication technology will help to secure and capture rich information that would not be able to be captured when engaging in face-to-face conversation. This idea of an audit trail is a new finding and was not identified in the literature.

Collaborative Software explain that the aim of using communication technologies, and in particular collaborative technologies (the SME uses the Collaborative technologies which they also sell), is to capture information within their own technology and capabilities. This is to create an audit trail of what was said, when and why. When they have mission critical points they claim the email is not up to scratch. The Packaging and Mailing Solutions Companys' focal reason of keeping an 'audit trail' is because of the cultural differences and a tone of the voice, which can potentially cause misunderstanding between the SME and others. This is particularly important for this SME, which have high-end and expensive products. Any misunderstandings could mean they would have to re-design products for unhappy customers and this could cost the SME millions.

'We find it a great deal with our Italian colleagues where there is a great deal of misunderstanding and miscommunication, and language is important when you are talking about highly technical issues it can cause problems… we tend to use e-mails more, because you can go back and audit what was said. So that doesn't sound very critical but I can assure you that it is, our big customers purchase million pounds investments'.

The participant also identified the financial consequences and distress that it can cause when information between the SME and others is misunderstood.

'It's very serious as the customer then refused to pay, as they understood as we did that this particular system would do this at a speed we had discussed, but the Italians were saying that well we didn't say that, and so the repercussions for us is that we have a very dissatisfied customer, where we have to bend over backwards to bring our engineers, and redesign and re-engineer this bit of kit to do exactly what we said it would do, but there was a lot of misunderstanding, whether it was eagerness on their part to sell it and a little bit of language issues we don't know. But we have issues like that with software where there are language

issues, so e-mail for us is the best way to communicate, as you have an audit trail, this is what we rely on, telephone conversation doesn't work'.

The distress of an unsatisfied customer can become problematic. The literature on SMEs emphasizes the importance of image to shape their reputation and build on their number of customers (Storey, 1994; Lockett & Brown, 2006; Parker, 2009). It is important to highlight the importance of these concepts here, because we would like to emphasize the importance of the link between ensuring customers are satisfied, which will help to build relationships, and SMEs hope these customers will promote their business as their referrals to others.

In addition to the use of the email to capture information, the Management Consultancy in Operational Improvement Performance Specialists Company have a different way of capturing information by taking notes. It is interesting that they rely on their own notes and not of the other party.

'I mean if I can sit down with a phone… because then I can write stuff… and put it on a speaker phone… like I was talking to a guy in the American office last Friday afternoon… I wanted to make a few notes because he had a few things that he wanted to say… I much prefer to just have the speaker phone on and be able to write a few notes… because there is a conference call that I am doing in Germany next week and I am on the golf course so I am going to sort of have to rely on other people… two of our other guys will be on there… so I will be relying on them to take the notes… so that's the problem you see… it's the capturing that you need afterwards… when you are done with a client you need to be very clear with what they are looking for and if you just have a conversation then you might just miss something… and then you have got to summarize it back and email the proposal to them'.

We find that the process of the audit trail, is part of developing trust, and business could move much quicker because the SME has confidence in the communication.

Chapter 5 discussed the gap in the academic literature regarding the inability of SMEs to embrace communication technologies. Significant levels of literature exist in the practitioner literature regarding the inability of SMEs to embrace technology. Since we know little about SMEs in the academic literature, questions emerged from Chapter 5 asking what the significant value of technology for SMEs is, in order to assess the extent to which technology can aid SMEs to develop internationally.

According to the findings, if the SME does not have an IT specialist in the office, implementing technology is shared among the workforce, which wastes time and adds pressure to the individuals' own time and responsibilities in the SME. This can be due to a lack of time and resources, lack of time to learn the technology and to research technology, approaching cautiously to different technology and the differences in culture means different cultures can prefer different technologies. It can also be due to a lack of funds. An inability to embrace technology has meant it is the existing staff that are expected to conduct the additional work outside of their usual specialist roles because the IT problem is not directed to a specific person that manages the IT.

The Packaging and Mailing Solutions Company express that they are lucky to have and IT department who try to make the lives of the SME easier. For example, they all have blackberry's now, previously when they went to Switzerland or abroad they couldn't get their e-mail. Instead, they would have to have their assistants or PA's read their e-mails; now they are much more independent with their Blackberry's. However, they seem to suffer from a lack of IT specialist help.

'*it is ridiculous and our salesmen do struggle, because of the specialist nature of the kit you can't know it all. I'm the marketing manager and I don't know half the kit. There is so* *much, and one of the things we do badly as a company is launch new products that are being developed and manufacturing in Switzerland, and expect our salesmen in the UK to sell them when they don't know anything about them and don't understand them. What's worse is that we expect our engineers to fix them and understand them. They say 'I'm an engineer not a computer specialist'. They really struggle with that, so in terms of communication we do that really badly*'.

The Mailing and Packaging Solutions SME find that technology can interfere more than when activities are written manually. The findings from this SME indicate it could be better to do things manually at times. Although this SME has an IT department, perhaps they could recruit an IT specialist.

The Timber Agent adds to this argument, but discusses the additional training someone will have to take to help with IT and not get paid for it.

'Sage accountancy package but I would like to have the debate one day to say well it's a wonderful programme… and it can do so much for you… but do you need all that… when you have got a business of 8 or 10 million pounds worth of business with Excel spreadsheet worked out… do you need to have somebody that is trained in Sage so that's just another member of staff who is actually not earning any money for it…it's a leap… but in a small business you cannot have people sitting around doing non-productive work… that's an argument to have… because obviously the financial accountancy people say ah… but you need Sage because it produces the figures in the right way… well yeah ok…for whom! [laughs] because you can do it in Excel…'

The Timber Agent explains that SME's not fully embracing communication technologies is because of a lack of time to learn the new technology. They have only grasped the basic technologies such as Word or Excel and find learning parts of Excel very interesting. They wanted to go to an evening class to learn how the programme works because it could be very beneficial to the way that they run the business. However, they did not manage this because they are too busy with the day-to-day running of the SME. Also, the Mailing and Packaging Solutions Company believes that there is potentially a lack of skill to research this technology that they need to keep updating.

According to the Customer-driven supply chain management specialists, communication technology is not embraced and cannot be updated frequently because it is to do with budgets. There is a fear they will invest substantially in a technology and it might not work properly, the SME does not completely understand it, or that will end up not being of any use to them, '*Good old Microsoft, when they come and issue a new version of their software, it means that you have to change your hard-wear, fortunately we change out hard-wear every three years, but not many companies can afford to do that, on the frequency that we do, and I can see the value in not doing that may be the case, so it is different for them*'.

The Artisan Cheese Retailer express that if they think that there is a certain technology which they desperately need, they would purchase it as they are quite a hands-on organisation. They suggest that if an SME is a smaller outfit, there are many technologies which require a lot of effort for them to understand, to implement successfully or set-up, and then to maintain and manage. Finding the time for this, or delegating responsibility for the upkeep of technology can be a bit more problematic for the smaller outfit.

Almost every SME in this set of interviews discussed a new generation of workforce directs the type of technology used. For example, some of the Managing Directors need some of the younger staff or people who are experienced with communication technology, or those that are in touch with suitable communication technologies and have that mindset to push them along in relation to the communication technology used. As described in the literature by Butcher (2005), there seems to be a connection between the level of confidence of the SME and to push technology along and use it. An interesting example showing the basic knowledge of their technology can be seen by the example the Timber Agents gave about one of their Russian suppliers.

‘*I picked up that one of my Russian suppliers is sending his order confirmations on an Excel spreadsheet which I thought was odd because I thought you use word… so I was being specific with the programme Word… but no… you can put plenty of text into an excel spreadsheet if you know how to… and the beauty of that of course is that you can structure the body of the document to be able to calculate all that you need to know about volumes, areas, value… it can all be done… automatically… once you have put the formulas in… you can copy it forward… therefore producing a document is easy… you know it provides you with all the information whereas before we used the calculator and word… so all I did was copy what he did and started to play around with it… to suit us*!’

It is interesting that this SME found out about the benefits of Excel when working with his Russian suppliers. The ‘chance’ of finding out it wasn’t by his own accord, and hence, it could go back to the ‘weak ties’ and the opportunistic behaviour of the SME. The findings show how creatively SMEs network, and this is uniquely tailored to their SMEs’ needs and ability.

This aspect of people slowly getting to grip with the basics of technology persisted in the responses from other participants too, but in the case of their clients. For example, the participant from the Management Consultancy in Operational Performance Improvement

Specialists states, *'Well the smartphone is the main thing because then you can get people via email… sometimes I might skype people now and then… we had someone in Spain who didn't have a skype account and I said oh I will skype you on Monday and he said oh what's that then and I have got relatives in Canada…' Well it's interesting... that he hasn't got one… I guess because I have got family in Canada and friends in South Africa so I Skype them just because it is cheaper… and it's easier to do… but obviously he has got no friends abroad! [smiles] or family! … So in terms with what I was saying that was interesting… from last week that was the first time that a client had said that to us… so that was interesting to me as well…'* Perhaps dealing with clients that are not capable of using technologies doesn't give them the need to push their own technologies either.

The MNC literature suggests firms must incorporate a change in management mindset in relation to communication technologies with a cross section of staff (Sharma & Bhagwat, 2006). In fact, the findings (e.g. Mailing and Packaging Solutions, Management Consultants in Operational Performance Improvement Specialists) showed that the mature staff leave the updating of technology to a younger generation of staff. SMEs are unlikely to have IT specialists or an IT department.

The Artisan Cheese Retailer explains they experience some difficulties with the choice of communication technology. For example, the French like to fax and that could be unreliable. Having things on a piece of paper, when it comes out of the fax machine and somebody else picks it up can be a problem. This makes some inconsistencies in the choice and preference of the technology used with the French. The difference in culture means that the choice of technology could also be impacted. The Mailing and packaging solutions Company do not find that their European colleagues use Skype. However, they would have liked it as they would be able to video conference them so it would have been ideal.

The insights in relation to whether, and the extent to which SMEs do and do not embrace technology are very mixed between the academic literature, the practitioner literature, as well as the SME findings. Although we have found building relationships and face-to-face interaction correlates strongly to building trust, which is necessary before any business transaction and exchange can take place, communication technology cannot be dismissed as an non-significant factor. This is because it aids SMEs in reaching international markets. The findings have provided some valuable additional insights, which gives further insight of debates surrounding the idea of whether SMEs should, and are, embracing communication technology.

The SME literature provides supporting literature of both academic, but particularly of a practitioner nature, in relation to the potential of communication technologies for SMEs, in order to make SMEs more efficient and cut their costs (European Commission, 2007; Callahan, 2009; Garret, 2009; Khanna, 2009; Parker, 2009; Pearson and Van den Dam, 2009; Mallon, 2009; Mattioli, 2009; Morely, 2009; Mobile Data Association Government Technology, 2009; Willets, 2009). Thus, this helps to provide empowerment and further opportunities for SMEs such as an increase in productivity, operational efficiency to aid with international expansion as well as to create global market access and be able to enter multiple foreign markets (Shaw et al., 1997; Dangayach and Deshmukh, 2003; Taylor & Murphy, 2004; Pokharel, 2005; Arbore & Ordanini, 2006; Lohrke & Franklin & Frownfelter-Lohrke, 2006; Cooper & Park, 2008; Sparrow & Brown, 2008; Goulding, 2009; Loane et al., 2009; Filippini et al., 2010; Morgan-Thomas & Jones, 2009. Crucially for SMEs with limited finances, technology enables system integration (Butcher, 2005; Davey, 2009). Most of the SMEs such as the Construction Company have difficulty integrating new technologies with their existing technologies. This is a contrasting point with the practitioner literature (e.g.

Butcher, 2005; Hornbill, 2009 that claims new technologies that can be easily integrated with an SMEs existing technologies.

There are only few studies in the SME literature that claim SMEs still do not embrace technology with the main reasoning being that SMEs do not feel confident to embrace the new technologies (e.g. Jimmy & Li, 2003; Butcher, 2005). Other writers also discuss the implications of technology making it difficult for SMEs to adopt technology (Poltrock & Grudin, 2005; Howell, 2009; Wakefield, BBC, 2009). Although a few academic studies point out that SMEs do not feel confident to embrace technology, the majority of the literature argues that SMEs should embrace technology.

With reference to the academic literature, but particularly to the practitioner literature, there is a huge contrast with the findings showing that SMEs do not embrace technology. We find more in-depth findings as to why SMEs have the inability to embrace technology.

Therefore, it is important to question the likely causes of the differences between the findings and the practitioner literature. The practitioner literature expresses reasons as to why the use of technology cuts costs, and it could be because some of the practitioner literature is based on the products that technology companies sell themselves who will do their utmost to promote the benefits of their own technology. However, government bodies also discuss the low costs that technology brings. The Mobile Data Association (Government Technology, 2009) states that the use of mobile technology can cut costs as well as provide flexible working practices for SMEs. Davey (2009) claims that it is expensive to update technology, but that firms can save time and expense by looking ahead and being aware of new technologies and how these technologies can affect them. However, this point was not identified by the SMEs. The Enterprise & Industry Online Magazine (2010) agreed that policies should be developed to support the greater use of the internet by SMEs and e-commerce because it lowers the barriers and challenges for the internationalization of the smaller firms. But in reality does it? The findings suggested that many of the SMEs do not embrace communication technology. Whether IT involves a big investment or not, there are mixed views from the various SMEs. The findings indicate that the best practices employed in the SMEs lag behind the best practices employed in the practitioner literature. For example, the use and potential benefits that communication technologies have for SMEs emerge from the practitioner literature.

9.4 Cultural challenges for an SME

Assessing the barriers and challenges to internationalization are a crucial part of this study because it can show the restrictions of the SMEs when entering into international markets, e.g. the significant time management and effort it takes for an SME to reach international markets, which have been discussed to some length in the literature. This research particular identifies the cultural challenges that could be valuable to the existing SME literature.

The real consequence for an SME having to manage the cultural challenges when engaging with customers and associates of a different culture is the slower pace of progress made trying to communicate and understand one another as well as the patience required. In addition, this section will also explore how cultural challenges can restrict international business activities.

The cultural differences or challenges seem to be distinguished geographically. For example, when in relation to relationship and partnering with a Middle Eastern entity, the Arab countries show high enthusiasm towards the SMEs and like to have many meetings without there being any immediate outcome.

'I got a text from a guy that is trying to do some work in Qatar but it is really complicated because again it is a cultural thing… they really like to get everything sorted before they pay anything… they always sound very enthusiastic but they don't actually pay anything… so we have done free awareness seminars…. But they don't want to pay… it's always a long way to go… so it's always the international stuff that's problematic… they like you to make a lot of trips out there to meet you… but there is a lot of investment time literally from our part to go out there…' (Management Consultancy in Operational Improvement Specialists).

He adds:

A direct quote from the Timber Agent explains the patience that this particular SME says they should have for other cultures.

'In terms of the culture and the way people are… you know [his assistants name] here [points to colleague sitting on other side of the table]… has got a lot of experience of dealing with Brazilians and they have their own way of doing things… [his assistant nods not looking too happy and they both laugh]… it's a knowing nod! [laughs] I have the Russians to contend with and they have their own way and whilst we sit here and mutter and groan and say oh these bleeding Russians… what you have to remember is that they are probably sitting at their desks saying oh the bleeding English [makes a muttering sound]… [laughs]'.

'*I mean the Russians… you always know when something has gone wrong or when they are upset… because they don't talk to you… you try and get them on Skype… email… nothing! They will not respond so that means ok… what have we done that they are upset… what is it that's caused this total silence… to try and work out… [his assistant nods and they both laugh again] perhaps we have not paid an invoice… that we have forgotten about… it can be anything! I mean what is it that has upset them and identify… not actually saying that* *you have found out what has upset them… but to put it right… and then suddenly they start talking again… and emails start to flow… it is utterly extraordinary… I mean the export guy with the biggest Russian export company is incredibly difficult to get hold of! And to talk to anyway! Even if we are in his good books!*

'*Now… that's not because they are inefficient… it's the way they are… it's the way they work… there is no point at picking up the phone and shouting at them… if you do that then they will finish the call and you won't hear from them for about a month! That's the way they work that's why I say you have got to have patience… and you have got to work out where they are coming from… to try and ease things through… and also remember that they are dealing with us and because we deal in black and white because we want an answer now… they are not being anti and trying to make life difficult… it's the cultural thing…'*

Referring back to the literature on the work of Hall (1987) and high-context and low-context communication, it is evident the way the Russians communicate is defined as high-context communication. Due to the lack of verbal communication from the Russians, the British SME (Timber Agent) had to 'read' why the Russians were not responding, whereas the British SME say they themselves are quite 'black and white' when exchanging information.

The above direct quotes show the kind of patience that the British SME needs to have when conducting business with the Russians and the day-to-day challenges they have with them. However, the cultural barrier seems to then become a cultural restriction and not something they can easily overcome as the other SMEs have been able to overcome with their cultural differences. It does restrict the international work because their buyers will say if the Timber Agent does not come back to the buyer in two days then he will do his business elsewhere so they just have to wait and see what happens. This is a crucial point, because action can be delayed. It seems that even if the SME tries to make contact to push them along they will not respond until they are ready, at which point the buyer may not wait anymore.

Although difficult, the SME overcomes the cultural differences through effective communication. The Artisan Cheese Retailer has not come across something they have not been able to overcome, because they work with their customers from the very beginning. This helps to break down the barriers. Perhaps they are not affected by the cultural differences, whereby it impacts the choice of technology e.g. the French's preference of wanting to use different technology (fax) because this SME has a strong business culture and way of doing things. The preference of the technology used, is important because of the ranging nature of relationships, SMEs need to be in their partners 'good books'.

Arranz & de Arroyabe (2009) suggest the main barriers SMEs experience in the initial stages of internationalization are the language differences. Although we did find this, the language issue certainly was not the significant part of the cultural issue. In fact, the language issue was one of the most non-significant parts of the cultural difficulties that the SME experiences.

9.5 Networking, Trust and Relationship-building

The findings show SMEs rely on networking in order to identify who they want to collaborate and partner with; due to the nature of the SME they must share the cost and risk of internationalizing (Wollf & Pett, 2000; Mogan-Thomas & Jones, 2009). This means the notion of trust and relationship-building become critical because SMEs are engaging in business with others. MNCs do collaborate on projects with others for specific projects, however, in terms of their significantly larger budgets, they are able to internationalize with their own resources and capabilities e.g. they can send out expatriates. Hence, this is the reason why the notions of trust and relationship-building becomes important to an SME. This section will explore the importance of feeding relationship-building and trust into networking. The relationship between these concepts will be discussed.

The findings will discuss some of the most valuable modes of networking the SMEs engage in, and whether the sources of networking come from a personal contact, also referred to as the ‘strong ties’ or from a different circle of contacts unknown to the individual, also referred to as the ‘weak ties’? There is valuable information here in terms of how these ‘ties’ are built into networking.

The literature highlighted the importance and benefits of being part of a network relationship (Granovetter, 2005; Hutchinson & Quintas, 2008; Gao et al., 2012), to recognize opportunities to help an SME create an avenue of business for themselves- by having a relationship that provides access to others that the firm does not even know (Brunetto & Farr-Wharton, 2007; Rodrigues & Childs, 2012; Lengwick-Hall, 2013).

The modes of networking include: the use of an Agent to reach international markets or the use of an agent to assist with a link in the international market: equally partnering with somebody in the region that already has a network, Chance Meetings (including the 80/20 rule), Referrals, Social Networking Events, Role of Email and the Internet as a contact point to reach existing customers regarding products (technology used to interact and keep up business), Networking with people not in the same nature of business, Trade Gossip and Word-of-mouth, and Friends who are competitors, as well as Connections through Internships from US market and vice versa.

9.5.1 Agents

According to the findings, SMEs employ an agent to help them reach international markets. Without an agent, it can be difficult in terms of the different language and different ways of working in another culture. For example, if the Timber Agents want to sell to the Middle East they would employ someone local who knows how the country works. Using an agent in Saudia Arabia to work on their behalf works because they know the people and they know how to do business there. In addition, there are agents in this country who do business in the Middle East who go out there to the Middle East. However, the original agent also goes out regularly too, but what he/she does is travel with this agent in order to provide this link to them to help the SME network further. The Agent would be viewed as a 'weak tie'.

9.5.2 Partnerships with others who have a network

The findings showed Partnering with others was frequently mentioned and emphasized in relation to building a network with others. Networking with somebody that the SME already knows overseas is one of the key ways that SMEs can reach international markets. People they trust and have long-established relationships with, makes this easier. Collaborative Software discusses that if SMEs have a network of people in these areas and they understand what it is that they do then it would be a good idea to lean on them. But most people don't, or those people that are SME start-ups haven't got a network yet. Hence, partnering up with somebody in that region, which could be viewed as a 'weak tie' or 'strong tie', who has a network already would be used.

Lin et al. (2012), in the SME literature, suggests that due to the lack of literature, further research is required on expatriates in SMEs. However, the findings in the SME interviews outlined the non-employment of expatriation within the SMEs. Thus, we question whether in fact further research is required on expatriation in SMEs, since the findings show the SMEs engaging in partnerships to internationalize.

9.5.3 Chance Meetings

We identified from the findings that the mode of chance meetings emerges in various forms. Cheese festivals are organized by the Artisan Cheese Retailer Company; defined as a chance event because it is the unexpected opportunities of the people that come along to the cheese festivals. Located in Italy, people from all over the world attend and find them as the SME is a credible business with a very high reputation. They take many of their cheese makers with them and they talk about the cheeses and customers like to talk to them about the cheeses. It is an opportunity to network with international customers from all over the world (who come to Italy for the festival) but not the only reason why they do this. There are a number of other reasons why they like to be there; ‘it’s almost a happy by-product of being at that kind of event’.

The participant emphasizes that their networking at these events are organic; they do not deliberately network, they are interested in what they do and interested in other people who do the same thing, so naturally their paths cross. The Artisan Cheese Retailer’s Company Directors are judges at the cheese society awards, and the Cheese Makers’ Association have an annual general meeting, that’s how they find people and that’s how people find them.

Reading from Rodrigues & Childs (2012) discussed the idea of chance meetings. This provoked many questions. It was interesting to learn of how SMEs (with their limited finances and resources), which we would assume need to have a schedule of being thoroughly organized and hands-on into pursuing new customers and actually ‘go out’ and find these customers, would simply rely on chance. We were then interested to find out the extent to which the SMEs in this study relied on chance to gain further business.

The participant from Collaborative Software expressed his thoughts. *'It's not something that we rely upon… it's not something I would advocate… but it's not something I would back away from or… when you're in a region wherever that happens to be and you're working on a deal or on a new project or your just out there to test the water and you have a chance meeting with somebody and you tell them what you do and they think they can be of assistance then great! It's fantastic but that's a chance and I wouldn't build my business on chance… I don't know many people who do apart from gamblers!'*

However, as the interviews went along, we found that to a rather large extent, SMEs do explore chance meetings and do find them effective.

As part of the chance meeting, the 80/20 per cent rule/theory is applied by Timber Agent explaining that when one has got 100 per cent customers, they do 20 per cent of their business with 80 per cent of their customers, and then they do 80 per cent of their business with 20 per cent of their customers. It is the 20 per cent of their regular customers that they go out and see and make a point of seeing and the other 80 per cent they hope to bump into them once a year e.g. at a trade function. Hence, they would not go out of their way to make these appointments.

9.5.4 Referrals

One of the most common difficulties experienced was whether the SMEs could get access to the right people that can help them. In such situations, the notion of referrals becomes important. The idea of referrals would indicate the use of both 'strong ties' and 'weak ties' as work may be done with a close client who would pass on the SME contact to another contact. However, the Management consultancy in Operational Performance

Improvement Specialists would still prefer and need to rely on any recommendations of referrals given by someone else.

'*if you don't know anybody… you will only get there if you get a referral then I guess the work would come in… we wouldn't go out there particularly… we had some work in Qatar and this guy who is an associate of ours… he's a Qatari himself and his brother lives out there and he has a network out there… now that's why we went out there because he can get us access to the ministry defence out there and different people in the construction sector so with that then you have got a chance… so have you got the credentials, you know there is no point going there saying… we are really nice people to work with… and you know what have you done elsewhere… show me if you have got any references I can talk to… you know so we go there and say look this is what I have done…*'

'*…If you're a small to medium-sized enterprise like us you live off, probably 70 per cent of your work comes through referrals… and what happens is I love it when people move organization and when they go to a new place we follow them there…*'.

There is a far more organic way of networking in the Artisan Cheese Retailer. It can also be argued that this organic way of networking is based around trust, which builds a strong network/social capital for the SME. There is an interesting comparison here with the Artisan Cheese Retailer. This SME claims their reputation is important, and they don't need to chase every customer but they want the customer to care and be able to represent the product well. Although this SME is a reputable brand it is important and customers will be pleased to work with them; the SME must ensure they build relationships with the fewer customers to retrieve referrals. This SME emphasizes that communication is important to the SME to work the right customer.

The findings reinforce the ideas in the literature in relation to keeping customers happy. The findings have shown more of significance than the literature of the consequences of not keeping customers happy; they want to get the referrals they depend on.

We learnt from the SME literature that businesses must keep their customers happy. This can help to secure repeat business from the customer and to bring economic benefits to aid SMEs build their business (Lockett & Brown, 2006; Collings & Scullion, 2009). The idea of keeping customers happy to secure repeat business could go back to some of the work of Jacobs (1961), Bourdieu (1983), Coleman (1988), and Putnam (1993; 2000), who have written about social capital and networking. Repeat business helps the SMEs to keep customers and helps them network with others who the customers recommend the SME to. SMEs can be resourceful by acquiring contacts through possessing a durable network. The findings showed that most of the SMEs (e.g. the Construction Company and The Management Consultancy in Operational Performance Improvement Specialists), depend on referrals from customers to gain business. Thus, this is how the SMEs build *their* social capital; and how important the notion of trust is to be inter-related with social capital.

9.5.5 Social Networking Events

Collaborative Software attend the networking events that occur every evening in London and around the globe; they find them important because they are more social. Hence, they are networking with a different circle of people, referred to as a 'weak tie'. This allows them to meet like-minded people and share ideas. However, they do not necessarily attend all these social events as they have their network of people already. It will be something they go to if it is near and they want to get out of the office for a break; it's just more a bonus if they end up networking with anyone.

The Construction Company seems to have somewhat less interest in the social networking events within the construction field. Every Wednesday they have informal networking and get together with other like-minded people in the industry but he does not enjoy it anymore because the idea of this evening for a lot of people is to just drink. A drawback of this is that they may be networking within the same network of people, which as the literature suggested (e.g. Kontinen & Ojala, 2011; Rodrigues & Childs, 2012; Welter, 2012), will not bring new opportunities to network. In contrast to Collaborative Software, networking for the Construction Company means networking with the same people, which would be networking within 'strong ties'.

The idea of networking during the more social networking events did not seem to be very relevant or important to the SMEs. The literature e.g. some work by Rodrigues & Childs (2012) analyses how useful these social networking events can be. However, the findings from this set of interviews proved otherwise.

9.5.6 Email and the internet

The Timber Agent and the Artisan Cheese Retailer Company send emails, that go out to their existing clients. The Timber Agent puts out these offers quite regularly to hope that they will be interested in what they are specifically offering and hope that the arrival of the email on their desk could remind them that they need a product which will give them an enquiry and further business. However, with their big customers, the Timber Agent does look after their interests more than the producers because these big customers rely on the Timber Agent for continuous supply, e.g. these clients don't want to run out of base products, so it is in the interest of the Timber Agent to keep in contact with their buyers.

The Artisan Cheese Retailer uses the email to send a newsletter called ‘e-deliverer’. It is sent to their existing clients’ email inbox with news, and for interaction purposes. They suggest it is an innovative way of creating new business opportunities. The literature suggested the internet is increasingly becoming important to SMEs to help them internationalize (e.g. Butcher, 2005). This is because by the firm establishing a company website means that they can connect with a high number of customers quickly and cheaply.

9.5.7 Networking with people not in the same nature of their business

The Supply Chain Management Specialists network with people that are not in the nature of their actual business. For example, he mentioned that spending time with the current researcher, (myself), could create a future contact.

‘Everything that we do has some sort of consequence. Whether it’s an e-mail ‘saying yes ill spend half an hour on your thesis’, you don’t know where it’s going to turn up and in say ten years’ time you may be working in an environment and you come across [firms name] and you think I remember that and you remember that we helped. I don’t know Vicky where you might turn up in future careers, it could well be a contact, whereby you say ‘yes I had a conversation and it was useful’ so I think that’s why we like to make sure that everybody is wearing their company on their sleeve, whatever they do’.

To network from a buying point of view, the Timber Agent and the Management consultancy in Operational Performance Improvement Specialists would use the internet, such as Google, as it helps with finding contacts. For example, the Timber Agent suggests that the internet has changed the way things work considerably, because when they have a website someone would only have to type in ‘plywood agent UK’ in Google and with some luck the first page may possibly provide the [SME website name]. So it is important to get the website constructed, which in turns means that they get emails regularly. For example, they get producers of products from China asking if they want to open business associations with the timber group from the website. The use of the website and communication technology does become highly important for those SMEs such as the Artisan Cheese Retailer Company that does not chase customers, but waits for customers to find them.

The Timber Agent suggests that an agent who they all know and that has been in the trading industry for many years, and who knows what the Timber Agent is doing, had an enquiry for hardboard and knows that they deal with it so whatever it is he will phone up the Timber Agent with an enquiry. The agent is not actually a customer of theirs but works on a commission basis. Hence, he will do this with the Timber Agent or with anybody else and this is the nature of his business.

9.5.8 Trade gossip/word-of-mouth

The Timber Agent discusses that the suppliers are identified through trade gossip; they hear things in the trade. There could be an overlap here between distinguishing whether this mode of networking is a ‘weak tie’ or a ‘strong tie’; it could be a blend of both.

9.5.9 Friends who are competitors

The Timber Agent knows of the nature of their competitors’ work; if they get an enquiry for products that they do not know how to handle but they would know who does then they would take the enquiry to their competitors. They are personal friends even though they are competitors. They would pass the enquiry to the friend and then have no further part in it. They would not expect to earn from it because then the Timber Agent knows that if the friend gets an enquiry that could be business for the Timber Agent then the friend would let them know. For them it’s a good idea to share information or a suitable contact. The Timber Agent also shares contacts and information with others in non-competing firms. Thus, perhaps there is an argument for the use of ‘strong ties’, that in fact there are further business opportunities by interacting with the same people.

In contrast to the findings, Shaw (2006) claims advice and information should not be shared with others in competing firms. Only the Timber Agent discussed this. It is important that further research is conducted to explore this point further as it could be a critical element of networking in SMEs.

It appears that most of the modes of networking are ‘weak ties’. The findings indicate these modes of networking require high levels of trust, which can be developed through relationship-building.

Firstly, the issues around trust are explored; the costs associated with trust, the issue of trust further tested by cultural differences, as well as trusting too much in that if the client does not end up paying it can cost the SME if they do not get anything out of the project.

As the introduction highlighted SMEs network and collaborate with associates in order to share the cost and risk of internationalizing. Even so, sharing costs could be a risk and they must ensure they can trust who they are working with. For example, the Customer-driven supply chain management Specialists explain that since it is very expensive to send people, they have to trust the people that they send out there as they will have to get on with the job unassisted.

Trust is tested because of the culture differences. The Mailing and Packaging Solutions Company is aware of managing trust with different cultures when engaging in a partnership.

‘There are always issues around communication, it’s not an easy relationship, we work very hard to try to keep relationships harmonious with our foreign subsidiaries and our Swiss

colleagues, but it is very tough and there are entrenched if you like, they are bias, the French don't like them and the Spanish don't like them and the Italians won't speak to them, and then you have the Americans at the top who don't speak to anybody. It's difficult'.

However, it must be mentioned that building relationships in order to develop trust incurs expense and time to the SME.

The Customer-driven supply chain management Specialists explain that in their consultancy field it's all about relationships, thus, the success of a project is always defined by the relationship that's been built up in the first place. To be able to build that relationship they do need to 'press the flesh'. Video conferencing once every 3 weeks would suffice once they have a well-established relationship, '*but its without thought you need to establish that relationship in the first place, and that can be expensive depending on where it is*'. Their MD is out on the road between two weeks out of four, and that would need frequent overseas flights.

The Artisan Cheese Retailer, Mailing and packaging solutions Company and Management Consultancy in Operational Performance Improvement Specialists believe that building relationships is paramount especially when the client is buying a high end product. This is because they will want to have built some sort of relationship with the SME as well. They challenged the time and financial expense that goes into building relationships. An interesting example is given by the Mailing and Packaging Solutions Company.

'Nurturing relationships is key particularly because of the level of our products… the relationships is critical, and with our level of product its key because we literally nurture those relationships, we take them to Switzerland, we put them in the best hotels, we wine and dine them, so we combine the business trip with the full hospitality gig, and [the Managing Director] takes them out on his Maserati, its critical because when your spending that

amount of money, and this is not an off the shelf type of product, it's completely bespoke to whatever that customer needs'.

However, the smaller SMEs who sell a less high-end product or service such as the Construction Company, are also aware to do various smaller things to ensure the client sees they care. For example, he ensures that he asks his workmen to take off their boots when they enter the clients house, as a courtesy to the client, which helps to build relationships with them. The Management Consultancy in Operational Performance Management Improvement Specialists explains that they build relationships by trying to challenge the client. It becomes evident that the challenged client is being offered value for money by the SME, which helps to build trust.

But, trusting associates too much can mean SMEs end up paying more even as the Construction Company explained,

'*In the past… when we were nobody and we were establishing and starting to grow… we could not finance the work that we had… so I went to family and friends… and they did help but unfortunately their help cost me more than the project… because I could not have expressed and could not get as angry as I would have liked… I trusted them too much with my business and I ended up losing money and they bought items on my account… delivered to their house and to this day I haven't been paid for it… and one of the items you would not believe it was a 2 and half thousand pound Jacuzzi… to this day I have never had to buy a 2 and half thousand pound Jacuzzi for a client…'*

An SME that has limited time and resources that takes on work to an international scale can experience even worse problems in terms of the time, expense and risk.

Thus, we question why the idea of trusting too much is not addressed in the academic literature? Why is the idea of trust only shown in a positive way? Welter (2012) and Rodrigues & Childs (2012) suggest that the dark sides of trust must be explored. This is important particularly because trust is essential to the SMEs business activity, particularly if they want to take their business internationally with partners and associates. Coleman also explored the idea of trusting too much.

The notion of building relationships feeds into how well trust can be developed. Various findings emerged from the concept of building relationships; which included the importance of long-standing relations by having a link to people they know well whereby other suppliers not having the same relationships as some of the SMEs. The importance of nurturing relationships with clients because of the high-end level of the product, never closing a deal without not seeing them, so they build relationships first. Also, wanting to build relationships to interact with the community. These findings show how the nature of relationship-building builds into trust and the findings indicate that building relationships is one of the key ways that SMEs define their success with their operations overseas.

Some SMEs such as the Artisan Cheese Retailer have developed trust over the years, building long-standing relationships. The US distributors, the sales Director has worked with the business for over 20 years and he is in his early 40’s so all of his adult working life has been spent working there.

The Artisan Cheese Retailer say that if they compare themselves to a supermarket chain/MNC, they feel that their values and their way of operating is so removed from that because they have personal relationships with their people. They don’t think about relationships and trust because it’s an expectation, it just happens.

The advantage of having long-standing relationships with others means that an SME has a link that has been naturally developed by the gradual development of the relationship with others; valuable trust will also have been developed over time. The Artisan Cheese Retailer has a link with a lot of other local partners. This means if they need the local language or a particular skill set they will engage with these individuals. The Artisan Cheese Retailers' other suppliers don't have the same relationship with cheese makers as they do, they do things differently e.g. they taste the cheese with the clients.

In contrast, Collaborative Software describe how trust between what firms do for their client and the relationship they want to build with clients is important to both small and large businesses. The participant does not seem to differentiate the level of trust between the MNC and the SME.

The notion of building relationships and trust is so important, that the Mailing and Packaging Solutions Company say they would never close a deal without seeing them beforehand, and never without building a relationship first because of the highly competitive nature of the market and they rely on the relationship building of their family brand. The engineers would look after the kit even once the product is sold, so their relationship with the client is very important. Emphasis is placed on the after-care service but it seems to be highly important to build the relationships; perhaps the customer may do further business with them or refer them to others; this is key to the development of SMEs.

In contrast, the motives for relationship-building are beyond business purposes for the Artisan Cheese Retailer. It is about understanding how their products are being perceived and being sold into the market where the customer is. Interestingly, the participant explains that they create relationships because they want to, it's part of it, and sharing experiences and having conversations and that all grows and feeds into each other. They are not just concerned about the cheese but they also want to get involved in the communities where they are selling.

9.6 SMEs Managing across borders: ‘a mixed-economy’

The findings clearly show the notion of building trust and relationships requires face-to-face interaction; it is through face-to-face interaction that trust and relationships can be built. This is because the SME can assess their associates’ body language, facial expressions and get a ‘gut feeling’.

Many of the SMEs such as the Management Consultancy in Operational Improvement Specialists discuss that the building of relationships can be more effective when they are built face-to-face ‘*Getting out there, bums on seats, go and see them, organise your day, organise your diary, so there is nothing better than someone turning up on the clients side, pressing the flesh’*.

Chapter 1 the Introduction explained this research will investigate the need for face-to-face interaction against technology in SMEs. This helps to address Research Question 3 which explores the extent to which technology can replace the need for travel and face-to-face interaction. In order to explain this, this section will discuss findings in relation to the need for face-to-face interaction, the importance of connecting with others at a human level, the benefits of technology over face-to-face interaction and the limitations of communication technology.

9.6.1 Face-to-face interaction

The Management Consultancy in Operational Performance Improvement Specialists explain face-to-face interaction is needed to discuss complex issues, which can sometimes only be done face-to-face.

'and on a complex piece of work… we need to go and meet the people because they want… they are trusting you with their organization especially something delicate when you're looking at organizational re-design… you have personalities to take care of… stakeholders to manage up and down the organization… ego's to sooth… but you would want to do it in a very passionate, methodological and correct way… but most of the time they want a collaboration project to get our people to own it after we have gone… and they want to see the people who are doing the job… so the last person who did it well… they will say I want the person that did it last time… so and you need to have that relationship sometimes'. This SME continues to discuss that customers want to see them face-to-face because they are in great need of help to have called the consultant in first place, *'they don't call you in unless they want to change… and you tend to be the last resort… it's almost a sign of defeat for some MD's… but if we can't do this then we have got to get somebody else in to do it… for us… so that's an interesting relationship there… and that's very difficult to do on the phone…'*

The concepts are also inter-related because some of the SMEs, such as the Timber Agent explains that even though face-to-face is not always needed, they do have face-to-face meetings to build relations. They put big emphasis on their important buyers so that these buyers know exactly what the Timber Agent is doing.

Similarly, the Construction Company and the Consultancy in Operational Improvement Performance Specialists argue that it is essential to see the reaction of the client or the associate and visualize the office and the person sitting in the office. In particular, the former SME seemed to put a huge amount of emphasis on being able to see the client to get a ‘gut feeling’ about the client. This may be because he is the Project Manager of the firm and has limited resources and finances. In addition, because he has been burnt by people before it seems he needs to be sure that the client is someone that he will be able to deal with and that there is more chance the client will pay.

When most of the SMEs were questioned in relation to the need for face-to-face interaction, the majority of the SMEs explained that it is very important for the sales team to travel and see clients or suppliers or other associates. For example, the Artisan Cheese Retailer explains that the sales team are very ‘hands-on’ in terms of going out and visiting these countries. It seems that they need to be because of their strong business culture, they need to get the ethos of the SME and their ‘ways of doing things’ across to the potential client and also because they need to be able to identify and assess whether the client is able to represent the cheese retailers products.

The Mailing and Packing Solutions Company help to further explain why face-to-face interaction is important for sales.

‘From our business perspective I think you’re never going to be able to replace that face-to-face communication, particularly in sales and in relationship building. You’re going to miss the sale signs… But if you’re going to sell thousands of them to somebody then you’re more likely, and will be more successful if you go over and meet them, ok you may never have to meet them again, but from our point of view that relationship is key. It doesn’t matter what

technology we've got, you still can't get away from building that relationship, without trust, we would not sell anything'.

The Management Consultancy in Operational Improvement Performance Specialists explained that when communicating via technology, as opposed to face-to-face interaction, people see their emails when they choose to, and can respond to them when they want to. It also means that they can get out of the email more easily as well. For example, if the email is regarding selling to a client, then the client can choose to read the email later or even get out of what is being said; an email doesn't give the SME a chance to 'sell' their product, but face-to-face interaction does. This can be challenging for SMEs who rely on a face-to-face meeting to gain further business.

Having found this, some contrasting arguments were found from the Timber Agent and the Management consultancy in Operational Performance Improvement Specialists. In addition, there are some contrasting arguments as these SMEs express that although face-to-face meetings are important for sales meetings, because business has accelerated, people no longer have time to do things face-to-face, so they email one another. So although SMEs hold value for face-to-face meetings, the lack of time that people have because of limited business, and finding business, can create the implication of limited face-to-face interaction.

As the quote below will help to explain, the idea of trust seems to be challenged between the SME and the client, making trust in business an even bigger issue.

The Management Consultancy in Operational Performance Improvement Specialists discusses how significant trust can be when internationalizing. For example, the participant discussed whether to agree to work with someone for a contract but not see them beforehand.

'It depends on the risk… if you're doing work with a client that actually says I am going to tell the world that you are bums for doing that… are your people happy working with the clients… because we all get nightmare clients from time to time but the nice thing is at least it is not going to last forever… I think the client is a lot more challenging than they were 20 years ago… because a lot of ex-consultants are now clients… now it's common for people to come out of university and go into consultancy places like Accenture and PWC… so a lot of people on the client side understand the nature of consultancy… so what you may have got away with 25 years ago you would find quite difficult now… you understand the rules of the game now… because it is a big business… it is about 10 million pounds a year… it is a big moneyer… so this trust in needed on the international side… it is like the stuff in Qatar… the guy that was just texting me about this now… they want us to go to this finance seminar... I just think that… we spent a year out there now and we have got no fees from there… and we have eventually got to say we ain't gonna keep going… you know we need to see some money… because we are running a small company… because whilst we are doing that we are substituting for some other action… you know because you are thinking well the UK is flat lining in the UK economy it is harder to find pieces of work at the moment…'

The last part of this quote highlights that these issues can become hugely problematic and make internationalization a significant problem for the SME because of the costs and the time it is more difficult for the SME to be able to internationalize, because domestic activity also needs attention with an SMEs small workforce, managing international operations becomes even more important.

9.6.2 *Connecting with others at the human level*

The findings show how empathy, honesty, integrity and patience feed into trust and further building and 'cementing' relationships. In particular, these attributes seemed to be essential in order to connect with others at the human level. These attributes conform towards building trust, making it easier to secure repeat business and to strive for a better reputation that SMEs desperately require in order to do further business with others. The diagram demonstrates the importance of connecting with others at a human level.

The literature introduced the idea and importance of trust in SMEs, however, the literature did not develop areas of how this trust is developed. The findings however, explain more about developing trust and ensuring that the SME connects with clients and associates at a human level. Coleman (2000) discusses that people do like to build trust with others, because it is useful for their own business relationships. However the notion of reciprocity means they may want to get something in return. The notion of reciprocity could be applied here; the SME may want to show attributes such as honesty to build trust in order to secure repeat business from the client as well as to build on the SMEs reputation. Do the findings show this?

The Construction Company explains that 'he does his job with a good heart and good spirit as is always honest with the client' in order to help build trust with them. This participant suggests that building trust is a two way process, it seems that as much as the client needs to trust him, he also needs to be able to trust them. Following these attributes every time he does a job such as being honest with the client, gives him hope that the client will be honest and pay him. This is important to him because he has had this trust broken whereby the client has not paid.

Figure 9.1 Contrast of building relationships and developing trust.

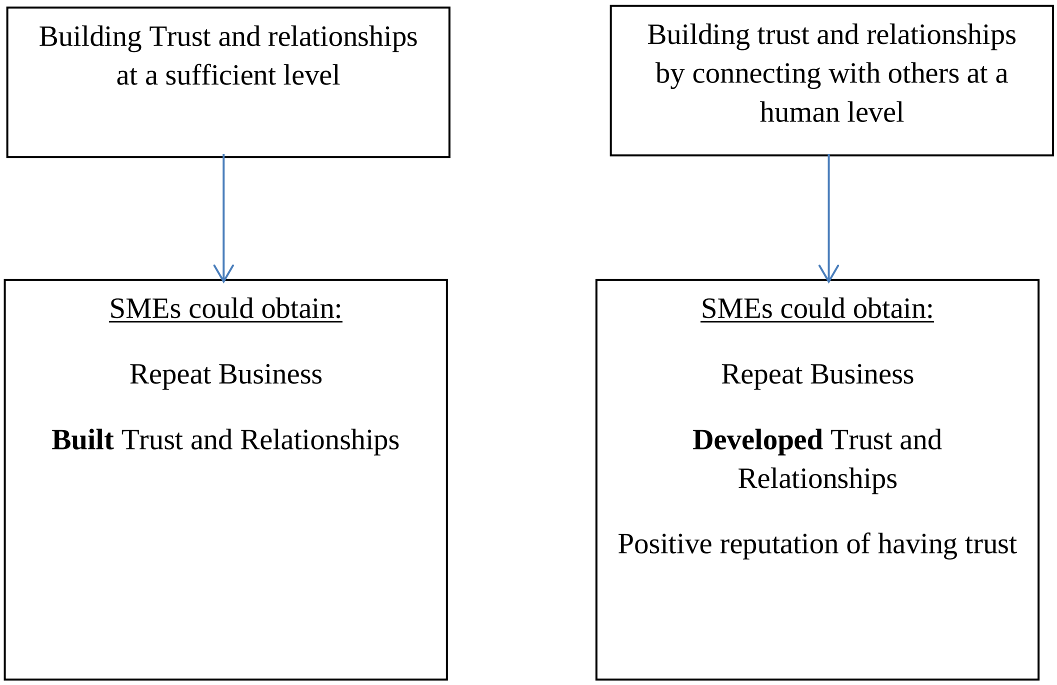


Figure 9.1 attempts to contrast the building of relationships and the development of trust. The left column shows the importance of building trust and relationships, which can result in repeat business and building trust and relationships. In contrast, the right column shows that building trust and relationships is by connecting with others at a human level could result in repeat business, as well as developed trust and relationships. A positive reputation of trust is built of the SME.

The Customer-driven supply chain management specialists also give an open and detailed response:

'I think the most important thing is to do good work, and how you define good work is a challenge. We feel that we are honest, we have integrity, if we don't believe a solution is right we will tell them, the important thing to be able to show clear and convincing arguments, but also to deliver with integrity, and once you start to go away from that you will start to lose the trust…

…The vast majority of our clients ask us to do repeat work, which is where we get most of our work from, from individuals who move on from one client to another or from having done some original work, giving them good value, helping them understand a problem which they may not of understood, we use that as the basis to sell on and therefore we get expensive repeat work because of that, and some of the major companies that we have worked with, we may have had 20-30 projects with them because we have built that trust, they recognise the individuals and we deliver accordingly. So the trust is important, it is about doing good work, it is about giving good value, it's not about conning the client, and it's going that extra mile which is nearly always unpaid but it really helps the client and to be honest we put it down to five or six very good consultants that we have in our business. Some of the top people in our

business who have been recognised internally and internationally, and it is those people that give us the reputation'.

9.6.3 Affordances of Technology

The final part of this section looks at technology replacing expatriates, travel and face-to-face interaction, which helps to address research question 3 to some degree.

Upon analysis we can identify that building relationships is imperative to the nature of how SMEs make sales and build their business. Communication technology is highly important to SMEs, but the findings indicate technology is not as important as building relationships. However, SMEs do still need to use communication technology and do not seem to be able to do some very important activities without it. Since communication technology has become an integral part of how we communicate with others far more easily and quickly than having to meet others face-to-face for meetings, it is important to analyse if, and how effectively, SMEs use communication technology to build relationships.

The other aspect of connecting at a human level is to get the feeling of the dynamic of the conversation. The Construction Company and the Customer-Driven Supply Chain Management Specialists explain it is difficult to feel a 'gut feeling' over a telephone or conference call or the only way this will work is if they have had a number of phone calls in the past, so the rapport has already been built and the important content of the discussion has been discussed. Sometimes, the Mailing and Packaging Solutions Company suggest that telephone conversations are difficult because sometimes people lack understanding in what has been said particularly if there is a cultural or language misunderstanding.

Collaborative Software suggests that although face-to-face meetings are important, to discuss important matters, the majority of the time they do rely on communication technology for various tasks even to build relationships. However, the strong confidence of this particular SME to use communication technology to build relationships may be because produce their own technology, of which they use for their own business needs too. Since they develop their software, they are aware of their software's weaknesses and can provide a solution to them and manage their work online. However, in comparison, other SMEs such as the Construction Company do not know how to install and manage their technology, thus they may not feel confident about developing continuous relationships via communication technology.

However, the findings showed that the other SMEs find relationship-building difficult to develop via the use of communication technology. The Timber Agent explains that relationship-building via technology is difficult. For example, the email cannot be used to build relationships, because the email is just writing on a screen, and does not give the opportunity to 'talk' over email but it's just a matter of asking specific questions. Even a telephone conversation can be cut short if someone else is waiting on the telephone line. However, a time is allocated for a face-to-face meeting, and they know that they have their attention 100 per cent. This allows for an in-depth conversation as well as the chance to broaden conversation to general trade matters and further develop as they can get to know that person, for example, talk about their family and what their interests. This only comes out of a longer conversation. An in-depth conversation is unlikely to occur through an email, e.g. the owner of the Timber Agent explained that they cannot randomly just ask the associate if they are married. The recipient of the email may think that it's none of the Timber Agents business. The email is merely for specific questions but there could be 'a p.s. at the bottom e.g. did you manage to get out ok on your boat this weekend'. They are able to include the one liner even on the email but they can only do this when they have sat there and talked to people beforehand.

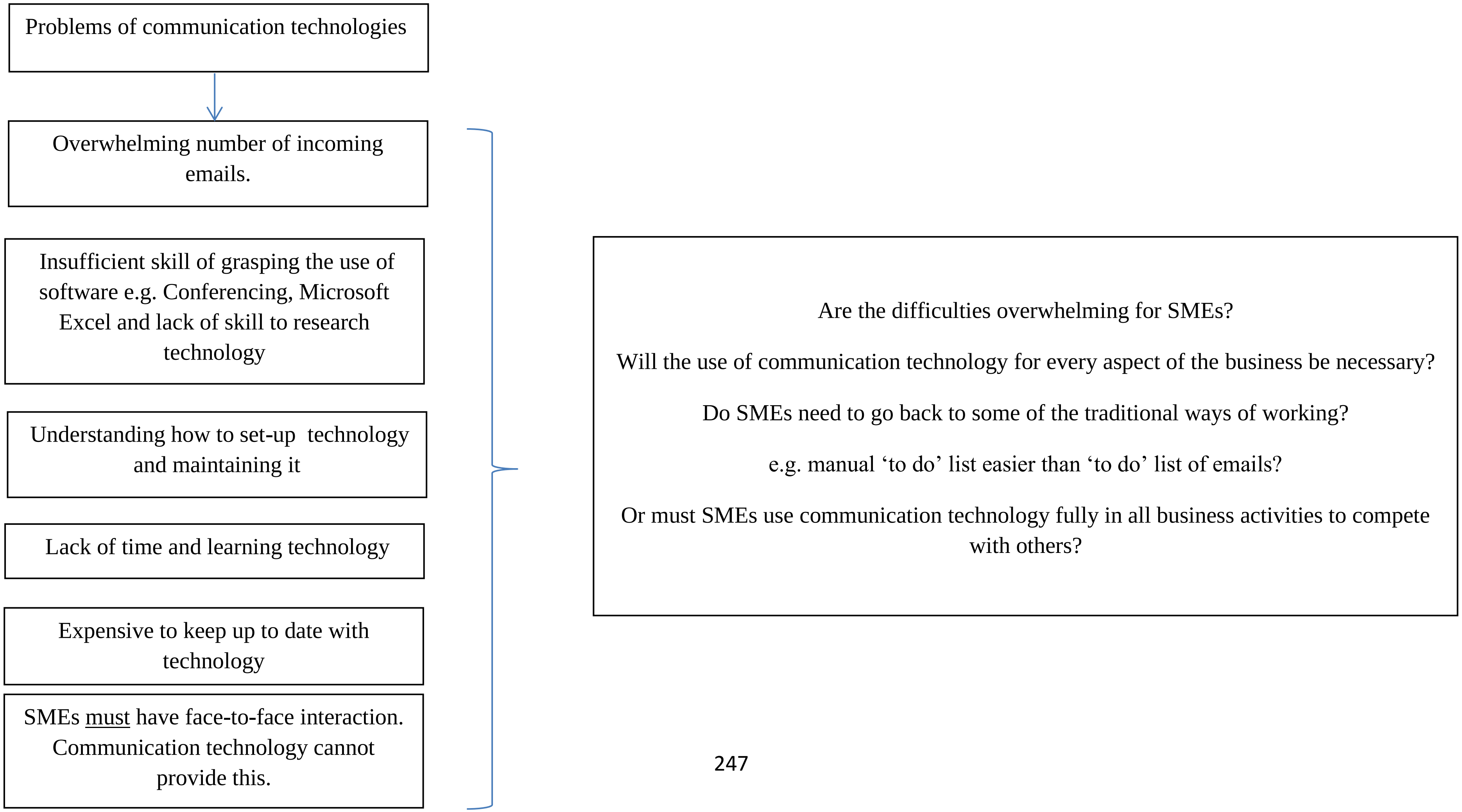
In addition, the supply chain management specialists responded that communication technology cannot replace international travel. This is because of the revenue structure of their business.

'The revenue structure of our business, we will be charging our main consultant people at director level, over £2,000 a day. The cost of a European flight, even with British Airways, is maybe £300-400 pounds, so in relative terms the cost of the flight of physically being there compared to the implication of getting the meeting wrong, is insignificant. That is why our business model says ok maybe we are spending 20% on expenses, but it's not 50% or 80% on expenses… I mean if you're only paying somebody £200-300 a day then a flight for £300-400 is expensive. When you're in relative terms it's a magnitude of higher, clearly the percentage is right. But you know, if you think of a typical European work where we are finding an expenses bill of about 20%, clients are prepared to pay that bit more to see people and get the best out of them'.

The findings above, in relation to the extent to which communication technology can replace face-to-face interaction and physical mobility is also shown in diagrammatic form below *(Figure 9.2).*

Figure 9.2 Extent to which communication technology can replace face-to-face interaction and physical mobility

Findings indicate that communication technology is not the most important mode for the internationalization of SMEs. Not only because of the proceeding importance of Networking, Social Capital and Trust, but also due to the overwhelming complexities impacting on the use of communication technology for SMEs. The importance of face-to-face interaction is evident; communication technology cannot replace the value of face-to-face interaction for SMEs



9.7 Summary

Chapter 9 presented the key findings in relation to the SME In-depth interviews. We found there are some contrasting expectations between the SME and the customer. It is in fact the customers that must challenge the SME in order for the SME to want to do business with the customer. A reason for this is to protect the credibility and reputation of the SME which is hard enough for SMEs to gain as it is.

As important as face-to-face interaction is to the SME, there is a key benefit for the use of communication technology. An audit trail with the use of communication technology will help to secure and capture information that would not be captured with face-to-face interaction. The findings showed an inability to embrace communication technology because of various reasons such as the cost of updating technology every few years as well as an inability to manage it. Managing IT becomes particularly problematic when the responsibility is shared among the workforce, which can be challenging when the workforce is not specialized in IT. The findings showed SMEs are not aware of the technology that is available to them. This was evident by the Timber Agent who found out about the benefits of Excel when working with his Russian suppliers. The 'chance' of finding out about the technology is evident through the 'weak ties' and opportunistic behaviour of the SME.

The findings indicated the cultural challenges the SME faces during internationalization. For example, the Arabs are enthusiastic about having many face-to-face meetings, which is expensive for the SME to travel when there is no real outcome to the meetings. In addition, another example is dealing with the Russians who have their own way of communicating with others, they do not communicate as black and white as the English do, which means the

English must be very patient with the Russians otherwise there will be no outcome with them either.

The findings indicate the importance and benefits of being part of a network relationship to recognize opportunities. The modes of networking we found in this sample of SMEs include the use of an Agent to reach international markets or the use of an Agent to assist as a link in the international market, Partnering with somebody in the region that already has a network, Chance Meetings, Referrals, Social Networking Events, Role of Email and the Internet as a contact point to reach existing customers regarding products (technology used to interact and keep up business), Networking with people not in the same nature of business, Trade Gossip and Word-of-mouth, and Friends who are competitors, as well as Connections through Internships from the US market and vice versa.

The notion of the ‘strong ties’ do not seem to be particularly important to the SMEs, but it is from the ‘weak ties’ that they can identify different opportunities and people to work with. However, trust becomes a significant issue, which means trust must be built when engaging with connections of a ‘weak tie’ nature. Face-to-face interaction is essential and none of the SMEs said they would do business with a client or partner without having seen them first because they need to see them to get a ‘gut feeling’. In addition, the findings show how empathy, honesty, integrity and patience feed into trust and further building and ‘cementing’ relationships. The SME findings indicated these attributes seemed to be essential in order to connect with others at the human level. This also helps to enhance the reputation and credibility for an SME, which is important to help repeat business and new business with others.

Interestingly, we can see that the research objective and research question identified in the introduction does not appear to be particularly applicable to the SMEs. A part of the research objective and research question is to address the 'extent' to which physical mobility and face-to-face interaction can be replaced by communication technology. In fact, from what we have found in this study, SMEs must see the partner or client before doing any business with them.

Chapter 10 will provide the analysis of the SME In-depth findings. Chapter 10 will also provide the Overall Analysis and Review of the research, which includes comparative work with the academic literature as well as the Exploratory study and the Main Investigation SME Short-Interviews. The following Chapter will also provide some of the key differences to the MNCs.

CHAPTER 10

INVESTIGATIONS' FINDINGS: OVERALL ANALYSIS AND REVIEW

10.1 Introduction

The last three chapters (Chapter 7-9) concern the findings and analysis of the research investigations. Chapter 10 pulls together these chapters.

Chapter 10 provides the overall analysis and review with regards to the findings of the Main Investigation SME In-Depth Interviews in comparison with the findings from the Exploratory study as well as the Main Investigation SME Short-Interviews. This chapter will begin with a model (*Figure 10.1*) demonstrating the reasons as to why the empirical findings show SMEs do not employ expatriation but SMEs employ a High mobility approach in order to see their customers and associates face-to-face as well as the use of communication technology. Then the next model (*Figure 10.2*) demonstrates the modes of Internationalization SMEs employ, which is based on the empirical investigation, highlighting a 'mixed-economy' of high mobility strategy and communication technology but also additional factors of networking, social capital and trust. This model is compared to the model (*Figure 2.2, Chapter 2*) developed for the modes of Internationalization MNCs employ. Comparisons will identify how similar or different the SMEs are among one another. In addition, the final section of this Chapter will compare and analyse the SME findings with the MNC findings from the Exploratory study as well as the extended interview with the Financial Traders Corporation from the in-depth investigation. Comparisons are also made in relation to the academic and practitioner literature as well as our own thoughts surrounding these findings and comparisons. A summary of the overall Chapter is provided.

This section makes comparisons between the SMEs in the Main Investigation SME In-Depth Interviews, the Exploratory study as well as the Main Investigation SME Short-Interviews SMEs.

10.2 SMEs and 'mixed-economy' of flexpatriates and communication technology

This research has emphasized the importance of exploring MNCs as a comparator in learning more about SME behaviour. *Figure 2.2*- Modes of Internationalization MNCs employ, involved looking at the change from the deployment of expatriates (due to causes of expatriate failure) towards the deployment of a 'mixed-economy' of flexpatriates and communication technology. This model is widened for the SME model and explored in this section. However, it was important that prior to providing the *Figure 10.2* on SMEs, *Figure 2.2* was re-introduced to make comparisons.

Figure 2.2 in the Literature on Internationalization, showed the Internationalization modes MNCs employ. The MNC Internationalization modes consist of the employment of Expatriation as well as Flexpatriation and High and cutting edge Communication Technology such as video conferencing, but particularly the crucial importance of Expatriates to help launch and develop their international markets. Evidence of the importance of Networking, Social Capital and Trust were not identified with the MNCs.

Before discussing *Figure 10.2* which shows the modes of internationalization SMEs employ, it is important to discuss *Figure 10.1* and the reasons as to why it is important to outline why expatriation is not employed in SMEs. The empirical investigation shows the international movement of people comes down to time and economics. This is because SMEs are constrained by finances. Another reason is that SMEs are usually lifestyle driven run by individuals and also depends on the nature of the business. Many of the SMEs also stated that they simply do not need to employ expatriates because the modes of internationalization that they do use such as short-term assignments are sufficient.

Figure 10.2 shows the modes SMEs employ to internationalize. It shows the High Mobility strategies, communication technologies as well as the importance of Networking, Social Capital and Trust. The model shows the High Mobility Strategies or Flexpatriates (business trips/short-term assignments). The international business trips, which are of a few days to a few weeks, were common in many of the SMEs in the empirical investigation. This is because SMEs must travel to see their friends, relatives, and business colleagues as they do business with them and need to see them to build these relationships. In this sense, the SMEs rely more so on the flexpatriate and travel than the MNCs. Low-Intermediate and basic use of communication technologies are used such as the telephone, mobile, email and skype in the SMEs compared to the high and cutting edge communication technology required in MNCs. The larger SMEs (e.g. medium-sized SMEs) use the more advanced technology (Intermediate level) such as basic video conferencing. SMEs use various technologies to complement one another. However, the use of communication technology in SMEs is varied, basic and used for specific reasons.

Figure 10.1 Reasons for non use of expatriation and 'Mixed-economy of high mobility approach'(' flexpatriates') and communication technologies

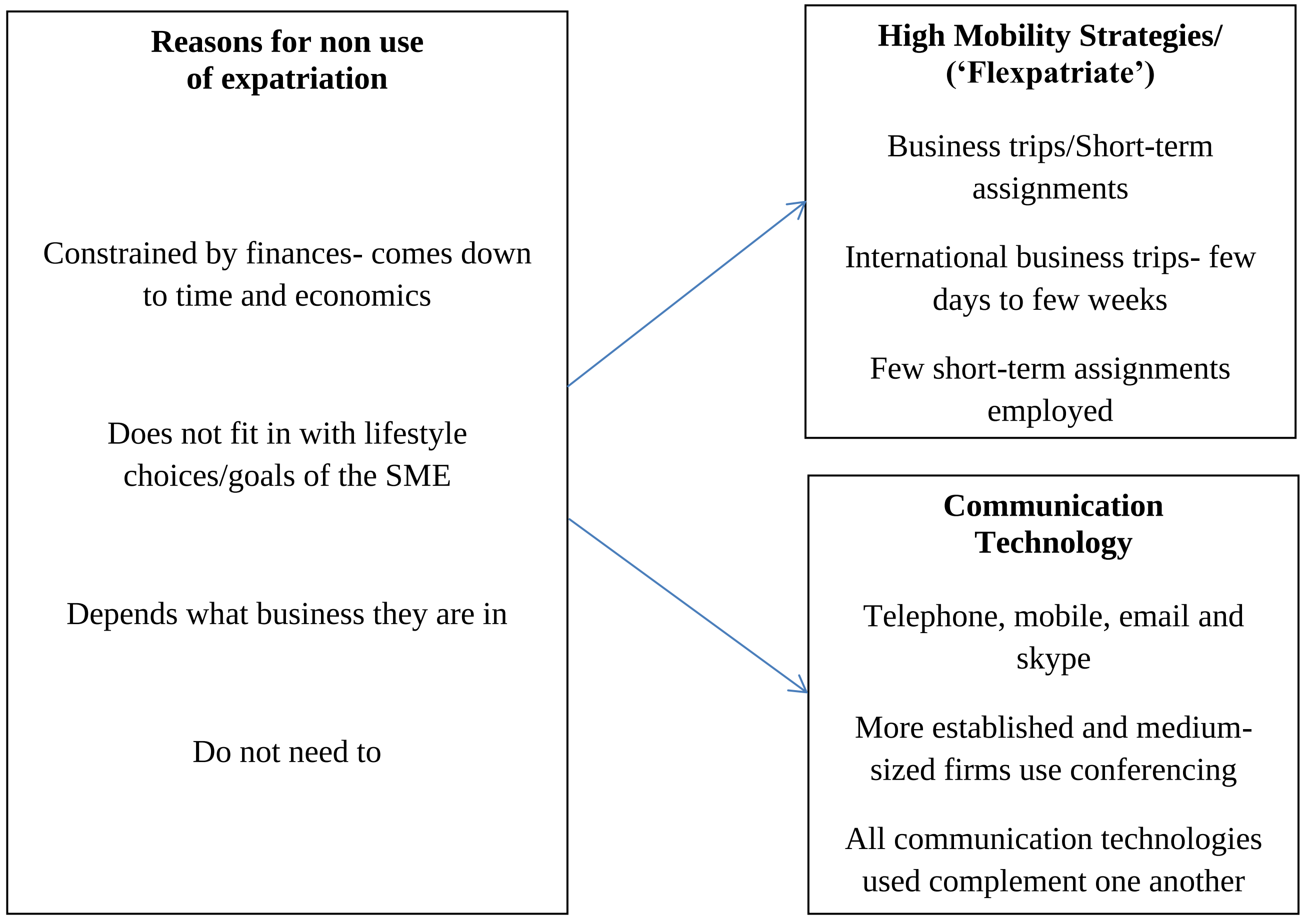


Figure 10.2 Modes of SME Internationalization; 'Mixed-economy' of High Mobility Approach' ('Flexpatriates'), Communication Technology, Networking, Social Capital and Trust

'Mixed-Economy' of High Mobility Approach ('Flexpatriates') and Low-Intermediate Communication Technologies *Emphasis on international business trips and occasional short-term assignments and basic communication technologies*
Networking, Social Capital and Trust *'Weak ties', 'Weak ties giving access to a wider network of strong ties', 'Strong ties', Chance meetings, Social networking events, Partner with others, Agent, Contacts-Existing customers, referrals, and non-competing friends in the business* *Trust built through face-to-face interaction, Must connect with others at human level-integrity, honesty, patience and empathy and Trust defines whether SMEs will go into business or not*

Figure 10.2 also shows Networking, Social Capital as well as Trust. These emerged in the short interviews in the main investigation. These notions were explored in the wider literature. These notions were then further investigated in the in-depth interviews. Various Networking and Social Capital were identified in the investigation such the ‘strong ties’ accessing the ‘weak ties’, ‘weak ties’, chance meetings, partnering with others, referrals and friends in the competing industry. Trust is manifested in SMEs by being built through high face-to-face interaction, and SMEs must connect with others at a human level, which includes showing integrity, honesty, patience and empathy. In fact, the SMEs showed trust defines whether the SME will go into business with others in the first place.

10.3 Communication Technologies

The Main Investigation SME Short-Interviews and the Main Investigation SME In-Depth Interviews provide contrasting ideas as to why SMEs do not have the ability to fully embrace communication technologies.

The SME findings in the in-depth investigation emphasized the need to see clients/associates before doing any business, to build relationships and trust. However, we find it interesting that in the Main Investigation SME Short-Interviews, the Real Time Market Intelligence Provider uses communication technology, which enables them to trade wholly on the internet. They credit not having to travel to spend time and expense to see their local partner, but communicate with their local partner over the phone or skype.

There have also been some interesting contrasting points in the in-depth investigation in relation to the level at which SMEs can and cannot embrace communication technology due to high costs of purchasing and managing technology. Referring to the Main Investigation

SME Short-Interviews, the Chairman of the Real time market intelligence provider shared a very different response as to why SMEs do not embrace technology. He expressed a very strong view that SMEs must take advantage of low cost technologies e.g. a significant level of communication can take place on skype. In addition, the Structural Engineers Specialising in Glass believe the investment in IT is not a big cost given what the SME can get out of it.

However, the IT manager in this SME understands that an SMEs' problems could in fact be about how to execute this technology such as skype because they haven't used it and don't have the confidence too. In contrast to the other SMEs, this SME concurs with the literature (e.g. Butcher, 2005; Hornbill, 2009) that SMEs do suffer from a confidence issue and it is not about cost. Thus, these ideas are in complete contrast to the in-depth investigation.

The difference in the findings could be that this SME has the finances to purchase communication technology. In addition, another important reason could be that they have an IT manager, so it could be the IT manager that is very keen on developing IT in their SME, so they would advocate the importance of technology in their response. As we identified in the in-depth investigation, most of the SMEs suffer from not having IT help.

However, every day we are hearing news in relation to IT developments, with consumers buying the latest smartphones with new and advanced features. Therefore, SMEs must question, 'What if a customer wants to speak to us on Skype?' Do they tell the consumer they cannot? Do they ask the consumer whether they can call them up instead and speak over the phone? Or do they turn potential business away? By taking into consideration the response from the Real Time Market Intelligence Provider, this could indicate that the SME must be able to act upon their consumer needs.

However, it is interesting that the in-depth interviews provided a very contrasting opinion. Despite selling high-end products, and having created a well-established and successful business, the Mailing and Packaging Solutions SME find it is expensive to purchase and update technology. The arguments are in complete differentiation to one another.

The analysis shows that the inability of SMEs to embrace communication technology is far more complicated than a lack of confidence.

The analysis shows that communication technology has progressed differently within the various SMEs. The SMEs also have a preference of the use of different technologies because the SMEs all have different aims and priorities. In addition, they own different technology as it depends on the level to which they can finance their technology due to a lack of their resources as well as their need of the technology. As discussed in the previous Chapter it can also be about the 'chance' of picking up on different technology and how to use it from people they come into contact with such as clients and partners. This goes back to the 'weak ties' and shows opportunistic behaviour of SMEs.

The responses from the Main Investigation SME Short-Interviews were enthusiastic regarding the uses of technology. However, in the Main Investigation SME In-Depth Interviews, the respondents seemed to be less enthusiastic and place more importance on concepts such as trust and networking. Perhaps this is because in the Main Investigation SME Short-Interviews, the questions were based more around technology (as there were no explicit questions regarding concepts such as trust and networking, as these concepts were derived after the interview questions from the Main Investigation SME Short-Interviews).

Another side of the argument does not take into account whether embracing technology can be expensive or not, or whether SMEs are able to use or manage the technology. The Chairman of the Real Time Market Intelligence Provider, who is also the Chairman for the Financial service product for the education sector & Dating agency, argues this is completely irrelevant. This is because SMEs cannot say that they do not have a lot of money in order to justify why they won't do things properly. In fact they have to decide that if they are going to operate as an SME; they must do everything the 'proper way' and spend the capital that is required.

10.4 Networking and Social Capital

The notion of 'strong' and 'weak' ties are prominent in this research. 'Strong ties' leading to 'weak ties' are evident in the Exploratory study within the Lighting Solutions SME. 'Strong ties' are evident in the Timber Agent, however, more so in the in-depth investigations across the various SMEs. Referring back to the SME literature we explained that 'strong ties' involve networking within the same network of people known to the SME. The 'weak ties' involve networking with people outside of the individual's circle of contacts (Kontinen & Ojala, 2011; Rodrigues & Childs, 2012; Welter, 2012).

The findings in all of the SME interviews identified that the idea of a Partnership with others would be an ideal option for SMEs wanting to expand into international markets. The findings also showed that Partnerships are arranged with others who have a network already. The network can help the SME gain access to contacts and resources. Referring back to the SME literature and findings, partnerships are arranged by many SMEs who want to share the risk and finances when internationalizing.

According to the findings, many of the SMEs partner with others for various reasons, e.g. the Knowledge Consultancy SME and the Real Time Market Intelligence Provider in the Main Investigation SME Short-Interviews explained that partnerships give the opportunity for SMEs to reach international markets because costs are shared otherwise they would not be able to afford to.

The findings have shown how crucial it is for SMEs to have access to a network. This is particularly the case for Lighting Solutions in the Exploratory study. This SME has a network of people overseas who he has already worked with. The owner of Lighting Solutions explained that his former employees are university students who also work part-time for him. Once these students finish their studies and go back to their country of origin, they still do some work for this SME, as they network and find businesses for the participant in their country of origin. The students are already trained under the participant's 'wing' so they can complete the work themselves. The owner would visit to supervise operations. The students would have a circle of networking themselves in their own country, which the owner of the Lighting Solutions SME could access and trust because they would be his student's contacts. Hence, a better option than the owner finding contacts himself. In addition, the Artisan Cheese Retailer also use staff from their US contacts to work for them as part of their internship programs.

We found from the in-depth findings that the 'strong ties' do not give the SME as many opportunities to network and gain business as the opportunities that come from 'weak ties', also supported by recent literature: Kontinen & Ojala (2011), Gao et al. (2012), Rodrigues & Childs (2012) and Welter (2012).

An interesting and unique insight emerges from the Lighting Solutions SME who gains his opportunities of business from his former employees, thus the circle of people from his own contacts. The owner then uses his former employees' ('strong ties') to access the international contacts and networks ('weak ties') who the former employees know back in their country of origin. In essence, he is using his 'strong ties' to access the 'weak ties'. This is a further contrasting point to the findings from the SMEs in the in-depth investigation as well as to the work of Kontinen & Ojala (2011), Gao et al. (2012), Rodrigues and Child (2012) and Welter (2012). Although in this study we have identified the significance of the 'weak ties' in the SMEs, we cannot overlook that it is also the 'strong ties' that are important to SMEs.

In addition to other modes of networking, the response from the owner of both the Education Sector SME and the Dating Agency seems to agree with the literature from Rodrigues and Childs (2012) in relation to references. The participant refers to the nature of chance meetings in relation to good references. It can also be argued that this organic way of networking is based around trust, which builds a strong network/social capital for the SME.

Although the majority of the findings claim the 'weak ties' are important, which is line with the more recent literature, the use of 'strong ties' in Lighting Solutions in the Exploratory cannot be dismissed because this type of networking to work, worked well in gaining business via 'strong ties'. It seems that the 'weak ties' are crucial, however, there is also opportunistic behaviour from the Lighting Solutions SME to take advantage of the networking with his own contacts.

10.5 SMEs Managing across borders: a 'mixed-economy'

The SMEs with high-end products place greater emphasis on building relationships and seeing customers to secure repeat business and the importance of connecting with others at human level to build trust.

SMEs producing high-end products in the in-depth investigation such as the Mailing and Packaging Solutions SME discussed the importance of building relationships with clients. In a similar sense, the owner of the Financial service product for the Education sector as well as the Dating Agency, explains that when the customer will be paying a substantial amount of money in fees, they need someone that will care and know what they are doing. For example, they will have high face-to-face interaction with a student from Thailand who has come to the UK to do a Master's degree. They are located in a very expensive part in Bangkok because they have got to look like they know what they are doing and have staff who are trained and know how to talk to the customer.

We also identified in the in-depth interviews the importance of face-to-face interaction. However, we also found it interesting that one of the SMEs in the Main Investigation SME Short-Interviews takes the idea and importance of face-to-face interaction one step further. The Trading re-usable products from overseas SME, highlights the need to see people face-to-face even when not needed. This participant's response is significantly more deep rooted in his own personal beliefs and experiences as well as the social [not business] aspect of building relations with people. He believes that the only reason he has the business he has developed is because of the amount of time he spends face-to-face with his clients. Even if he does not need to talk to his client about anything business related, he will still go and see them on a social level.

The findings show there are varying degrees to the level of customer contact and face-to-face interaction that SMEs pursue. The majority of SMEs will provide sufficient relationship-building with their clients and associates in order to help secure repeat business. As Morrissey & Pittaway (2006) and Arbore & Ordanini (2006) discussed in the literature, this is what the SME strives for. In contrast, the Construction Company and the Management Consultancy in Operational Performance Improvement Specialists, take the idea of relationship-building one step further, by ensuring that they are connecting with their clients and associates at a human level, which will help to develop the trust further.

The nature of the kind of conversation that emerges from a built relationship develops in a face-to-face meeting rather than the email. The email is merely for specific questions but there could be 'a p.s. at the bottom e.g. did you manage to get out ok on your boat this weekend?' (Timber Agent). They are able to include the one liners even on the email but they can only do this after they have sat and talked to people beforehand; basically after they have come to see and know them. Telephone conversations can also be very short, so these may not allow time to develop in order to discuss anything in-depth.

There seems to be two degrees to building relationships. One is that the SME ensures the client is well-looked after by building relationships and trust, particularly with the pressure of high-end products. The other is taking the relationship one step further by connecting with others at a human level, and creating social networks- even friendship.

10.6 Differences between SMEs and MNCs

The introduction which outlined the differences between the SMEs and MNCs, is a focal point in this study. By examining MNC behaviour, we can learn more about SMEs (Curran, 2006; Filippini et al., 2010; Kobylanski & Szulc, 2011; Sen & Haq, 2011). This section explores the key differences between the SMEs and MNCs. We found there to be differences between characteristics and capabilities, Networking, and Referrals, Expatriation, Flexpatriation, Communication Technology, Face-to-face interaction and international challenges/barriers.

10.6.1 Characteristics and Capabilities

Referring to the literature, a distinctive feature of the SME in comparison to the MNC is the individuality of the owner-manager of the SME and their lifestyle choices (Morrissey & Pittaway, 2006). Edwards et al. (2010) claim SMEs are run by individuals with personal and family objectives, whereas MNCs are profit-based and must take care of the needs of their stakeholders. SMEs base up to 95% of their decisions on costs, whereas MNCs do not base their decisions on cost, but what they need to do. Some of the SMEs (e.g. the Construction Company, Wine Distributor, Trading re-usable products overseas), all have lifestyle motives. For example, the Wine Distributor's business is a hobby and is convenient because he has a house in France where he does business. This leads to different types of relationships, and impacts the extent to which they internationalize as opposed to the MNC. An MNC is likely to seize opportunities for profit in any destination that seems viable.

The literature argued that due to the financial and resource constraints of an SME, (Aldridge et al., 2006; Curran, 2006; OECD, 2006; Sharma & Bhagwat, 2006; Filippini et al., 2010; Kobylanski & Szulc, 2011; Sen & Haq, 2011; The Times, 2012) they have to utilize the potential of their resources and people creatively as best as possible for maximum return. It is a possibility that an MNC, with their large workforce, may have someone that is fluent in a different language. The Wine Distributor sits with the French and points at things to make each other understand. SMEs are innovative and opportunistic with how to best conduct business despite their lack of resources and finances.

The section of the differences between MNCs and SMEs in the SME literature identifies a key point highlighting that it is harder for SMEs to borrow money from banks or to find private investors than it is for large firms (Aldridge et al., 2006; The Times, 2012). The needs of the SME, the time and financial constraints, as well as the limited resources, became apparent in the Exploratory study. An argument was developed examining how SMEs and MNCs make decisions based on cost. This was one of the points of comparison in the Exploratory study. Lighting Solutions stated that although he bases his decisions on where he wants to go internationally and takes trips in accordance with his personal lifestyle, the choices that he makes with regards to where he wants to go are based on cost and what the client is willing to pay and how time-consuming the project is.

When we compare Lighting Solutions with the Construction Company, International mobile telecommunications Corporation and the Global leader in Insurance Corporation, differentiations emerge. For example, the participant in the Construction Company explains that the decisions he makes are based on cost and finance. Having said this, he explains that in the past making decisions were not just based on the cost and finances of the SME, but for the promotion of the company. But now 95% of decisions he makes about projects are based on the finances of the company. This is a similar finding to Lighting Solutions, and it could be due to the nature of the similar small size of the workforce. Both of these participants are the Managers of their company and only have two or three other members of staff.

However, the MNCs in the Exploratory study such as the International electricity and gas Corporation, International mobile telecommunications Corporation and the Global leader in Insurance Corporation, discuss that they do take into consideration the cost when making decisions. However, these decisions are not just based on cost, but also *what they need to do.* By considering the needs of SMEs, both time and financial, it became a starting point to compare both types of firms, to which both similar and different points were found.

The literature explained a key difference between the MNC and SME is the SMEs ability to specialize (Marshall, 1980; Morgan-Thomas & Jones, 2009) In addition, another key differentiation is that SMEs build individual relationships for trust with their clients.

The findings show there are various differences between the SMEs and MNCs characteristics and goals. But also, an important differentiator is the SMEs building individual relationships for trust.

10.6.2 Networking and Referrals

SMEs rely on 70% of their client's referrals, thus place importance on keeping their customers happy more than MNCs.

The literature in relation to the SMEs highlighted the importance of keeping customers happy (Arbore & Ordanini, 2006; Morrissey & Pittaway, 2006). The findings have shown this is important since SMEs rely on referrals from their existing clients to do further business with other clients. The Timber Agent claims that they rely on 70 percent of client referrals.

The findings expressed the increased importance of SMEs keeping clients happy even more so, than the MNC should do; challenging customers is important for an SME because they must please clients as the SME relies on every business that comes their way. SMEs develop, grow and thrive off their customers. In particular, SMEs are much more reliant on their customers and suppliers than MNCs are (Storey, 1994). The Main Investigation SME Short-Interviews showed that SMEs place priority on trying to please customers and keep them happy, which helps to build relationships.

10.6.3 Expatriation

The employment of expatriation is evident in the Exploratory study and the engaging of partnerships and third parties. Expatriates are sent to control operations, whereas for SMEs it’s not about control but about learning to trust the partner. Trust was not found in MNCs.

The MNC literature discussed globalization, which has increased the number of MNCs operating globally. Part of this expansion requires MNCs to employ top quality staff (Meyskens et al., 2009). However, SMEs do not have the ‘luxury’ of employing top quality staff because they don’t have the resources to do so, hence, they must partner with others or use third agents e.g. local staff.

Various academics in the MNC literature (Panache & Brewster, 2001; Grainger & Nankervis, 2001; Whitley, 2003; Paik & Son, 2004; Tan & Mahoney, 2006; Wittig-Berman & Beutell, 2009) highlighted that expatriates are employed as a central means of an organization maintaining control and co-ordination. One of the strategies that firms employ to internationalize is through strategic alliances or joint ventures (Harris, 1999; Scullion & Brewster, 2001; Scullion & Lineman, 2005), with Lien (2004) adding that retaining this control becomes even more imperative when the firm is in partnership with another firm.

Although retaining this control in MNCs is imperative, not all MNCs will enter into partnerships such as strategic alliances and joint ventures. The partnerships may not be of a long duration, but for example, a short-term project. MNCs go into partnerships will others, not necessarily because they are financially constrained, but because of expertise of the partner. However, many SMEs go into partnerships in order to share the risk and cost, so they must partner with others and the duration of the project is likely to be permanent. Hence, it is not about control, but about learning to trust the partner.

Only two authors claim that the expatriate is employed for the importance of building relationships, communication and trust (Wang et al., 2009; Fang et al., 2010). In contrast, the MNC findings in this sample indicate trust and networking did not seem to be important when developing links with contacts.

10.6.4 Flexpatriation

We identified that some of the disruption that flexpatriates can experience from the Exploratory study. In significant contrast, the disruption does not apply to SMEs; in fact, the frequent travel *reinforces* these relationships. The findings indicate that frequent trips have to be made by SMEs as they must travel to see their friends/business colleagues. SME relationships are strengthened with family and friends as they are doing business with them.

The overall findings show there are some mixed opinions and feelings of undertaking a flexpatriate assignment between the SME and MNC. Some enjoyed getting away from the office environment and their families, and some found it stressful to balance home and travel life. Most of the MNC organizations explained that there were not many implications for individuals undertaking these flexpatriate or expatriate assignments. Even with careful probing during the interview, the MNCs did not discuss anything in-depth with individuals undertaking overseas assignments. For example, the HR Director of the Insurance Corporation said ‘she loves getting on the Eurostar going back and forth to Paris’. Perhaps as the Director of the firm they do not want to shed any negative light on their operations.

However, the opinions and feelings towards flexpatriate and expatriate assignments have not been answered from the individuals themselves but from HR Directors and Managers. Therefore, if the individuals were interviewed they could have discussed the implications that they have personally experienced e.g. stresses of travelling and being away from their family. However, one disadvantage that was mentioned by some of the MNCs, was that frequently flying in out of the country would cause disruption to the productivity of the frequent flyer, as little work can be done during flying. We find it interesting that the participants from the MNCs did not feel that frequently flying in and out of the home country would cause disruption to their own lives and of their family. Instead, they spoke of how frequent trips would impact on the productivity of their *work time* e.g. a reduction of work done for the MNC.

In contrast, the SMEs seem to highlight some of the implications. For example, the Construction Company mentioned the stresses of travelling and how tiresome it was. This participant may be more honest because he is not working in that firm anymore and now works for himself. Having said this, those SMEs in the study whose aims of business are proved by their lifestyle and not for profit, have the advantage of doing business wherever they want. Thus, the issue of the stresses of flying too frequently, or to culturally distant places, may not apply to them. For some SMEs flying overseas is pleasurable, a lifestyle choice, mixing business with pleasure.

An interesting comparison lies in how the disadvantages of flexpatriates are perceived in MNCs and SMEs. Despite finding few implications with the flexpatriate in the literature, we learnt that flexpatriate assignments involve the employee travelling frequently with the flexpatriate’s family staying at home (Meyskens at al., 2009; Starr & Currie, 2009; Suutari & Brewster, 2009). This can cause disruption and tiring travel schedules as well as possible disruption to organizational activities. The SME in contrast may be flying to visit friends and reinforce social capital.

10.6.5 Communication Technology

It is evident in the Exploratory study MNCs have the financial resources and an IT specialist or department to manage technology where SMEs do not. SMEs cannot rely on technology that may not work and they must see their client for a better ‘selling’ opportunity.

The use and implications of communication technology in the Exploratory study with the MNCs have been in relation to the technical difficulties such as the bad quality or disconnection sometimes experienced during a video conference. These implications are eventually overcome in the MNCs. For example, if during a video conference meeting there is a significant technical issue, the persons in the meeting could confirm things by email or catch up at a later point.

However, the SMEs may not be able to overcome these technical difficulties. According to the SME literature, SMEs rely on every customer to grow revenue structure. If the SME experiences technical difficulty and is forced to cut the meeting short, it might not be sensible to leave the meeting to a later date because they may have missed their opportunity to sell their product or service at that moment in time. The gruelling competitive market among SMEs as well as against the MNCs, means the SME must seize business opportunities.

The other downside of the use of communication technology to SMEs is mentioned by the Management Consultancy in Operational Performance Improvement Specialists. When communicating via communication technologies, as opposed to the use of face-to-face interaction, people can see their emails when they choose to. For example, if the email is regarding selling to a client, then the client can choose to read and respond to the email later, or can even get out of the email and what is being said easier as well. An email doesn’t give the SME a chance to ‘sell’ their product, face-to-face interaction does. This can be problematic for SMEs who rely on communication technology to gain further business. Also, some associates and clients may conduct business via email with little face-to-face interaction, thus, this could create a problem for the SME too. With the limited human resources that SMEs have, this is a far bigger concern for the SME as opposed to the MNC.

In addition, the MNC's showed that most of the participants felt the technology they use is effective because they can see the other person's body language. However, two of the participants said they can work things out better when they are physically sitting opposite one another face to face. The contrasting point here is that the SMEs do not have the finances for the best conference facilities like the multinationals have, and even if they did, they could have problems managing it. Also, SMEs are not likely to have as many clients as an MNC has, as the MNC is more established and it could financially impact an SME if a successful relationship is not built with the client. As a result, more importance and emphasis is placed on SMEs having face-to-face interaction for sales meetings to build trust. This is absent in the MNCs. Even when the Financial Traders Corporation was asked about trust, they did not want to answer [as outlined in the Methods and Rationale Chapter, an additional interview took place with an MNC to provide further comparative dynamics with the SMEs, after completion of the entire SME study].

A key difference between the MNC and SME concerns the differing communication technology employed, which demonstrates the extent to which MNCs embrace technology more than the SME. Many MNCs have the financial resources to purchase the technology they require, e.g. the latest video conferencing technology where the quality, sound and picture closely resembles as best as possible a face-to-face meeting. For example, the Computing Corporation explained they have large screens that make it appear that the person they are speaking to, is sitting in front of them. But MNCs have an IT department with experts to train staff and are only a phone call away if a technical issue arises. They also know how to manage IT and what IT to purchase; perhaps this is because they have the finances to purchase the latest technologies to fit their needs. In contrast, it could take a long time for the owner of the SME to make a decision on purchasing new technologies. Particularly, we found the mature staff in an SME struggle as they don't have an expert to show them how to use IT. In addition, the DTI (2003; cited in Lockett & Brown, 2006) suggest that the smaller businesses, more than any other type of business, need someone to help them exploit the technology. The findings reinforce these writers work. This concurs with Arbore & Ordanini (2006) who suggest that the 'digital divide' between the MNCs and SMEs is significant, which points out the asymmetry of the information and communication technology they use. Referring back to the literature, The DTI (2003) also add that over 90% of UK businesses have access to the internet but there does not seem to be any increase in their usage of the more complex e-business applications.

Kontinen & Ojala (2011) claim in the SME literature, that it is the firms' size that determines the business structure, which influences which technologies a firm needs to integrate within their business processes. These scholars contend that in comparison to an MNC, an SME has a simple structure which means they will have less internal requirements for the use of extensive communication technologies. However, the findings showed that to some extent SMEs do need IT to access and communicate in international markets because they are financially constrained for significant amounts of travel.

There are also some relevant contrasting points between the SME and MNC in relation to the face-to-face interaction and physical mobility (e.g. face-to-face interaction would happen when employing expatriations, having meetings and so forth), relationships, as well as the importance of human nature in building these relationships. The embracing of communication technology for MNCs means they do have communication technology as a significant aid to conduct business with their contacts internationally and do not need to struggle.

It is interesting that the MNCs and the SME have different ideas of the use of technology and face-to-face interaction. The notion of an ‘audit trail’ was not identified in the SME literature; in fact it was not even identified in the MNC literature. A key benefit of the use of communication technology over face-to-face interaction was identified in the MNC literature to be an increase in productivity because persons travelling would not waste time at airports which could be spent working (Mayerhofer et al., 2004; Suutari & Brewster, 2009). Various SMEs in the in-depth findings such as the Management Consultancy in Operational Performance Improvement discussed how travel costs can be reduced by 80 or 90 per cent. However, the notion of the ‘audit trail’ is the finding which provides value and contribution to this research. It is very interesting that in the Main Investigation SME Short-Interviews the notion of confirming the information exchanged was mostly emphasized on the difficulties of managing IT so that information is stored and organized in an accessible and retrievable manner. In contrast, the in-depth investigation highlighted that the audit trail is required to confirm the information exchanged where cultural misunderstandings could happen.

10.6.6 Face-to-face interaction

The short interviews and in-depth interviews show the importance of face-to-face interaction with SMEs to build relationships and the importance of trust when partnering with others. MNCs do not explore building relationships and send out their own people e.g. expatriates, so trust may not be an issue.

Exploring the role and importance of face-to-face interaction, and the extent to which it can replace communication technology, was required to help address Research Question 3, which was outlined in the Introduction in Chapter 1. When addressing this question, it was vital to gather the findings in relation to the use, benefits and downsides of communication technology, in order to work out if, and the extent to which, face-to-face interaction can replace it.

The findings from the exploratory study with the MNCs, show that communication technology cannot replace the employment of expatriates and face-to-face interaction. The MNCs suggested the purpose of the expatriate is significant, and as a result, the number of expatriates employed will not decrease, but in fact has increased. However, due to the advancements in technology such as the convenience of video conferencing, communication technology can replace some *travel* such as international business trips to some extent, but not expatriation, with both SMEs and MNCs suggesting they need the human touch.

However, there are some specific situations where it is still necessary to physically be present and interact face-to-face with others to discuss important matters. The Marketing department and the designers of the Theme Park Corporation need to sit with one another to go through various designs of products. They could do this by both sharing and looking at the documents online via video conferencing. However, they prefer to physically go through everything face-to-face in one go, without the 'hassle' of the limitations of video conferencing, e.g. possibility of technical difficulties. They also want to see their partners or associates' facial expressions and get a better feel for the people they talk to, and see what they really think about what they are discussing. The findings also showed this is critical to SMEs to try and get a 'gut feeling' of whether the client is happy and genuinely interested in possible business they can trust them; important to SMEs with their limited finances.

Face-to-face interaction is significant for both SMEs as well as the MNCs. However, overall from the findings of the study, it seems that relationship building is more important to SMEs. The findings indicate the importance of face-to-face interaction to develop relationships. Therefore, they must rely on having that face-to-face interaction. This may imply the reason as to why SMEs want to see their clients and suppliers to build relationships even though they do not always need to see them. Face-to-face interaction for the purpose of relationship-building was not identified with the MNCs findings or in the reading.

From the Exploratory study with the MNCs it was clear how much communication technology can aid their growth overseas. For the SMEs, the findings indicate that communication technology is hugely important, but not as important as aspects such as building relationships.

However, a key difference is apparent with the Financial Traders Corporation. The Head of IT production in this MNC, provided a response in relation to communication technology which indicated that technology is not fully implemented in the MNC. The Head of IT production explained that Instant Messaging as well as other useful technologies needs to be used. However, they have not got round to getting all of their employees set-up with working with these communication technologies. This is an interesting response because it shows that even though they are an MNC with the finances to have an IT production department, the organization is not completely set-up with the communication technology they are supposed to be using. It could be that if a larger study was conducted, similar results to this MNC might be found.

Some critical differences were evident in relation to trust, which are important to discuss because trust defines the success of the SME and the requirement of face-to-face interaction.

The Exploratory Study with the MNCs were designed to explore broad themes in relation to the strategies MNCs employ when going overseas. Trust was not identified in the responses. As outlined in the Introduction (Chapter 1) and the Methods and Rationale (Chapter 6), the exploratory study was conducted for comparative purposes with the Main Investigation SME Short-Interviews and in-depth investigation.

In comparison with the MNCs, the notion of developing trust in many ways is a far bigger issue for the SMEs to manage than the MNC. This is because the MNCs in our sample of research send out their *own* people e.g. expatriates. The expatriates have knowledge of the multinationals way of doing business and their business culture. Therefore, they can easily transfer this knowledge, develop, sell and represent the product in the way that satisfies the MNC. The expatriate is an employee of the MNC and this could indicate that they can trust the work that the expatriate will do for them overseas. However, some of the SMEs have associates such as agents or partners who work on their behalf and although relationships can be built to an extent, trust is still an issue. One of the most important aspects that has become evident is that SMEs rely on trust as a basis to have a business when going overseas. Although trust may not be a barrier, it certainly is a challenge.

In contrast to the MNCs, none of these notions of honesty, integrity and empathy were identified. Perhaps these concepts are essential for the development of the SME. This is because these notions could help with building trust and thus, help with relationship-building, which, as the study has discovered, seems to be one of the most important notions to help the SME with the internationalization process. An interesting response from the Structural Engineers Specialising in Glass was that MNCs can afford for their products to not be right sometimes as it will not be critical to them, but for SMEs it can be damaging as it’s difficult enough for SMEs to buy into their credibility when they are a smaller business.

In the MNC literature, Riusala & Suutari (2004) argued that a large part of the knowledge transferred across MNC units is extremely specific and tacit. But this knowledge cannot be codified in written documents but requires personal interaction to achieve context specific adaption and convey meaning to its recipients. Other scholars suggest personal interaction is required when relationships still have not been established and there is a need to transfer these skills and knowledge. This is a crucial factor for the success of an MNC (Hsieh, 1999; Bonanche & Brewster, 2001; Massingham, 2010; Mayerhofer & Hartmann, 2004; Wittig-Berman & Beautell, 2009). However, these are the few writers that highlight personal interaction is important to a MNCs success. In contrast, the findings in the in-depth investigation emphasized just how significant personal interaction is to SMEs and that they would not do business without seeing the client first even with the use of technology (e.g. Timber Agent and Mailing and Packaging Solutions).

Face-to-face interaction is clearly significant for both types of organizations; the SMEs as well as the MNCs. However, overall the findings of the study, suggest that relationship building is more important to SMEs, as SMEs need to rely on arranging face-to-face interaction to get the initial business with the client. This may imply the reason as to why SMEs want to see their clients and suppliers to build relationships, despite not actually needing to see them all the time. In addition, we found that SMEs rely on face-to-face interaction to 'sell' their products; an email doesn't give the SME a chance to 'sell' their product, face-to-face interaction does. This can be problematic for SMEs who rely on a face-to-face meeting to gain further business. With the limited human resources that SMEs have, this is a far bigger concern for the SME as opposed to the MNC.

10.6.7 International barriers and Challenges

The differences between how the various cultures interact is reflected in the work of Hall (1987). Reflecting back to the literature, in low-context communication, the exchange of verbal communication becomes emphasized and non-verbal communication can be visually seen. In high-context communication, only a small part of the information is communicated verbally.

Reflecting back to the findings, we identified the way the Russians work is classed as high-context communication, hence, the Timber Agent needs to read the situation in order to move forward with doing business with the Russians. The work of Hall (1987) distinguishing low-context and high-context communication becomes crucial in this research. It is evident that cultural misunderstandings can cause implications whereby some SMEs have to use an audit trail to confirm, audit and check what has been agreed.

The Exploratory study showed that international challenges become far more difficult for SMEs to manage with few human and financial resources, which creates an emotional investment MNCs may not experience.

The MNC literature (e.g. Arbore & Ordanini, 2006; Morrissey & Pittaway, 2006; Edwards et al., 2010) highlighted the various barriers and challenges MNCs experience during internationalization. However, relatively little work exists on the challenges and barriers that restrict SME activity. Some of the SME literature (Differences between SMEs and MNCs' section) discusses the work of Curran (2006), Filipini et al. (2010), Kobylanski & Szulc (2011) and Sen & Haq (2011) claiming that small businesses' challenges stem from financial constraints. The analysis of these findings provides some insight on this and how some challenges can have a bigger impact on the SME.

In addition to the cultural challenges for SMEs mentioned earlier in the Chapter, the emotional challenge of the internationalization process has been significant for the Customer-driven supply chain management Specialists who had to leave their expanding business in Hong Kong because it became overwhelming. There were insufficient funds and human resources to see the project through. The emotional investment was too much for them at that stage; indeed for the SME to internationalize anywhere. These ideas were not identified in the literature. Also, in an SME there is usually the Managing Director that oversees the entire business, with the possible aid of other management partners. Trying to internationalize and manage UK operations at the same time is not easy. Some of the SMEs explained that they must go overseas due to the shortage of work in the UK. However, domestic operations should not be abandoned.

Reflecting on some of the other interviews in the Main Investigation SME Short-Interviews such as the Financial service product for the Education sector & Dating Agency, and the Real time market intelligence provider, described the significant amount of work that an SME has to do in order to reach and operate international markets, particularly because they need to establish themselves as credible businesses to be able to compete amongst other businesses. The emotional challenge of it all must be significant, particularly because some of the SMEs have invested their own capital into developing the business. The MNCs, however, do not suffer from the challenges of internationalization as much as the SME; they have a team of people to help with specific issues.

10.7 Summary

Chapter 10 provided analysis of all stages of the research with comparative work with the academic and practitioner literature. This Chapter involved developing analytical comparisons between the SMEs and as well as with the MNCs. Upon analysis, we can see that this ‘mixed-economy’ of flexpatriates and communication technology varies in SMEs because of a lack of resources as well as the aims of the SME being different to an MNC. The research questions are addressed and insights have been developed, as to how SMEs compete despite the financial, resources and lack of experiential knowledge constraints.

Some interesting ideas emerged from the analysis. This shows that the inability of SMEs to embrace communication technology is far more complicated than a lack of confidence that was portrayed in the literature. The analysis shows that communication technology has progressed differently within the various SMEs. The SMEs also have a preference for the use of different technologies because the SMEs all have different aims and priorities. In addition, they own different technology as it depends on the level to which they can finance their technology. As discussed in the previous Chapter it can also be about the ‘chance’ of picking up on different technology and how to use it with the people they come into contact with such as clients and partners. This goes back to the ‘weak ties’ and shows opportunistic behaviour of SMEs.

We found from the in-depth findings that the ‘strong ties’ do not give the SME as many opportunities to network and gain business as the opportunities that come from ‘weak ties’, also supported by some few, but recent literature: Kontinen & Ojala (2011), Gao et al. (2012), Rodrigues & Childs (2012) and Welter (2012).

An interesting and unique insight emerges from the Lighting Solutions SME who gains his opportunities of business from his former employees, thus the circle of people from his own contacts. The owner then uses his former employees’ (‘strong ties’) to access the international contacts and networks (‘weak ties’) who the former employees know back in their country of origin. In essence, he is using his ‘strong ties’ to access the ‘weak ties’. This is a further contrasting point to the findings from the SMEs in the in-depth investigation as well as to the work of Kontinen & Ojala (2011), Gao et al. (2012), Rodrigues and Child (2012) and Welter (2012). Although in this study we have identified the significance of the 'weak ties' in the SMEs, we cannot overlook that it is also potentially the 'strong ties' that are important to SMEs.

The majority of SMEs will provide sufficient relationship-building with their clients and associates in order to help secure repeat business. In contrast, the Construction Company and the Management Consultancy in Operational Performance Improvement Specialists, take the idea of relationship-building one step further, by ensuring that they are connecting with their clients and associates at a human level, which will help to develop the trust further.

The differences between the SMEs and MNCs were also analysed in this Chapter. As the introduction and literature discussed, comparisons with the MNCs is a starting point in helping to explore SME behaviour. This proved to be true and helpful for this study.

In terms of networking, the differences between the MNCs and SMEs are in the findings, which indicate that SMEs rely up to 70 per cent on their client's referrals, hence they place importance on keeping their customers happy, building trust and relationships. Concerning the notion of expatriation, MNCs employ expatriates to control operations, whereas the SME findings show they don't need to employ expatriates to control operations. For SMEs, it is about learning to trust the partner since they need to collaborate with others to share the risk and cost of internationalizing and obtaining access to a network the partner may have. Face-to-face interaction and relationship building seems to be more important to SMEs since they need to rely on arranging face-to-face interaction to get the initial business with the client. This may imply the reason as to why SMEs want to see their clients and suppliers to build relationships, despite not actually needing to see them all the time. In addition, we found SMEs rely on face-to-face interaction to ‘sell’ their products, an email doesn’t give the SME a chance to ‘sell’ their product, face-to-face interaction does. This can be problematic for SMEs who rely on a face-to-face meeting to gain further business. With the limited human resources that SMEs have, this is a far bigger concern for the SME as opposed to the MNC.

In relation to the notion of flexpatriation/high mobility strategies, the MNC sample showed some of the disruption the expatriate experiences. In significant contrast, the disruption does not apply to SMEs; in fact, the frequent travel *reinforces* these relationships. The findings indicate that frequent trips have to be made by SMEs as they must travel to see their friends/business colleagues. SME relationships are strengthened with family and friends as they are doing business with them.

In addition, an audit trail is needed to capture, audit and check the information exchanged during conversation, so that the SME does not waste time and expense, for example, with having to go back and re-design products which can cost them millions and damage their credibility and reputation, which is hard for SMEs to gain anyway. Finally, the analysis showed SMEs find dealing with cultures on an international level very difficult, unless their ‘strong ties’ involve inter cultural relationships.

Based on the analysis, Chapter 11, the final and concluding Chapter, will provide the avenues for further research. In this Chapter, the implications and limitations of the current research as well as an overall summary are provided.

CHAPTER 11

SMEs AND INTERNATIONALIZATION: CONCLUSIONS AND FURTHER CONSIDERATIONS

11.1 Introduction

Chapter 11, the final Chapter, revisits the research problem, objectives and the methodology employed. Discussions show how the study contributes to the existing academic literature theoretically and whose academic work. Recommendations are suggested to help SMEs practically with the management of international activities. The limitations of this study are outlined and we propose ideas for further research.

11.2 Personal end-note

Before concluding this thesis I do wish to re-visit my personal interest of the research, which contributes to the understanding of family business.

11.3 Revisiting the research problem and objectives of the research

This thesis examined the changing patterns of workforce management in SMEs. The introduction highlighted that there is a general consensus in both the academic and practitioner literature that MNCs have increasingly moved from the deployment of expatriates to a 'mixed-economy' of flexpatriates and information and communication technologies. However, there is little research in relation to SMEs, since the majority of the academic literature written in the area of traditional expatriation has been focused on the context of MNC's.

In addition, although there is an abundance of practitioner literature on the benefits of communication technologies for SMEs (European Commission, 2007; Adensamer, 2009; Callahan, 2009; Cappellen, 2005; Dulken, 2008; Garret, 2009; Howell, 2009; Khanna, 2009; Parker, 2009; Meyskens et al. 2009; Mallon, 2009; Mattioli, 2009; Morely, 2009; Mobile Data Association Government Technology, 2009; Willets, 2009), there is little literature on how communication technology can help SMEs with the internationalization process. The introduction emphasized why research on SMEs is important because since the depression of 2008 SMEs have become the economic lifeblood of the UK (The Times, 6th August, 2013). Hence, development of the limited literature is required.

Research on SMEs was conducted in various sectors. The research conducted on SMEs consisted of a Main Investigation SME Short-Interviews to explore some of the broad themes of expatriation, flexpatriation and communication technology. The importance of additional factors consisting of networking, social capital and trust were also identified in this study. Therefore, the Main Investigation SME In-Depth Interviews were conducted to explore these additional issues further. In total, research on 18 SMEs was conducted through semi-structured interviews as well as supplementary document data. Research was also undertaken in 10 MNCs in various industries with the use of semi-structured interviews and the use of probing. This helped for comparative purposes with the SMEs as the research on MNCs formed a basis for the SME research. The use of content analysis proved useful for the exploratory study and Main Investigation SME Short-Interviews to generate themes and meaning. However, the Grounded Theory Approach was used for the Main Investigation SME In-Depth Interviews. It was important to use this approach because the analysis of the in-depth investigation needed a more robust framework than to simply generate themes. Various steps of coding were developed to open up the enquiry, link the key ideas and develop the core ideas.

As we explained in Chapter 1 explained, the main aim of this thesis has been to explore the extent to which SMEs operate transnationally as well as to examine to what extent SMEs adopt the same approaches as do large MNCs. The research explores particularly the extent to which communication technology and flexpatriates can replace traditional expatriates, face-to-face interaction and the physical mobility of staff. The research questions are re-visited here.

1- To what extent do SMEs employ traditional expatriation for their overseas activity?

2-To what extent do SMEs employ 'flexpatriate' staff and how does this influence the way that SME's staff their global positions?'

3- What are the technologies that SMEs use? Is technology a contemporary substitute or a support mechanism to global expatriation and physical mobility?

4- What are the efficiency and effectiveness implications for SMEs?

We will firstly address the research objective and research questions before discussing the contributions to literature. The research objective and research questions developed earlier in the study were focused around expatriation and a 'mixed-economy' of flexpatriates and communication technologies. Although a small amount of work adds to the expatriate, flexpatriate and communication technology regarding the MNC literature, it does not apply to SMEs. In fact, these research questions did not result in the most interesting and relevant answers, because we found that SMEs do not employ expatriates, and use minimal flexpatriate activity (confined mostly to short business trips). In terms of the use of technology, most of the findings indicate the SMEs use basic technology such as skype. Agents and local people are used instead of travelling too much.

In fact, a whole host of different modes of internationalization and issues emerged from the findings. SMEs do not employ expatriates as a mode of internationalization, but partner with others who have a network, employ agents, use their social capital, and various networking activities such as the chance meetings, which are referred to as the ‘weak ties’. In addition, ‘strong ties’ are also important because they can be used to access the ‘weak ties’. Various issues emerge from these modes of internationalization. Trusting relationships must be built, which will be explored. SMEs do not all invest in communication technologies like the MNCs do. Most of the SMEs invest in relatively cheap IT to reinforce the building of relationships and it is also seen as a follow up to help develop trust and networks such as the use of an audit trail. SMEs need to be clear that the necessary details have been received to ensure productivity and expense is not wasted, which is particularly important to a small business. The cultural differences become particularly significant to SMEs when they are operating at an international level. These ideas are concluded in the theoretical and practical contributions.

11.4 Theoretical Contributions

The SME findings showed the flexpatriate/ICT model purportedly adopted in large MNCs demonstrate a limited view compared to the complexity of approaches adopted by SMEs. A key finding of the exploratory study showed the importance of expatriates for MNC international activity. Despite the literature pointing to a decrease in the number of expatriates, the research demonstrated an increase in flexpatriates and communication technology because of increasing globalization and the problems associated with expatriate failure.

More importantly in SMEs it was clear there is a much more complex situation as they adopt various modes of internationalization. The SME findings indicate it is the role of trust relationships, networking and social capital that are the key strategies of internationalization for SMEs. The theoretical contributions discussed are in relation to large firm theorizing as a comparative basis with small business research. Expatriation, Flexpatriation/High Mobility Strategies, Communication Technology (the reasons for embracing and not embracing technology will be concluded), are discussed. But Networking, Social Capital and Trust appear more important to the SME. Finally, conclusions are drawn as to the extent to which communication technologies and flexpatriation can replace expatriation, face-to-face interaction and the physical mobility of staff.

We found SMEs need face-to-face interaction for relationship-building and trust. The barriers/challenges experienced by SMEs when internationalizing help to analyse the extent of this argument. Thus, this addresses the main aim of this research.

The theoretical contributions have been divided into various sections.

Firstly, the literature which emphasized large firm theorizing and research, remains a starting point for small business research, and future research should examine large firm theorizing, as a comparative basis for SMEs. This is because the research on MNCs is particularly abundant in comparison with the SMEs (Morrissey & Pittaway, 2006; Curran, 2009). As the Exploratory study (Chapter 7) discussed, 10 MNCs were interviewed as a basis for comparative purposes with the SMEs. Thus, one of the key contributions is in line with what other academics have acknowledged to be important for future research.

This research has invested in benchmarking with the MNCs, yielding a robust interrogative framework for the SMEs, helping to provide explanation of SME behaviour in relation to their internationalization activity. For example, the literature outlined expatriate failure in MNCs causes stress because of the problems with decision-making in HR and the expatriate feels the stress of prematurely returning back to the home-country. However, SMEs often do not have HR departments, indeed sometimes only one person, the owner, makes the decisions. Stress emerges in a different way for SMEs. They have the stress of constrained finances.

Secondly, ideas developed contribute to the literature on the non-expatriation of SMEs.

The models we developed (Figure 2.2 MNC model and Figure 10.2 SME model) show the difference between the modes of Internationalization for MNCs and SMEs. Model 10.2 is developed based on the empirical investigation on SMEs. It shows contribution towards how SMEs Internationalize. As identified in model 10.2, this section discusses their contribution in relation to the non-expatriation of SMEs, and the next two sections discuss the contribution of this research concerning Networking, Social Capital and Trust.

Traditional expatriation in relation to the MNCs has been studied in-depth in the literature (Clarke & Hammer, 1995; Bennett et al., 2000; Mayerhofer & Hartmann, 2004; Shay & Baack, 2004; Cappellen, 2005; Stahl & Bjorkman, 2006; McKenna & Richardson, 2007; Starr, 2009; Anon, 2009; Howe-Walsh & Birgit, 2010). Some of the literature such as

Whitley (2003), Cappellen (2005), Hamlin & Calvasina (2005) and Tan & Mahoney (2006), has suggested that the numbers of expatriates are decreasing.

In contrast, a key finding that emerged from the Exploratory study with the MNCs was that the numbers of expatriates are not decreasing but, in fact, are increasing. MNCs define the success of their international activity by the employment of expatriates and are able to finance the employment of expatriates. According to the Exploratory study, although the MNC challenges every expatriate they employ, they will however employ expatriates, as and when needed, to accomplish what they need by placing expatriates in overseas locations. Hence, valid reasons are provided as to why the value of expatriates still remain. This echoes the thoughts of Yan et al. (2002) and Reiche & Harzing (2009) who claim the numbers of expatriates are increasing. These findings help to add to the existing debates regarding the arguments for and against expatriation.

In contrast to the high level of research on MNCs in relation to expatriation (Brewster & Scullion, 1997; Harris, 2001; Harris & Holden, 2001; Lin & Lu, 2012), few studies have been found to explore expatriation in SMEs, only Cheng & Lin (2009) seem to have provided a somewhat more depth. Harris & Holden (2001) and Cheng & Lin (2009) claim that even after a comprehensive literature review, it still generates few studies of SMEs and expatriation.

In addition, scholars such as Harris & Holden (2001) and Collings et al. (2007) do highlight that there is an increasing demand for expatriate employees in a far wider range of organizations than the traditional larger MNC because of the rapid growth of the smaller firms that want to internationalize too. In addition, scholars such as Harris and Holden (2001), Scullion & Brewster (2001) and Lin et al. (2012) do highlight important areas for future research to explore expatriation in the context of SMEs.

According to the SME findings in this research study, SMEs do not employ expatriates. The introduction pointed out a theoretical contribution by Perlmutter who theorizes how firms make decisions on how to staff global positions. It was important to identify the extent to which this theory applies to the SMEs. The findings show that Perlmutter's theory does not directly apply to how SMEs internationalize. Having said this, there are some applicable elements of the Polycentric Approach. The introduction outlined that firms adopting the Polycentric Approach have little parent control and a higher level of autonomy of subsidiaries. This approach is host-country oriented, e.g. managed by the local nationals. The findings showed SMEs collaborate with others overseas e.g. family and friends. For example, the Lighting Solutions SME uses his former student employees as a local national. Other examples are the Timber Agent who have friends in other parts of the world that they would contact to ask for wood or to ask for referrals. However, it is important to note that this Polycentric Approach has its origins in 'Trust' and 'Social Networking'. Thus, the Polycentric Approach directly applies to SMEs. In addition, Perlmutters theory is a relevant resourcing strategy within the wider workforce; particularly the Geocentric Approach. The Geocentric Approach is highly applicable to a wider workforce, particularly because of the diverse and competitive pool of talent. Organizations are able to recruit the best person capable of filling the position able to excel in the job regardless of his or her nationality.

In a similar sense, the findings indicate that the American literature on expatriation and international development may not apply to SMEs and that the SMEs do not follow the pattern of activities of the MNCs. Some SMEs do not have the finances to employ an expatriate to keep on the 'ground' in the host country. Thus, the locals will co-manage with the SME.

The literature identified that Collings & Scullion (2009) are two of the key academics that have stated ‘a far from comprehensive understanding of the nature and operation of the organization and individual challenges associated with these forms of international assignments are required. They suggest a global model or theory for firms. We have developed a model in Chapter 9, which includes communication technology and flexpatriates as well as trust, networking and social capital as these concepts are under-researched with reference to the internationalization of SMEs.

This reinforces and elaborates on the work of Edwards et al. (2010) who claims that because small businesses are less able to influence the environment around them, than large businesses, SMEs are more likely to possess opportunistic behaviour. Since SMEs have associates, they must try to seek overseas connections. They have distinct owner-manager cultures. Hence, despite the non-employment of expatriates in SMEs, there is an opportunity of behaviour and individuality of the owner-manager culture who express an ‘I did it my way’ perspective to the management practice, survival and business development of the SME.

Relationship-building, trust and networking defines the success of an SMEs international activity, whereas success for MNCs is defined via the employment of an expatriate. It could be argued that if SMEs did have finances like the MNCs, SMEs might employ expatriates and update their technology frequently. But they don’t. This research demonstrates, from the sample researched, the SMEs reluctance and disregard for the style of corporate management. Also, although MNCs do start from being an SME, the aim of a corporate company, with shareholders, is to make a profit. In contrast the aims for those setting up SMEs are not always for profit and expansion, but also depend on the lifestyle choices of the owner-manager of the SME. This was evident in the research. The psychology behind each business is very different.

As opposed to the employment of expatriation, SMEs network with others to access global markets. The fundamental reason for this is because they can share the costs and risk with the partner (Wollf & Pett, 2000; Morgan-Thomas & Jones, 2009). The literature described that the collaborative approach has meant a shift has occurred and there is a change in practice. Although, Morrissey & Pittaway (2006) argue the extent of this remains unclear, the findings from this research helps to add to the extent to which partnerships are set-up. Trust was found to be an issue as the extent of partnerships depends on relationships. This research also addressed to some extent the gap in the literature regarding the dark sides of trust as identified by Welter (2012). The gaps in the literature in Chapter 5 showed this is particularly important. If trust is essential to SMEs it is because SMEs depend on partnerships to access global markets and develop their relationships.

Whether (or not) the SME makes decisions based on lifestyle choices or thinks about the employment of expatriates in the future to address expansion, this research has identified that SMEs use strategies that are specific, innovative and tailored to their business needs such as using the benefits of immigration.

It is important to note that immigration may have benefitted UK SMEs as SMEs will trade with relatives overseas. An example of this use of Immigration was demonstrated in the interview with the Lighting Solutions SME where his use of former employees who come to work for him in his London office whilst they are studying, before they go back to their country of origin, develop into business contacts.

The notion of Entrepreneurship and Opportunism is evident regarding the employment of Expatriates/Flexpatriates by SMEs and reinforces the literature, particularly the work of Bhowmick (2005) in that SMEs are entrepreneurial and must be alert to opportunity. The SMEs in this study have shown their entrepreneurial and alertness to opportunity through the people they know (such as the Lighting Solutions SME) as well as the chance meetings and 'weak ties' that the SMEs take advantage of.

It was important to explore the flexpatriate with the MNCs to further learn more about SME behaviour. In addition, we also add a small amount to the existing MNC literature as well. The findings showed mixed feelings and experiences towards the employment of business travel which involves frequent travel. Findings in the Main Investigation SME Short-Interviews showed that people handle the duration of the expatriate assignment better as short-term assignments but can be difficult to balance with home-life because they are short, yet frequent trips, and they cause constant disruption. Few implications were found in the MNC study, since the HR managers insisted that the flexpatriates love to travel. However, we did not interview the actual flexpatriate who could have provided a different account of their experience in MNCs. The findings of the SMEs showed that the majority of those who travel base business decisions on their lifestyle, and enjoy where they travel to and how much they travel and to reinforce their business relationships. In this way, the SMEs concurred with the 'desire' of the HR managers to travel.

Similar to the Lighting Solutions SME in the Exploratory study, the Main Investigation SME In-Depth Interviews showed short-term assignments are not common in SMEs due to the expense, but short international business trips are common. However, the somewhat larger SMEs have sent their flexpatriates on short-term assignments. Both SMEs and MNCs employ flexpatriates only when necessary and fully evaluate the costs. However, the SME must challenge the costs much more significantly and some see if the client is willing to pay for the costs of travel and accommodation.

The positive and negative attitudes and findings towards the flexpatriate assignment/life from this research helped contribute towards these ideas.

The MNC literature found that flexpatriate assignments do cause disruption to flexpatriates and their families as well as organizational relationships (Meyskens et al., 2009; Starr & Currie, 2009; Suutari & Brewster, 2009). However, the findings demonstrate SMEs need frequent travel to reinforce their relationships and see their friends/business colleagues. Enjoyment of this travel is evident as some of the SMEs are lifestyle-driven SMEs and tend to do business where they like to travel.

The third theoretical contribution in relation to communication technology is discussed.

We found the most interesting surprise during this project was that the modes employed by SMEs to internationalize are not only about communication technology. Early reading of the literature in relation to SMEs regarding internationalization with the use of communication technology indicated it was mainly technology that enabled SMEs to reach and operate overseas. The interview questions in the Exploratory study and the Main Investigation SME Short-Interviews were very much orientated around technology. Whilst, the findings indicate that although communication technology is not the most important main mode of internationalization, it must be used to an extent to enable various activities. Equally, SMEs must use IT to operate internationally such as reinforcing relationships and the use of an audit trail to secure and capture the information exchanged. However, according to the SME in-depth interviews it became evident that networking and trust could indicate some precedence of importance over technology. In fact, the SMEs did claim that without trust and a personal network, they would not do business with others. These factors are the basis for SMEs acquiring business. Particular contributions of networking and social capital are discussed in the next section. It appears that these two factors are more important than IT.

Although communication technology opens up new opportunities for SMEs to internationalize, it can also come with its own set of challenges for SMEs. But little is known about these challenges (Scullion & Brewster, 2001; Meyskens et al., 2009; Sparrow, 2009). The findings from this research reinforces the work of Hall (1987) as this research showed the importance of how various cultures interact. In addition, we also develop on the distinguishing concepts between low-context and high-context communication and the impact it can have on SMEs given their limited time and resources when experiencing cultural misunderstandings.

A vast number of academics in the SME literature claim that the use of technology has the ability of empowering SMEs enabling them to access international markets efficiently and quickly (Arbore & Ordanini, 2006; European Commission, 2007; Cooper & Park, 2008; Sparrow and Brown, 2008; Callahan, 2009; Davey, 2009; Dulken, 2008; Garret, 2009; Howell, 2009; Keegan & Francis, 2010; Khanna, 2009; Morgan-Thomas & Jones, 2009; Parker, 2009; Pearson and Van den Dam, 2009; Mallon, 2009; Mattioli, 2009; Morely, 2009; Mobile Data Association Government Technology, 2009; Nyaboga & Mwaura, 2011). Hence, the SME findings supported the use of technology to access international markets to an extent.

The Real Time Market Intelligence Provider, in the Main Investigation SME Short-Interviews, explained this importance of communicating wholly on the internet to contact the local agent. His trade with the local agent was conducted entirely through skype and email. Depending on the nature of the SME, these findings indicate communication technology can be used extensively. However, the rest of the SMEs recognize that people are also required for face-to-face interaction to build relationships.

The argument as to whether SMEs do or do not embrace communication technology was explored in order to address the logic and reasoning as to why SMEs do not fully use communication technology.

The findings from the SME investigation in comparison to the multinational investigation, indicate that the severity of the implications of technology for SMEs are far more challenging than for the MNCs. The level to which SMEs embrace communication technology is explored and has provided useful insights and an original contribution to the on-going debates of the information technology adoption processes by various scholars such as Butcher (2005), Arbore & Ordanini (2006), Greenspan (2006), Lockett & Brown (2006), Sharma & Bhagwat (2006) and Coppock (2006).

A significant level of insight was given as to how communication technologies can be a distraction. This was due to the large number of incoming emails that SMEs find difficult to manage because of their limited workforce as well as the ease and instant nature of sending an email. There are implications of costs involved in communication technology, how to use it and maintain it. Thus, the findings from the SME investigation in comparison to the multinational investigation, indicates that the severity of the implications for SMEs are far more challenging than for the MNCs, and far more challenging than only the technical difficulties the MNCs experience. It also indicates that whilst MNCs can manage to overcome the technical difficulties, SMEs struggle.

If communication technology ends up creating a significant distraction for SMEs to conduct their other activities, and if completing tasks manually at certain times is easier than with the use of communication technology, then it could be preferable to sometimes conduct activities manually. For example, the Packaging and Mailing solutions SME argues that a ‘to do’ list on the email is becoming more difficult than having a ‘to-do’ list done manually. It could then be argued as to whether at times technology should be used for all activities.

Could it be that on occasion, SMEs go back to some of the more traditional ways of communicating within the organization? This research provides some more highly needed perspectives as to why SMEs do not embrace technology.

It appears that irrelevant of the cost and the technical difficulties of communication technology, the actual existence of communication technology is a problem for some of the SMEs interviewed in this study. Sending an email is just a click away, making a phone call takes seconds, thus the extent of emails and telephone traffic can be problematic for them and difficult to control. An interesting aspect that we came across, was the expectation that users of these technologies need to respond to others quickly. For example, if one person sends another person an email, the expectation is that this person will respond quickly, and in some cases immediately, to an enquiry. Or if a person is ‘online’, the other person has some expectation that they should message them since they are online. However, sometimes there is just not enough time to respond to all clients and their questions via email. It seems that people need to be ‘on their toes’ more. It can be argued that multinationals also have to manage these difficulties, but they do have more staff. As some of the SMEs mentioned, at times they have to do more than one role, whereas MNCs usually have people allocated to a specific role.

It is difficult for many of the SMEs in our sample to purchase and update this technology every few years. This contrasts with the point made in the literature that SMEs must take advantage of technology, which is a cost- effective strategy of enabling access to international markets (e.g. Edwards et al. 2010; Fenner & Ren, 2010). Hence, this research adds to this argument. IT consultancy costs them capital investment. In addition, SMEs have a lack of time to set-up and maintain technology and to train people as well as having little knowledge of what technology to purchase and how to use it. This adds to the work of Networking (2009) which looks at the financial and time-consuming difficulties of unifying and emerging technologies. This applies to many of the SMEs in this study. This study elaborated as to the reasons why many SME cannot embrace communication technology.

Other contrasting points show the IT literature portrays the importance of technology to help SMEs access international markets. Despite the literature (e.g. Butcher, 2005; Greenspan, 2006; Sharma & Bhagwat, 2006) arguing that SMEs do not embrace technology because of a lack of confidence, the findings indicate that SMEs can embrace technology but that there are more reasons (than the ones stated in the literature) behind it. There are many reasons as to why they do not. The government and Federation of Small Businesses do encourage SMEs to use technology to reach international markets and exports at a quicker pace. However, it may be that the reasons why SMEs do not fully embrace technology are not fully evaluated in the government's consideration before advising SMEs, because they want to push SMEs to reach overseas markets for the survival and growth of the UK economy, and do not understand the implications as to how SME's go about this.

There are clearly mixed ideas regarding the argument as to whether IT is, or is not, an expense for SMEs. The overall analysis in Chapter 10 suggested that the practitioner literature is very encouraging regarding SMEs because the technology magazines (Business info, 2009; European Commission, 2009; Government Technology, 2009; Networking, 2009) and firms selling IT products (Motorola Wireless Broadband, 2009) would promote these products. Multinational organizations also suggest the use of IT is a good investment. However, for each SME the difficulties vary. For many of the smaller SMEs, this is an even bigger issue since they don't have a IT department.

The other downside also mentioned by some of the SMEs is that when communicating via communication technologies as opposed to the use of face-to-face interaction, is that people can see their emails when they choose to, and can respond to them when they want to. This means that they can get out of the email more easily as well, maybe ignoring certain points of communication. For example, if the email is regarding selling to a client, then the client can choose to read the email later. It could even get out of what is being said more easily as well; an email doesn't give the SME a chance to 'sell' their product, face-to-face interaction does. Clearly, this can be problematic for SMEs who according to the findings in this research rely on the face-to-face interaction to gain further business. With the limited human resources that SMEs have, this is a far bigger concern for the SME as opposed to the MNC. This research elaborates on the work of Nahapiet & Ghoshal and Gao et al. (2012) regarding how personal communication helps strengthen social capital because of the ability to establish effective relationships through communication.

The fourth contribution emerges from the relationship between Networking, Social Capital and Trust. The gaps in the literature in Chapter 5 found that some of the most recent research conducted regarding trust, networking and social capital emerged from Rodrigues & Childs (2012) in relation to the internationalization of SMEs through the process of creating and developing social capital. Hence, this research finds some further theoretical contributions to those of Rodrigues & Childs (2012) research. We see Rodrigues & Childs (2012) as important in our research. However, the findings from this research do not only address the networking that SMEs conduct, but also expatriation, flexpatriation, communication technology, which all help to explain the extent to which communication technology can be used to replace expatriation and face-to-face interaction and how SMEs internationalize. These additional factors, compared to the work of Rodrigues & Childs (2012) helped to address the extent to which SMEs need trust to internationalize.

Referring back to Rodrigues and Childs' (2012) model on the internationalization process of creating and developing social capital (the three levels of internationalization include 'Initiation', 'Development' and 'Maturity') in Chapter 4, we can make some comparisons. We explain how our research takes the work of Rodrigues and Childs a great deal further and gives greater weighting.

At the 'Initiation' stage of internationalizing, Rodrigues and Childs (2012) claim SMEs have little influence within their environments due to their lack of resources. However, the SMEs in our sample of research have shown that despite the limited resources of the SMEs, SMEs can be tactful in various ways. SMEs can use their connections. For example, the Lighting Solutions use their 'strong ties' in order to reach their 'weak ties', which demonstrates their influence in the environment. SMEs have shown to have innovative qualities with using the resources and people they already have. However, our research concurs with Rodrigues and Childs work in relation to SMEs needing trusting partners who can help the SME maintain business overseas. Rodrigues & Childs (2012) argue that locals may be very important mediators for the foreign firms concerning informed norms when dealing with economic transactions. This concurred with our findings. The locals could introduce the SME to key relationships and they may also know which third agents are trustworthy and far more easily be able to see the signs of opportunism.

As part of the 'Initiation' stage, Rodrigues and Childs look at how SMEs access their existing resources. Rodrigues and Childs significantly emphasize the need for external help such as external promotion agencies. We did not find this at all in our sample of SMEs. This is because the SMEs in our sample explained that they cannot get the specialized help they require for their particular SME. In addition, some of the SMEs explained they do not have the finances to recruit the help of agencies. Rodrigues and Childs contend that SMEs use contractors as a source of social capital for international expansion if they cannot manage an order which is too big. However, we did not find this to be the way SMEs access their existing resources.

Rodrigues and Childs emphasize that SMEs transfer social capital relevant to their SMEs business by using their already established business contacts. Our findings concur with Rodrigues and Childs. The SMEs in our sample explained that is possible they will engage with the contacts they already have. In addition, our findings showed SMEs do not do business without seeing their partners or clients first and building relationships with them. In terms of creating new relationships, Rodrigues and Childs explain SMEs embrace trade missions abroad to make new connections with agents and customers. However, we did not identify the help of trade missions in our sample.

At the 'development' stage of Rodrigues and Childs' model, they found development occurs through the establishment and deepening of trust-based relations. They gave the example of inviting associates to their home to get to know their family better to deepen these relations. Although, in our sample of SMEs we did not find developing relations by inviting families, we found other ways that SMEs deepen their relations. For instance, they take their clients for evenings out, put them in nice hotels, or even write a small p.s. at the end of a work related email to ask something social related. The 'maturity' stage of Rodrigues and Childs model shows similar findings to what we found. A mature relationship is whereby trust in the relationship is sufficient and there is complete confidence of the intentions and capabilities of their partners.

The idea of networking and the benefits that come from network relationships are claimed to be important to SMEs (Quintas & Hutchinson, 2008). An interesting and significant theoretical contribution has been provided in relation to the networking within SMEs. In particular, the findings add to the debate between the benefits and uses of 'strong ties' and 'weak ties'. The majority of the literature argues the 'weak ties' as being more beneficial and contributing more to SME activity than the 'strong ties' (Greve, 1995; Jessenn & Greve, 2002).

Although, we identify the use of 'weak ties' among the in-depth interviews, we cannot dismiss that the Lighting Solutions SME keeps in contact with his former students that worked with him in the UK and have gone back to their country of origin. By accessing these former students for contacts, he is networking with international contacts since his former students have gone to various countries around the world. It can be said that he is using his own contacts, thus 'strong ties', to access a different circle of international contacts not his own, thus, he is also using 'weak ties'.

However, and this is probably one of the most contrasting points found from this study compared to the literature, is in fact the 'weak ties' that the SMEs focus on, and pursue the most, in order to generate business and to help them internationalize. The so called 'strong ties' seem to exist very little in the SMEs because they only take advice from their family and friends 'subliminally'. They do not rely heavily or base their decisions only on what their family and friends say. Also there are problems associated with receiving help from family and friends ('strong ties') e.g. trusting too much can cause some problems. This echo's insights from some of the fundamental work conducted by Coleman and Putnam. In addition to these factors, the findings indicate that networking casually with others ('weak ties') provide more opportunities for learning new things from people's experiences, since the SME would be networking with 'different circles' of people. These findings add to the more recent arguments that the 'weak' ties may becoming the 'strong' ties and work better than the so-called 'strong' ties.

By reflecting on the ‘weak ties’, we find a commonality between the SME and the MNC, in terms of how they could network. It seems that although the SME can benefit from the help and advice of family and friends in the early stages of business development, later the SME is working in a similar way to the MNCs e.g. the SME moves more towards using a network of ‘weak ties’. The ‘weak’ ties may help the SME to retrieve further opportunities perhaps in terms of getting contacts and seeking new business, they cannot network as the more ‘traditional’ SME anymore, e.g. network with ‘strong ties’, hence network with just family and friends to progress their business. The literature for the use of ‘strong ties’ seems to be somewhat non-applicable to SMEs.

These findings provide considerable support for the more recent work of Kontinen & Ojala (2011), Gao et al., (2012) and Welter (2012) who are the few scholars who highlight the importance of ‘weak’ ties or casual ties as opposed to ‘strong ties’. The ‘weak ties’ are seen as superior to the ‘strong ties’ because of the wealth of the new opportunities the SME could come across by interacting with people they have not met. A firm that is tied to a family is less able to develop external ties and little networking can occur (Granovetter, 1985). Despite there being literature and some findings on the benefits of ‘strong ties’, the findings indicate opposing views. However, this opposing point comes from just this specific finding in the Lighting Solutions SME and the Timber Agent and no other finding in this research. Due to the opposing views between ‘strong ties’ and ‘weak ties’, and the limited argument for the weaker ties, further research could help provide richer insights for the argument for ‘weak’/casual ties.

In addition, our research demonstrated an interesting point, in relation to what Shaw (2006) claims, in terms of sharing advice and information with others in non-competing firms. According to some of the SMEs, sometimes even in competing firms, it is a good idea to share information or a suitable contact with the hope that the favour will be reciprocated. The notion of doing something for someone in the hope that they can return the favour was developed by Coleman. This could indicate that there is an argument for the use of 'strong ties', that in fact there are further business opportunities by interacting with the same people. However, it appears that the majority of the SMEs do feel that 'weak ties' gives them further opportunities. This is important for SMEs who want to expand their business activity.

The literature highlighted that a significant portion of the academic research that reviews trust also examines issues of social capital and networking. This is because network relations enable the trust and trust enables the networking to be effective (Putnam, 2000; Brunetto & Farr-Wharton, 2007; Welter, 2012). The findings elaborate on the relationship between the Trust that needs to be built to develop network relationships.

The literature showed that the concept of Trust is highly significant within SMEs (Coleman, 1988; Putnam, 2000; Morrissey & Pittaway, 2006; Brunetto & Farn-Wharton, 2007; Aldridge et al., 2011; Gao et al., 2012). For example, Brunetto & Farn-Wharton (2007) suggest it is the notion of trust which is a significant factor of the SME perspective and the potential benefits of networks. The findings also showed support for the concept of trust in SMEs, particularly during international activity. In fact, trust was a theme very much inter-related with other concepts; Trust seems to be an important backbone for SMEs.

The findings show key differences in relation to trust between the MNC and the SME. For example, the level of trust within an SME and MNC is different because SMEs focus on building personal relationships, whereas MNCs may not need to rely on building personal relationships with clients as much. In comparison with the MNC, the idea of developing trust is in many ways, a far bigger issue for the SMEs to have to deal with and manage (Morrissey & Pittaway, 2006). This is because the MNCs in this sample send out their *own* staff e.g.

expatriates. The expatriates have knowledge of the multinationals business, culture, hence, they could more easily transfer this knowledge and develop, sell and represent the product in the way that the MNC wants it. The expatriate is an employee of the MNC, so it is more likely the MNC can trust the work that the expatriate will do for them overseas. However, some of the SMEs have agents or partners who work on their behalf or work with them. Although relationships can be built to an extent, we think trust could still be an issue. The third parties that SMEs employ could have different intentions when working on a project with the SME and could take advantage of opportunities to further benefits for themselves. One of the most important aspects that has become evident is that SMEs rely on trust as a basis with which to develop business when going overseas, so although trust may not be a barrier, it certainly is a challenge. This challenge must be overcome as the findings indicate that without trust SMEs cannot pursue any business activity.

When comparing Trust between the SME and MNC, it is important to mention the lack of Trust in the multinationals over recent years. Multinationals such as Amazon, Google and Starbucks have avoided paying UK tax. MPs have accused these multinationals of manipulating their accounts in order to minimize the corporate tax they pay to Britain (Houlder, Financial Times, 2012). This could be viewed as morally and ethically wrong. It seems that ethics and trust have come back into money-making. Trust is important and paying taxes demonstrates these ethics to the public. It could be said that Trust and Ethics may need to be redefined by MNCs, e.g. what does ethics and trust mean to MNCs? The findings in relation to the SMEs showed that part of trust involves having attributes such as empathy, honesty, integrity and patience to help connect with people at the human level. Therefore, these particular attributes such as empathy have come back into money-making, but these attributes already form part of SME business activity.

It seems that SMEs use some of the basic traditional ways of working and some of the original points already established in the literature, for example, the use and importance of trust and networking in international operations. However, some of the traditional ways of working means the SME does not necessarily have to use the most advanced communication technologies.

In the SME literature, Arbore & Ordanini (2006) contend that customers are important to SMEs to help business. Edwards et al. (2010) explains that this is because clients refer the SME to others, providing them with further business opportunities. According to some of the SMEs 70% of their business comes from referrals, reinforcing the work of Wilkins et al. (2010) on the importance of networking for SMEs.

However, we also need to see if there are implications to having and basing decisions on trust. This was explored to some extent in the findings. Little research details the dark sides of trust (Rodrigues & Childs, 2012). However, Coleman (1990), Putnam (2000), Rodrigues & Childs (2012) and Welter (2012) argue that trusting too much can become an issue and that further research into the dark sides of trust needs to be conducted by others. Some of the findings showed that within SMEs a lot of opportunistic behaviour occurred because they trusted their family and friends too much. In particular, the importance and reliance that some SMEs have on the 'strong ties' is identified because they believe they can trust family and friends. Perhaps the benefits and over reliance of 'strong ties' within SMEs needs to be questioned? Perhaps this is another reason as to why much of the newer literature favours the 'weak ties' and not just because 'weak ties' offer networking with new people, but because the benefits of trusting too much could be debatable and need to be questioned.

Networking and trust were not identified in the interviews with the MNCs. Even when we questioned the one MNC in the final investigation, the Financial Traders Corporation, they could not seem to answer anything about Trust.

The fifth theoretical contribution is the extent to which the main objective has been addressed concerning the extent to which flexpatriation and communication technology can replace expatriation, face-to-face interaction and the physical mobility of staff.

We did accumulate some interesting data to address this main objective with reference to MNCs whereby although flexpatriates and communication technology cannot replace expatriation, it can replace face-to-face interaction and general travel to some point. This is a reason as to why MNCs invest heavily in communication technologies such as video conferencing facilities. This interesting data adds to the more recent work which argues that flexpatriation and communication technology replaces expatriation as well as face-to-face interaction as well identifying that further research is required in this area (Selmer, 2008; Suutari & Brewster, 2009; Wittig-Berman & Beutell, 2009; Milan, 2010, Starr & Currie, 2009).

However, this was not the case for SMEs. Earlier in the Chapter we identified that the main objective were not interesting and relevant because SMEs do not employ expatriates.

The findings also showed the non-relevance of the main objective because SMEs must see their clients/partners before they do any business with them. SMEs rely on face-to-face interaction to build trust and build relationships, which is the basis for the SME to gain the initial business in the first place. Therefore, the ‘extent’ to which a ‘mixed-economy’ of flexpatriation and communication technology to replace expatriation can no longer be measured for SMEs. Therefore, on finding that face-to-face interaction is of paramount importance to SMEs as they must see the people they are dealing with first. The ideas, argument and research questions should not be about the extent to which technology can cut travel costs, but why, and to what extent, face-to-face interaction remains important. Thus, the argument in the questioning has changed for SMEs. Addressing this objective in relation to SMEs provides a different dynamic to the argument.

A ‘mixed-economy’ of flexpatriates’ positioned as a support mechanism, became more apparent with the study of the SMEs than the MNCs. This is not only because of the implications of communication technologies experienced by SMEs but because of the critical need for face-to-face interaction to build relationships and trust. The findings indicate SMEs rely more on face-to-face interaction than technology in contrast to MNCs. This is for two reasons. Firstly, face-to-face interaction is paramount to the SME to help build relationships with their clients. Face-to-face interaction helps to build a firms credibility. The SMEs credibility is absolutely imperative to them in order to be referred to new clients. The thesis has identified that one of the main ways SMEs build business is via referrals. They rely less on technology to get to know their clients. Secondly, SMEs in general have not embraced technology the way the MNCs have; the multinationals have someone to implement their IT, they have the finances to purchase the technology.

Some important work highlighting some of the debates between face-to-face interaction and communication technology comes from the work of DiStefano (2003), Cameron & Webster (2005), Capellen (2005), Maznevski et al. (2005) and Guerrier et al. (2009). These academics argue that at times face-to-face interaction is required when top secret matters are discussed as well as due to the misunderstandings that can take place via technology. Maznevski et al. (2005) claim face-to-face interaction is preferred to solve problems rather than the email and telephone. However, this study goes beyond these points and has stretched this argument even more by discussing some of the most specific reasons by addressing the broader set of topics in this research.

In addition, the challenges or barriers that SMEs experience further help to clarify the extent to which a 'mixed-economy' of flexpatriates and technology can replace, face-to-face interaction and physical mobility. This is because the challenges or barriers could implicate and restrict the modes of internationalization employed. In addition, Arranz & de Arroyabe (2009) also suggested that it is important to question and clarify some of the difficulties and challenges faced during Internationalization.

SMEs experience a higher severity of issues than a multinational experiences because of a lack of resources. They go through a different set of problems where they need to use initiative and creativity to overcome such implications. They need to adopt a mode that can be tailored to how the SME does business and not the more 'standard' modes that MNCs adopt such as the employment of expatriates.

It was interesting to explore some of the challenges associated with collaborating with others, particularly because SMEs collaborating with others is one of the main ways SMEs internationalize. Some literature (e.g. Vangen et al., 2005; Morrissey & Pittaway, 2006) highlighted this point. However, the literature seems to be very limited, particularly in comparison to how significant collaboration is. The challenges extend to the more complex challenges associated with cultural differences. This is important when building trust and relationships with partners of different cultures. For example, for an SME, which produces high end products, if the design of the product has to be changed due to cultural misunderstandings, it will cost them millions and affect their corporate image.

The findings indicate that face-to-face interaction is the starting point of any business that SMEs want to have with others. SMEs thrive off building relationships and building trust to gain business. This is what they need to do to conduct business activity and to aid internationalization.

11.5 Practical contributions

This section provides practical recommendations for SMEs, according to the analysis of the findings and our thoughts.

We learnt it is the ‘weak ties’ that provide SMEs with international networking opportunities, because these contacts are outside the circle of the SMEs contacts. SMEs must be opportunistic and take advantage of Immigration whereby their relatives overseas can be a networking opportunity for the SME or a contact to these relatives.

Cultural misunderstandings can be reduced by creating an audit trail of the communication exchanged. An email could be sent to the person in contact capturing a summary of the key details agreed by all, and a proposed outcome of a meeting between the SME and the client. This is important for the SMEs so as to not waste time, finance or impair their reputation due to disappointed customers who could experience misunderstanding and dissatisfaction with the product/service. SMEs must also have patience when dealing with another culture if they are to progress in business with them. It is a useful way of building trust and relationships with clients/partners and can with possible referrals.

The findings indicate the potential that an internet website can provide for an SME for clients to find them. It is cost-effective for SMEs. In addition, SMEs should not rely on ‘chance’ (‘weak ties’) to learn of the communication technology available to them, but they should explore for themselves what technology is out there, and what technology might suit their own unique business model.

11.6 Limitations of Research

This research was an appropriate study as very little research exists in this context of work with SMEs, however, there are some broad issues that became apparent in terms of the methodology employed and the generalizability of the sample. Implications are also apparent in relation to the openness of the responses of non-family members of a family business discussing the SMEs activity in the interview.

It can be argued the Grounded Theory Approach is highly subjective. This relates to a significant extent to the fact that qualitative research is viewed generally as subjective as it is (Bryman, 2002; Saunders, Lewis & Thornhill, 2003) as highlighted in Methods and Rationale (Chapter 6). The use of the Grounded Theory Approach means that adopting the procedures and techniques opens up a whole host of subjective accounts. For example, as suggested by Yates (1998), deciding on the core category can test our skill and ability. We did find coding was a complex process. Every researcher would have a subjective take on how and what to code (Merriam, 1998; Patton, 2002), and subjectivity that affects coding could impact on the key findings developed (Strauss & Corbin, 1998). This could affect the discussion and perhaps even the theory generated for SMEs.

In order to decrease subjectivity and ensure we defined the appropriate and most relevant categories, we bore Yates’ points in mind. Firstly, the chosen categories were *central* to the study. Secondly, the chosen category was related to as many other categories and their properties within the analysis conducted. Thirdly, the core category was judged by seeing whether the phenomenon represented by the core category *frequently* appeared in the data, to help show a stable pattern. The basis of whether the core category could *relate easily* to the other categories was also considered too. These points could act as measures of reliability in this research because they will assist in finding the degree to which the grounded approach will yield consistent results (Somekh, Lewin & Thornill, 2012). In addition, the Triangulation employed in this research helped to decrease subjectivity because information retrieved from various documents helped to compare, confirm and cross-check interviewee responses. Also, in some of the interviews there were 2 people, which helped to cross-check the responses.

It could be argued that there is some subjectivity within the interviews. There exists the possibility of interviewer bias due to subjectivity in forming questions as well as the interpretation of the responses (Hart, 1987; Merriam, 1998; Kumar, 1999; Patton, 2002; Wellington & Szczerbinski, 2007). This is because the scope for interpretation increases. This is a limitation because it influences the conduct of research and the reporting of findings (Kvale, 1996; Thomas & Hodges, 2010). However, the data could be seen as reliable because of the factual objective data collected in the studies. In addition, the significance of bias is relatively reduced as training in qualitative research was completed, which also involved looking at the subjective account and bias of the researcher as well as enhanced our interviewing skills (Kumar, 1999).

Aspects such as credibility, transferability and trustworthiness within qualitative research must also be discussed. The opening question of the interview was structured in a manner to allow the respondent to reveal which types of assignments they use without placing any direction on the response of the respondent. Thus, from the offset of the interview, some very objective accounts of what the respondent is truly thinking can be retrieved. Probing was used to a large extent, and the subjectivity might be a possibility as it could be argued that we would have been asking probing questions around our own opinions. However, we merely probed on the issues *they* were giving to retrieve more detail on their answers, which was essential particularly for the Main Investigation SME In-Depth Interviews where an exploratory and in-depth approach was required. It was important to manage the subjectivity because qualitative research is not viewed as reliable because of the subjective accounts of the research (Saunders, Lewis & Thornhill, 2003).

The limitations in relation to the generalizability of the sample in this research is discussed. The MNCs in the Exploratory study have UK as well as global presence. In addition, the MNCs are from contrastingly different industries. Although exploring ten MNCs is a small-scale study, this indicates the results from the Exploratory study could be more generalizable. In contrast, the SME interviews (the Lighting Solutions SME) in the Exploratory study, Main Investigation SME Short-Interviews and Main Investigation SME In-Depth Interviews were confined to SMEs located in London (2 of the SMEs were located within approximately 2 hours of London). Since the location of the SME were in London, this could be seen as limiting to the extent to which the results are generalizable. Since this is a small-scale study, further research could take place in other regions using larger samples. It is important to interview SMEs located all over the UK to help generalize the findings. The chairman of the Federation of Small business stated SMEs must celebrate regional talent and innovation to help foster growth. There are debates as to whether Britains economic future can rely on Londons SMEs because recent research on UKs growth hotspots suggest that the spread of talent and growth of potential businesses are beyond London such as Liverpool and Glasgow because of their creativity, technology and academic institutions and to link them internationally.

Using larger samples, with the employment of quantitative analysis, could help with the breadth of the results. This could possibly help further explore the modes of internationalization for the SMEs. Quantitative studies could be more reliable because they are objective. For example, the use of SPSS to analyse the larger sample could show how reliable the study could be. Quantitative studies which are seen as having an objective nature could provide reliability (Saunders, Lewis & Thornhill, 2003).

Problems concerning generalizability could be solved by commenting that findings from one firm could be similar and applied to another firm (Oakley, 1999; Bryman & Bell, 2003). Also, the subjectivity is somewhat decreased because the participants are all senior and experienced people in their roles and thus less optimistic than new and young firms. Although this last comment does not address the personal subjectivity of the researcher, it could make the findings more valid. However, the transferability of the data still needs to be questioned. Future research could explore a sample of SMEs from different parts of the UK. In addition, a larger sample of SMEs could be researched. It could be argued that the qualitative research does not provide generalizable findings, for example, where a small number of interviews were used in this research, but the quantitative type of research uses multiple case studies in order to produce generalizable studies (Oakley, 1999; Bryman & Bell, 2003).

Despite the possibility of some subjectivity and somewhat limited generalizability, our research is valid because the data is real, rich and deep, which emerges due to the qualitative and in-depth nature of this research consisting also of comparative studies (Oakley, 1999; Bryman & Bell, 2003; Creswell, 2007). In addition, the credibility of the data stems from the trustworthiness of the participants responses. Many of the SMEs did not only highlight a positive image of their business but discussed the negatives as well. The rapport built with these participants helped with the honesty and openness from the participants. In addition, the qualitative nature of the research meant a time-consuming process and effortful commitment in ensuring the appropriate steps were taken throughout the coding and content analysis of the initial studies as well as the Grounded Theory Approach taken for the Main Investigation SME In-Depth Interviews (Hart, 1987; Punch, 1998; Heath & Cowley, 2003; Creswell, 2007; Yates, 2008; Richards, 2009).

There could have been some possible limitations or implications in relation to how open non-family members of a family business were in their responses in the interviews. On the one hand the HR and Marketing Manager (a non-family member of a family business) spoke very openly about some of the issues in the SME. However, it is possible that some of the other non-family member participants of a family business were not as open.

11.7 Further Research

The discussion on theoretical contributions suggests several avenues for further research. Speculation into these ideas and further requirement for theoretical and empirical development in this area is necessary. This section will discuss the prospects and opportunities for further research to fill additional gaps in the literature. At a broad level, others could perhaps expand on this current research. Although this research has addressed the research objectives, there are still various areas that others could contribute too, which will be discussed in this section. This research could be used as a preliminary study for future research on SMEs and internationalization.

Further research on expatriation needs to be explored. Scholars such as Harris & Holden (2001) and Collings et al. (2007) do highlight that there is an increasing demand for expatriate employees in a far wider range of organizations, than the traditional larger MNC because of the rapid growth of SMEs and internationalization. In addition, Harris & Holden (2001), Scullion & Brewster (2001) and Lin et al. (2012) do highlight important areas for future research to explore expatriation in the context of SMEs. Of course, although we found that SMEs employ non-expatriate strategies such as partnerships, a larger study of SMEs may show some SMEs that do employ expatriates.

More research should be conducted on the 'weak ties' of networking because of the SME importance when networking for SMEs. The 'weak ties' such as chance meetings and support for such ties have recently gained very recent support from the literature. A substantial level of literature explores the 'strong ties'. However, further research could be conducted in how the 'strong ties' are used to access the 'weak ties'. We found one example of this from the Lighting Solutions SME, however, more depth and explanation is required because it could be highly useful for SMEs to become aware of, and implement.

Further research is required on flexpatriates due to the limited nature of academic research in this area. One of the key areas that we found interesting was that in the MNCs, the HR managers did not feel that frequently flying in out of the country would cause disruption to their frequent flyers or other problems. Although small amounts of insight were given when probed for the implications, further research could be conducted on the implications of the trips that frequent flyers make as it needs a far more in-depth study. Research should take place in relation to how it affects the individual and not the firm. This is in line with the further research that Milan (2010) and Currie (2011) have suggested, in terms of specific research to be conducted on the implications of frequent flyer trips to the individual and not the firm, since even in the larger SMEs, it is not the owner that travels all the time, but others do too. Although generally flying suited the individuals life style.

A larger sample of around 30 SMEs across the UK in the form of case studies, with 3 participants to generate that depth and more importantly the insight that can bring more credibility and validity to the results should be set up to expand upon these initial findings. The intended methodology for the Main Investigation SME Short-Interviews was to employ case studies and speak to 3 people in each case study; the expatriate/flexpatriate, the owner/director as well as the IT specialist to gain a credible insight into the various perspectives of staffing and communication. In-depth interviewing via the case study format could allow the researcher to seek an “insiders” view, very much suitable for such an under-researcher area of research (Sparrow, 2009). This would help gain greater insight regarding the internationalization of SMEs from across the UK from different industries. A sample with various industries helps bring new and varied insights as well as generalizability. The actual flexpatriate may have a different perspective on the difficulties or enjoyment of the frequent overseas travel. This number would still be in line with a qualitative study to provide the depth.

Further research opportunities are identified in the area of communication technology. We have concluded that this thesis is not only about communication technology and that communication technology is not the most important factor for SMEs to reach international markets. Further research could look more closely at the relationship between SMEs and communication technologies. For example, further research could explore how SMEs can better manage business activity with technology and manage telephone or email traffic. In addition, others could also look into how SMEs could build strategies in making technology more user friendly for the generation of people who cannot adopt technology, as easily as the younger generation can. The real costs of investing in communication technologies in SMEs need to also be assessed. This is because the findings showed SMEs find the costs of technology overwhelming, whereas the literature (particularly the practitioner literature) found communication technology costs are relatively cheap. The findings highlight the MNCs ability to overcome the implications of communication technology but SMEs struggle, and in some cases the SME cannot overcome the implications at all.

Important avenues for further research are identified in relation to trust. Little research details the dark sides of trust, which could be further explored by others. Some of the findings showed that within SMEs a lot of negative and damaging opportunistic behaviour has occurred. Also, opportunistic behaviour could be a far more serious issue in SMEs than within MNCs because SMEs need to collaborate with others, thus through partnerships. This is because trust is what the SMEs base their business on because they need to engage in collaborations with partners, and build relationships with them, as they cannot all afford to employ expatriates or 'go it alone' when attempting to internationalize.

The limited finances of an SME make this an even more serious issue because if an SME is taken advantage of, they could lose out. Scholars such as Rodrigues & Childs (2012) and Welter (2012) argue that further research into the dark sides of trust needs to be conducted by others. Further research is required if trust diminishes, which may lead to a dysfunctional relationship. Appropriate mechanisms could be put into place to alleviate harmful relationships (Lengnick-Hall & Lengnick-Hall, 2013). These scholars further add that research needs to examine whether there are limitations of the impact of social capital for the organization.

The theoretical contributions section shows that this research has added to the literature in terms of the opportunistic behaviour of some partners, or others that SMEs associate with as well as the problems associated with trust. However, trust was not the only concept that this research set out to explore, thus, further in-depth research looking at just the dark sides of trust could be conducted, in line with Rodrigues & Childs (2012) and Welter's (2012) suggestions.

There is a gap on MNCs and trust. This could be further explored. The findings have indicated that the structure of trust for MNCs is different to trust on SMEs. Can the findings of trust and SMEs provide a benchmark for further research on MNCs and trust?

Significant areas for further research are required in relation to networking and social capital.

The Lighting Solutions SME in the Exploratory study was a very insightful interview, to learn more about networking and social capital. This is because of the unique strategy the owner uses to gain business as well as using his former students that work for him who have gone back to their country of origin. The owner trusts that they will do a good job because he has already built relationships with them as they have worked for him before and under his training. The use of personal contacts and immigration for SMEs could be explored further and could help to provide more depth to these unique insights.

In addition, further research could investigate the extent to which competing firms do help one another. The literature claims that people in business should help each other when in non-competing environments. Edwards et al. (2010) however, suggests it is important to avoid links with competing firms because of the intense competition within the sector but important to *network* with competing firms in order to gain information and contacts. There is some contradiction in his research. The current research showed that two of the participants do help one another to some extent even in competing firms. The dynamics of helping with one another in competing and non-competing firms are likely to be different. Further work in this area could be useful to the growth of SMEs as its part of the 'strong ties' argument.

There is a substantial audience for interest in SMEs and particularly how they contribute to the economy. Future researchers are urged to address the areas of further research in order to deepen the understanding of SMEs for the interest of government, SME practitioners, multinational practitioners (as they work with SMEs) academics and the public who have an interest in this area.

Research about SMEs, remains a main topic for financial journalists. The Financial Times are regularly reporting on SMEs. SMEs remain a relevant and interesting topic. Equally, a new organization in Coventry has been set-up to study SME activity since they form the backbone of the economy. Based on the significant and successful organizational reputation of Coventry University, direct access to the SME Engagement Programme is designed to facilitate greater access to expertise, facilities and equipment (Coventry University Website, 2013). In addition, a new £1.1 million project led by Coventry University Enterprises is supporting SMEs in the West Midlands by helping them to identify and purchase affordable technology should they require it. Thus, they provide advice to SMEs on their choice of technology to boost their productivity and growth potential (Business Matters, 2012). This is clearly a topic for further research. How successful is this approach? Without SMEs turning into larger ones, or without the acquisition or merger of smaller companies into corporates; whole sectors of our economy will cease to function.

11.8 Summary

This Chapter outlined the research problem and objectives of the thesis. The methodology employed for the research was outlined. The key theoretical contributions were highlighted to the existing academic work in relation to expatriation, the non-use of expatriation of SMEs (detailing collaborative measures such as the employment of Partnerships), Flexpatriates, Communication Technologies, Networking, Social Capital and Trust in the context of the internationalization of SMEs. The various theoretical contributions are summarized. We found there are varying degrees to the 'mixed-economy' of flexpatriates and communication technologies that SMEs can adopt.

We found that large firm theorizing and research remain starting points for small business research and future research to help explain SME behaviour. This is because there is a wealth of literature on MNCs and therefore we can learn about SMEs when comparing their differences in nature of how they work. An exploratory study was conducted with 10 MNCs as a basis to benchmark and compare with the SME study.

A wealth of literature exists in the academic literature in relation to MNCs. Some of the literature claimed that expatriation is decreasing in MNCs due to the implications associated with expatriation such as the high costs of expatriate failure and the premature return of expatriates, intense competition and increasing globalization. As a result of these implications, the employment of a 'mixed-economy' of flexpatriates such as short-term assignments and business trips as well as the deployment of information and communication technologies are required. However, the Exploratory study showed that the numbers of expatriates are not decreasing, but in fact are increasing. This is because of the significant purpose of the expatriate to the activity of the internationalization process of MNCs. Little research exists in relation to SMEs and expatriation. The findings indicate the SMEs do not employ expatriates because they are not required and also because SMEs do not have the financial means to employ expatriates, but collaborative ways or approaches can be employed such as partnering with others, employing agents or using the network of an associate.

The most interesting surprise was that this project and the strategies employed by SMEs to internationalize is not only about communication technology. From the early reading of the literature in relation to SMEs, and internationalization with the use of communication technology, we thought it was mainly technology that enabled SMEs to reach overseas territories and operate overseas. The interview questions for the Exploratory and the Main Investigation SME Short-Interviews were very much orientated around technology. However, we found that although communication technology is hugely important and must be used to an extent to enable the SME to function internationally in a way that without technology they couldn't, we found Trust and Social Networking was important to the SMEs interviewed.

The importance of networking and trust could therefore indicate some precedence of importance over technology. In fact, the SMEs did claim that without Trust and having a network or knowing people that have a network, they cannot get business. These factors are the basis for SMEs getting the business.

It seems that ethics and trust have come back into money-making. Trust is important and paying taxes demonstrates these ethics to the public. It could be said that Trust and Ethics may need to be redefined by MNCs, e.g. what does ethics mean to MNCs? The findings in relation to the SMEs showed that part of Trust involves having attributes such as empathy, honesty, integrity and patience to help connect with people at the human level. Therefore, these particular attributes such as empathy have come back into money-making.

One of the most contrasting findings, that emerged in relation to the concept of networking compared to the literature, is that, it is in fact the 'weak ties' that the SMEs focus on and pursue the most in order to generate business and to help them internationalize. The so called 'strong ties' seem to exist very little in the SMEs because the SMEs only take advice from their family and friends ‘subliminally’. They do not rely heavily or base their decisions only on what their family and friends say. Also there are problems associated with receiving help from family and friends e.g. trusting too much can cause some problems. This echo’s insights from some of the fundamental work conducted by Coleman and Putnam. In addition to these factors, the findings indicate that networking casually with others (‘weak ties’) provide more opportunities for learning new things from peoples experiences, since the SME would be networking with ‘different circles’ of people. These findings add to the more recent arguments that the ‘weak’ ties may becoming the ‘strong’ ties and work better than the so-called ‘strong’ ties. However, we also identified that it is the ‘strong ties’ that can provide access to the ‘weak ties’. SMEs must take advantage of immigration particularly the foreign contacts such as relatives which can provide networking links for the SME.

Entrepreneurship and Opportunism is also evident regarding the non-expatriate modes of internationalization employed by SMEs.

The study with the multinationals in the Exploratory study showed that the employment of communication technology and a ‘mixed-economy’ of flexpatriates are only a support mechanism to expatriation and cannot be replaced as substitutes. This was because of the significance of expatriates and the need for face-to-face interaction. However, for SMEs, face-to-face interaction is needed to build relationships.

Practical recommendations were suggested in that an audit trail is required to confirm, audit and check the information exchanged between the SMEs and clients to alleviate cultural misunderstandings, saving time and money, and keeping customers happy to encourage referrals. In addition, SMEs should not rely on ‘chance’ (‘weak ties’) to learn of the communication technology available that could help them, but they should explore for themselves what technology is out there.

Avenues for further research were suggested in relation to expatriation, flexpatriation, communication technologies and trust, with emphasis on the further studies that should be prioritized in relation to networking and social capital. Researchers should prioritize studies in relation to how the ‘strong ties’ can be used to access the ‘weak ties’, e.g. a wider international network of people. Only a handful of research, such as this current research, Kontinen & Ojala (2011) and Rodrigues & Childs (2012) discuss the relationship of ‘weak ties’. In addition, further exploration in how ‘strong ties’ can be used to access ‘weak ties’ are important. This point only came from the Lighting Solutions SME and the Timber Agent, further work could provide more depth and explanation. Some of the SMEs indicated networking with competing firms also should be further explored, as the findings indicated the importance for gaining contacts via competing firms. How key is this mode for the internationalization of SMEs?

Some interesting work by Iles et al. (2009) in relation to talent management suggests that talent management is important for organizations to succeed. Talent is managed by identifying and developing the flow of talented employees through different roles. It is often the talented individual who can enhance the talent of the SME. There is often an emphasis on the individual, does this stifle or generate talent? From the SMEs in this sample, it became apparent that due to the struggle of choosing the right communication technology and managing it, they need a talented individual who can develop ‘trusted’ relationships on behalf of the company. SMEs need people that show proactive, opportunistic, initiative, creative, and relationship building qualities.

SMEs play a major role in economic development and as an engine to internationalize. Research tends to overlook the studies of SMEs in the international process. Whilst we wanted to explore expatriation and flexpatriation, we find the most important areas to be building relationships and trust with different cultures, social capital, and the notion of ‘weak ties’ or alternatively the use of ‘strong ties’ to access the ‘weak ties’.

APPENDICES

Roehampton University London

APPENDIX 1

ROEHAMPTON UNIVERSITY PARTICIPANT CONSENT FORM

ETHICS BOARD

PARTICIPANT CONSENT FORM PRO FORMA

Title of Research Project: SMEs and their approaches to internationalization: continuities and variations

Brief Description of Research Project: The main research area is how firms staff global positions and communicate in order to internationalize. The strategies to be explored are Expatriation, business trips/short-term assignments (Flexpatriates) and Communication Technology. The research project will also explore the extent to which Communication Technology can replace face-to-face interaction and the physical mobility of people.

Investigator Contact Details:

Vicky Haji-Ghassemi
School of Business and Social Sciences
Roehampton University
London SW15 5SL
Email:hajighay@roehampton.ac.uk

Consent Statement:
I agree to take part in this research, and am aware that I am free to withdraw at any point. I understand that the information I provide will be treated in confidence by the investigator and that my identity will be protected in the publication of any findings.

Name ………………………………….

Signature ………………………………

Date ……………………………………

Please note: if you have a concern about any aspect of your participation or any other queries please raise this with the investigator. However if you would like to contact an independent party please contact my Director of Studies:

Director of Studies Contact Details:
Professor Yvonne Guerrier
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Roehampton University
London SW15 5SL
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APPENDIX 2

COVER LETTER FOR MNCs TO PARTICIPATE

22nd June, 2010

Miss Vicky Ghassemi

Dear [name of participant],

Request to participate in a PhD research on the application of communication technologies, and expatriation in firms operating internationally.

My name is Vicky Ghassemi, a PhD student at Roehampton University. I am writing to ask for your participation in a research project on global staffing within your firm.

This research seeks to investigate how managers communicate and manage their employees who are located overseas and how they liaise with other key stakeholders such as clients and suppliers. The research aims to determine whether efficient communication is best carried out through face-to-face contact or via communication technologies. This study will provide important insights into the changes occurring in global staffing. The type of firms I am looking to research focuses on firms that have overseas presence or business, which I understand that Vodafone does.

The research questions are as follows:

1- To what extent do firms adopt more contemporary global staffing strategies such as the use of new communication technologies for their global operations? How does this influence the way that firms staff their global positions?
2- Is technology a substitute or a support mechanism to global expatriation and physical mobility?
3- What are the resultant efficiency and effectiveness implications for firms?

Recent research around the world suggested that there is also a growing interest surrounding this critical area of management from practitioners within industry. As such, your organisation's contribution to this growing body of knowledge is important and would be highly valued. I would be grateful if I could ask for no longer than 15-20 minutes of your time. Your responses will remain confidential throughout the research and the findings of the research can be made available to you. If you are interested in taking part, I would be very grateful if you could please contact me at --------or ----------.

Thank you and I look forward to hearing from you.

Yours sincerely,

Vicky Ghassemi, PhD student in International Business, Roehampton University

APPENDIX 3

COVER LETTER FOR SMEs TO PARTICIPATE

Vicky Ghassemi

3rd May, 2012

Dear [name of participant],

Re: <u>Request to participate in a PhD research on the application of communication technologies, and expatriation in small to medium-sized firms (SMEs) operating internationally.</u>

My name is Vicky Ghassemi, a PhD student at Roehampton University. I am writing to ask for your participation in a research project on global staffing and communication technologies within your firm.

The research seeks to understand how firms liaise and communicate with key stakeholders as well as employees internationally. The research aims to determine whether efficient communication is best carried out through face-to-face contact or via communication technologies. This study will provide important insights into the changes occurring in global staffing. **The type of firms I am looking to research focuses on SMEs that have overseas presence OR business, which from some research into your firm, I understand you do.**

Recent research around the world suggested that there is also a growing interest surrounding this critical area of management from practitioners within industry. As such, your organisation's contribution to this growing body of knowledge is important and would be highly valued. **I would be grateful if I could ask for no longer than 40 minutes of your time. Your responses will remain confidential throughout the research and the findings of the research can be made available to you.**

If you are interested in taking part, I would be very grateful if you could please contact me at --------------.

Thank you and I look forward to hearing from you.

Yours sincerely,

Vicky Ghassemi, PhD student in International Business, Roehampton University

APPENDIX 4

INTERVIEW QUESTIONS FOR THE EXPLORATORY STUDY

The main research objective

This research seeks to investigate how managers communicate and manage their own employees who are located overseas or who have overseas business e.g. clients and suppliers. The research aims to determine whether efficient communication is best carried out through face-to-face contact or via communication technologies.

Do you send people overseas to work? OR/AND Do you also use communication technologies to stay in touch with your staff/clients/suppliers located overseas?

Questions regarding overseas work

Would you regard the duration of overseas work as a short-term assignment or a longer-term assignment? (Short-term assignments are 1/3- 12 months and the longer-term assignment is 12 months plus).

If you have long-term assignments, what is the purpose of these assignments?

Is the use of expatriates/international travel necessary and dependant on achieving firm goals?

Can you please discuss some of the implications of international travel as well as some of the benefits to your firm?

Questions regarding communication technologies

What are some of the main communication technologies used within your firm to keep in contact with staff/clients overseas? E.g. email, mobile phone, video conferencing etc.

Which technologies do you use most often? What are the most relevant technologies you think are important for your firm for the future?

Which technologies have made a real difference (even if a minor difference) for you?

What are some of the advantages and disadvantages of the technologies you use?

Do you think that the use of communication technologies can fully replace international travel or support international travel in order to meet the objectives of the firm? E.g. Can a task be better carried out if international travel is used rather than by using communication technology to achieve the task?

APPENDIX 5

INTERVIEW QUESTIONS FOR MAIN INVESTIGATION SME SHORT-INTERVIEWS

The main research objective

This research seeks to investigate how managers communicate and manage their own employees who are located overseas OR who have overseas business e.g. clients and suppliers. The research aims to determine whether efficient communication is best carried out through face-to-face contact or via communication technologies.

Questions regarding expatriates and general international travel/business trips

1. How many people are there in your firm? Are you classified as a micro, small or a medium-sized firm?

2. Did you bring in your team from overseas to work here, or do you send expatriates overseas? If yes, will you be sending them overseas in the future? Is this part of your future business development?

3. Do you employ overseas British nationals to expand the range of your expatriate's connections? If so, does this work? Do their families bring business and or/connections from overseas? Does it work? Is this the main advantage of employing overseas British nationals?

4. Do you feel that you must use your resources carefully as well as monitor and maintain your costs?

5. Do you feel that you must recruit external personnel? Or do you have enough staff to be sent overseas for work purposes?

6. Can you please discuss some of the advantages and disadvantages of frequent business travel/frequent flying/short-term assignments?

Probing questions:
Costs________
Family_______
Stakeholder needs and business development_______
Individual benefits e.g. experiencing new cultures frequently_____________
Mobility and flexibility______________
Other reasons_________________

7. Can you please discuss some of the advantages and disadvantages of the traditional expatriate, who endures a longer stay in an overseas location?

Probing questions:
Costs_________________
Family________________
Willingness to accept assignments_______________
Good experience e.g. cultural experiences, bad experiences e.g. culture shock, not adjusting to culture
Stakeholder needs and business development_______________
Other reasons____________

<u>Questions regarding communication technologies</u>

8. What are some of the main communication technologies you use to keep in contact with staff/clients/suppliers overseas?

9. What are the most relevant technologies you think are important for the future business development of your firm?

10. Which technologies have made a real difference for you? What are some of the advantages and disadvantages of the technologies you use?

11. Do you think that the use of communication technologies can fully replace international travel/expatriates, or supports international travel in order to meet the objectives of the firm?

12. Do you think the numbers of expatriates are increasing or decreasing?

APPENDIX 6

INTERVIEW QUESTIONS FOR MAIN INVESTIGATION SME IN-DEPTH INTERVIEWS

The main research objective

This research seeks to investigate how managers communicate and manage their own employees who are located overseas or who have overseas business e.g. clients and suppliers. The research aims to determine whether efficient communication and internationalization is best carried out through face-to-face contact or via communication technologies. The research explores the extent to which SMEs can develop their business internationally based on technologies or general travel and expatriation.

[For those firms with more than one SME e.g. Which is your most international firm? At end, ask what are the main differences between them].

[Three green ***stars, important and priority questions and yellow *star to ask if sufficient time available].

***** 1- Tell me about your firm**

Probes- Number of people in firm, Classified as a small firm or a medium-sized firm, What markets do you operate in overseas? Do you have the desire or motivation and willingness to take risks to grow further internationally?

***** 2- How do you manage your overseas operations? (What do you do, why do you do it?).**

Prompts-

- Do you send expatriates overseas?
- Do you import/export goods/services?
- Do you visit them and need to see each other? Why do you go? What does it depend on? E.g. nature of work, size of the deal. Who goes? How often? Does it work? Are business trips expensive? How considerate must you be of making the decision to travel if the costs are expensive? Are business trips/short-term assignments effective?
- Do you use the help of third parties to reach international markets e.g. individual agents, 'piggy-backing' on multinational organizations, customers such as MNC's, distributors, suppliers, professional and industry associations?
- Did you bring in your team from overseas to work here? If you do bring in your personnel from overseas, do you recruit by reference? If so, why is it important as a

small business that you need to recruit this way? Is word-of-mouth important to help recruit the best people in SMEs? Existing contacts the best way/ new contacts better?

- Do you use local people out there? For example, are you a franchise or your own?
- Do you employ overseas British nationals to expand the range of your expatriate's connections? If so, does this work? Do their families bring business and or/connections from overseas? Does it work? Is this the main advantage of employing overseas British nationals?
- Do you achieve what you go for/ Do you think your reason for visit is successful?
- *** How does a small business that has limited resources/finances direct/affect your business development or the internationalization strategy you employ? Would you say that it can restrict your growth and restricts your ability to make decisions?

***** 4- If you don't send expatriates overseas, do you not need to? Do SMEs need expatriates?**

Probes- How do you seek out/partner with a similar company or how do you seek agents to sell/distribute your goods? How do SMEs communicate and work with their associates if they do not have expatriates employed in the host country? Do you not need anyone locally based in the host-country? Does trust with associates for SMEs become important such as with suppliers if someone is not located overseas? Why?

General questions on expatriation

Some literature says that SMEs do not expatriates because SMEs are becoming more international and make most of their turnover from being international.

Do SMEs need expatriates? Why do you think SMEs need expatriates? Would SMEs not benefit from having people physically located on the ground in the overseas location they are trying to sell in?

What are people looking for when going overseas?

Why do you think SMEs do not employ expatriates? Is it because of cost? Irrelevant of costs, do you think SMEs actually need expatriates? Or are there other ways to internationalize or communicate?

Did you previously employ expatriates? Why has your level of expatriation changed? Are the alternative strategies such as partnering as effective as expatriation?

Generally speaking, do you think the world has become more collaborative, where SMEs are able to seek out overseas by partnering with a similar company or seek agents to sell/distribute goods?

General questions of alternative ways of internationalization e.g. partnering, agents, distributors

Have you thought about having agents or distributors overseas?

How do you source/find the agent? Are they recommendations? Are they local people? downside?

Would the agent just be working for you or do they have a series of people they help? How would they prioritize you? What's the downside if they don't prioritize you?

Questions regarding expatriates (Further questions if expatriates are used).

13. If you have been sending expatriates overseas, how long have you been sending expatriates overseas for?

14. *** Would you regard the duration of overseas work as a short-term assignment or a longer-term assignment? (e.g. the short-term assignment is 1/3- 12 months and the longer-term assignment is 12 months plus).

15. *** What is the purpose of these assignments? Probes- To transfer knowledge, for Management Development, Organization development, control and coordination?

16. *** Is the role of the expatriate necessary and dependant on achieving international objectives/overseas business development?

17. ** Can you please discuss some of the advantages and disadvantages of the traditional expatriate, who endures a longer stay in an overseas location?

Probes- Costs, Family, Willingness to accept assignments, Good experience e.g. cultural experiences, bad experiences e.g. culture shock, not adjusting to culture, Stakeholder needs and business development, Other reasons.

18. *** Do you think the numbers of expatriates are increasing or decreasing?

General Travel

1. *** Are people willing to participate in work overseas? Probes- Do they enjoy it? Do you fly them out business class/economy? Do they prefer/are happy with the business travel/short-term or long-term travel? If SMEs cannot afford the long-term expatriate and are unwilling to go on the short-term assignments then how do SMEs get around this?

2. Do you give people you send overseas, the opportunity to see the country as a tourist and that is non-work related? Where do they stay when they go overseas? (e.g. hotel, flat).

3. *** Can you please discuss some of the advantages and disadvantages of frequent business travel/frequent flying/short-term assignments?

Probes- Costs, Family, Stakeholder needs and business development, Individual benefits e.g. experiencing new cultures frequently, Mobility and flexibility, Other reasons.

Questions regarding communication technologies

1. *** What are some of the main communication technologies you use to keep in contact with staff/clients/suppliers overseas and general associates? [Collaborative technologies e.g. Webex, netreading].

2. *** Do you use external communication systems/web-related services e.g. cloud services rather than local based services?

3. *** Do you use a conference calling facility/service to occasionally guarantee a good quality/good conversation conference call? Do you use any quality enhancing communication technologies?

4. *** How do you choose the right communication channel to help you keep in contact with these persons and perhaps how to establish relationships with these persons overseas? [Email for an audit trail, to capture rich data].

5. *** What is the extent to which you think communication technologies can help an SME with international growth or help make the internationalization process easier?

    a. *** How would you examine/measure the extent to which communication technologies can help an SME with internationalization e.g. financial performance/competitive advantage/efficiency/ success/realised benefits?

6. *** Would you say that despite an SME having limited resources, you can still utilise the potential of communication technologies to internationalize? Are there any additional technologies you use to internationalize or are more significant to you when internationalizing than the technology you use to for domestic market operations?

7. *** What are some of the advantages and disadvantages of the technologies you use? In terms of the disadvantages are there any technologies that can restrict/potentially negatively impact internationalization?

    *** Are there any advantages to using communication technology (apart from the reduction in travel costs) over face-to-face interaction? E.g. face-to-face meetings not being captured whereas online meetings are, your capturing and debating what's being said and what the next steps are.

    *** What can you learn from somebody face-to-face that you wouldn't be able to when talking to them on Skype? Why? How?

*** If you do experience problems with the connection line when using mobile networks, do you use any technology such as collaborative technologies to try and enhance these communication lines by using say additional band width, shrinking the file sizes?

8. *** Which technologies have made a real difference for you?

9. *** Do you think that the use of communication technologies can fully replace international travel/expatriates, or supports international travel in order to meet the objectives of the firm? What is the extent of doing this in order to not restrict business development? Or is face-to-face essential for business development? As a percentage (%%%) what do you think is the extent to which technology can replace travel? How much do you think communication technologies can cut down on your costs of travel?

   How much do you think communication technologies can cut down your costs of travel?

10. Literature suggests SMEs do not invest in technologies because of the costs as well as the little confidence SMEs have in being able to use technologies. What do you think? Why do you think SMEs do not have the confidence to fully take advantage of the benefits that technology could offer? Does this apply in your SME?

11. * When you update your technologies, can you integrate the new technology with your existing technology? Probes- Is the interoperability between them simple? Is this costly?

Trust:

1. How important is trust for an SME when they want to internationalize say compared to a multinational organization? How important is building that trust with customers for an SME say compared to a multinational?
2. Can you explain to me how important it is for an SME to have trusted relationships with suppliers and why?
3. Would you say trust is one of the key difficulties when wanting to internationalize? How easy/difficult is it to build trust?
4. Would your business fold without this trust?
5. If SMEs do not employ expatriates but partner up with others to reach international markets, does this put further pressure on an SME to have trusted relationships when internationalizing? Since you must rely on trusted partners… how do you develop this trust with partners?

   *If you use expats, you would have your own people on the ground overseas selling your product who know the firm and the product.

Particularly if these partners/contractors etc. need to operate independently overseas… they will be dealing with your customers, not you, are you assured they will do a good job especially as face-to-face is important to build trust? How do you trust people you work with/clients that are not located near you? How do you have a hold of what they do?

6. Is high face-to-face interaction with your customers important to build trust? Do you ensure you see your customers to build trust? How often do you see your customers? Do you see your customers when they want? Do your customers expect to see you regularly? Would you ever deal with someone but not see them beforehand?
7. If you mainly use communication technologies, how do you ensure you see your customers?
8. If you mostly use communication technologies, do you feel there is a lack of the human relationship which gives a less committed and a less quality end result as you may not be buying into these relationships? How does this impact the internationalization process?
9. If trust is such a concern to you, has there been a case where somebody has let you down? How do you deal with this, do you have to go out and see them? What has not worked?

Word-of-mouth

Do you use the help of former/current clients to make new contacts? Does this significantly help you particularly when wanting to break into international markets?

Do you depend a lot on word-of-mouth from customers?

Barriers to internationalization

1. *** Based on your personal experiences, What are the bigger problems you find when wanting to internationalize? Which of these internal and external barriers affect your company/internationalization directly? How? If you set up elsewhere do you foresee these same problems happening again in the future?

   (Helping probes for challenges; clients, poor distribution, financial barriers/ obtaining credit, finding and securing property, production problems, shortage of qualified staff, meeting local laws, import duties, local taxes,…)

   * In terms of how you make sense/perceive these barriers, do these growth barriers influence your growth intentions and behaviours towards internationalization?

   Would you say that an international barrier could be not having contacts/ recommendations when taking a product overseas or when doing business with people overseas?

   Do international country rules of operating impact (or restrict) global staffing or operating decisions?

Do you find that you have cultural differences/misunderstandings with partners? How difficult is it to overcome this? If your talking to your partners etc. who are foreign and you can't speak their language, is it easier to try and communicate via technology or face-to-face?

If a lot of communication technologies used/trade over internet Is it easy to technically operate everything overseas? Are there any implications e.g. legal side more complex? [e.g. tax, government control, different country laws of working].

2. *** In general speaking, how easy or difficult is it for an SME to overcome these challenges? Are some more easy or difficult than others? Which is the most significant challenge that may significantly restrict you from internationalizing or make you fail? Does it stop you from internationalizing or do you think that they are challenges that will just take some time to get by and that you need to work with?

   *** Probes: For SMEs who may not integrate technology very well, how can SMEs overcome this barrier?

3. *** One of the common barriers to internationalization is finding/recruiting the right people to manage the project and finding the right people to do the work. The second is getting the work and the clients. Do you think SMEs can overcome such a barrier with the effective use of social capital/networking?

Social capital/ networking

1. *** It is well-documented that SMEs lack sufficient resources to help them internationalize and that recent research explains that connections and relationships (networking) can be an essential part of how SMEs operate and aim to internationalize.

   What is your view on this? What is the extent to which you believe networking and connections can significantly help to compensate having limited resources, experiences and credibility?

   a. *** What can social capital/networking with others do for your SME?

- [Probes; reduce costs, help aid and overcome barriers that SMEs face when working to reach international markets, Information (and information on aid with technology from potential partners or people that can provide access to technology), interpretation, market opportunities, protection against the risks in relation to a small firm entering into a new foreign market, relationships with key actors e.g. agents at home and abroad help them to avoid unnecessary costs, help SMEs overcome the challenges of newness to an unfamiliar country, finding appropriate partners, agent or representative to obtain crucial information about market only specialized markets that specialized agents would be able to help with e.g. tax and legislation systems, access to valuable information important to SMEs because of the limited resources they have, find partners for joint economic transactions, spread reputation of members, knowledge and resources can become significantly more mobilized through business network].

b. *** How much do you believe social capital e.g. networking can provide an important competitive advantage? 3d) Can you please give me an example of this?

2. *** How important is it to initiate, develop and maintain network relationships with the use of communication technologies or face-to-face interaction?

- [Probes; Is the face-to-face interaction important to build social networks or can this be done with communication technologies? Do you use a combination? What is the extent to which it can be done with each?

    - [Probes; connectivity, mobile phones lets us be in contact when we previously couldn't, building rapport].

3. *** Do you obtain information/advice from family and friends or do they from you? Do these sources help significantly in the internationalization process? When you give advice to family and friends based on your knowledge and how you do things in your SME, do these cause implications for the long-term growth for your SME?

   [probes; [development stage of social capital] How do you establish and deepen your personal trust-based relations? Can you do this face-to-face or via communication technology? Do you get your families together to help deepen relationships/do you communicate informally, see people for leisure purposes and not when you need to for business purposes?]

   a. What can SMEs best take advantage of and which benefits them the most, the 'weaker' ties – casual contacts/unexpected opportunities or the 'strong' ties with family?

Are chance meetings with potential contacts relevant/important to you? How much would you build your business on chance meetings?

4. *** In terms of networking, is it enough for SMEs to informally meet new business contacts or build mere personal relationships e.g. through fortune/chance events or are the formal collaboration/networking arrangements with the individuals in the network

necessary? For example, do you use the help/advice from external consultants/institutions that provide the more formal support in helping SMEs reach international markets when going overseas by inviting you to events where the local businesses have been invited to as well? E.g. from the UK Trading Industry.

[Probes; how often do you meet people through fortune/chance events?]

Would you say you mainly recognize international opportunities by establishing new formal ties or by using existing informal or family ties?

If you don't have a network of people, would you partner up with somebody in that region who has that network already?

5. *** What are some of the implications of social capital/networking for your firm?

    - [Probes; Poor selection of finding a partner, the unfortunate handling of the relationship they cannot obtain the trust and support of local partners or staff, the more trustworthy the more vulnerable an individual to being scammed, potential misuse of resources, potential misuse of heightened power that individuals take advantage of].

6. *** Is the idea of collaboration an important concept to SME growth/internationalization?

AFTER INTERVIEW

Take note of location and space/the environment. Record into your recorder.

APPENDIX 7

CODED FINDINGS TABLE FOR THE EXPLORATORY STUDY

Themes were generated based on the analysis of coding and categories to help provide some generation of meaning (Miles and Huberman, 1994) in the context of multinationals as required to meet the objectives of this study. The analysis of findings have shown how they are interpretatively analyzed in relation and in comparison to the issues discussed in the literature to develop meaning, understanding and contribution with regards to the various issues of the practice of the strategies employed. The actual words and even expressions were retrieved from the quotations to develop and examine the theme. Phrases such as ‘problems associated with global expatriation’, ‘decrease in global expatriation’ and ‘ineffective global expatriation’ were examined. These phrases have helped to develop a theme that would discuss the disadvantages of global expatriation. Whenever a quotation is reported, the industry/specialization of the firm appears in the table is stated. **The following shows a table with coding examples.**

<table>
<tr><td></td><td colspan="3">Questions asked and reasoning</td></tr>
<tr><td></td><td colspan="2">Do you send people overseas to work?
-Do you send people overseas for long durations of time?
Why do you send people out? What are the core purposes as to why you need to send people overseas?

In order to answer the questions regarding the numbers and importance of traditional expatriation, the responses from the interviews were assigned the codes (see below) to categorize the data from the responses to determine numbers/ usage and significance of expatriates within a firm. The inductive reasoning and qualitative design of the questioning helps to generate meaning and ideas in relation to the numbers and significance of expatriates to explore the phenomenon of expatriation. This organizes the meanings into categories/groups. This helps to build the theme (Denzin & Lincoln, 2000).</td><td>- Do you use communication technologies? What communication technologies do you use to communication internally with your staff overseas and what communication technologies do you use externally to communicate with your clients, suppliers or working partners and how does it help to aid the business development of the firm ?
-What are the purposes of using communication technologies?
-What are the benefits of using communication technologies?

In order to answer the questions regarding the purpose of using high mobility strategies such as short-term assignments and business travel as well as using communication technologies and the benefits, the responses from the interviews were assigned the codes (see below) to categorize the data from the responses to determine the reasons why these these strategies are used and an evaluation of these strategies. The inductive reasoning and qualitative design of the questioning helps to generate meaning and ideas in relation to the reasons for employing these strategies to explore the phenomenon of the more contemporary strategies. This organizes the meanings into categories/groups. This helps to build the theme (Denzin & Lincoln, 2000).</td></tr>
<tr><td>Firm/

Demographics/ context of firm</td><td>Expatriate usage/numbers of expatriates</td><td>Purpose of expatriation

(Assigned coding from conceptual ideas in literature regarding purposes of expatriation; Denzin & Lincoln, 2000)

Knowledge transfer/knowledge sharing and establishing operations
Discuss important matters
Staff development/Experience different cultures
Routinely filling vacancies
Nature of the firms business
Utilizing great talent in particular markets
Operate in a globally consistent way
Face-to-face interaction (Purpose not explicitly mentioned in the literature as a purpose of expatriation).</td><td>Purpose of communication technology and Advantages

(Assigned coding; Denzin & Lincoln, 2000)

Cost savings
Maximising efficiency
Availability and instant connectiveness
Increase in amount of communication
Work well for outward communication
Picking up on body language
Used for a task
Cut down on travel</td></tr>
<tr><td>International electricity and gas Corporation

15,000 employed in</td><td>60 expatriates working either way; USA to UK and vice versa.</td><td>explained that knowledge sharing is carried out between two geographies. The staff carry out an activity in the UK and then send selected staff to the US to help with the processes and training of people in the US.
experiencing different cultures is part of the expatriate's succession and career planning.</td><td>Videoconferencing facility has been installed because international travel was too expensive and therefore advanced technology can help this.</td></tr>
</table>

US and 10,000 employed in UK.			
Mobile telecommunications Corporation 70,000 employees In the participants team there are 250 expatriates based all over the world, they will go from one country to another country for a set period of time from 3 months up to 2 years.	Also use expatriates for long-term overseas locations- can be around a 12 month duration in South Africa or Ghana. The duration of any assignment or form of travel depends on why and where they are going. However, increasingly challenging themselves in asking whether they really need to jump on a plane and travel. Its also about challenging whether they need to bring people over from overseas e.g. someone from New Zealand to the UK, it is a huge cost and challenging whether they really need to bring that person to fill the UK vacancy. Is it for talent development, skills or knowledge transfer?	*expatriates are used for a particular individual where their knowledge/skills can be transferred to another country.* *As a 'talent move' so it's about working in another culture.* Their main focus is about developing the talent for the key roles within the firm and those particular people that the firm wants to develop so it's about making that 'match'. In order to develop these selected individuals, they want their expatriates to live and experience other countries and want people who are likely to be their future leaders to develop more of a global mindset and so it is necessary to invest in them. Many of the firms used the word 'experiencing different cultures' for 'future leaders' in order to gain a 'global mindset. But in some countries also like Qatar, there is a need to bring expatriates in as they can't find people locally we then also send people out to cover places that they can't fill locally.	The cost can be driver for the use of technology as opposed to travel but this is only sometimes the reason the climate change makes the firm more inclined to challenge the use of international travel and increasingly conscious with jumping on planes. If you can have a meeting as efficiently as videoconferencing then why not. Because your probably going to maximize your time in the office anyway rather than spending time in the airport and the plane so its actually a more efficient way of communication. Its just about finding the methods that work. Not having a desk phone does not feel strange as everyone has a mobile phone, everyone is aware of your availability, you can work from home, another country and you can be contacted from anywhere in the world. We have regular meetings with the international mobile champions with say 20 people and we do it as a call because we have people in different continents and different time zones so we just do one in the beginning of the morning and one in the afternoon to try and cover and fit in and be flexible in everyone's timings so you find the ways to communicate with anyone you are trying to speak with. Instant messaging is brilliant you can contact staff overseas and now you can see who is available and pin them a quick note.
International tobacco group Set up a process where regional reward staff apart from the finance department in Asia are located in London.	1 ½ to 2 % of total employees are expatriates; other firms usually have 1% of total employees as expatriates. Some expatriates are based in London and some are based in their own region so have both way rounds.	'for the firm to operate in a globally consistent way and secondly for capability building. In order to learn, more staff have been brought to London to sit together in one room and now some are going back out'	The firm does not have enough of a budget to fly staff in and out regularly. Use communication technologies on a regular basis, ensuring regular conversations with staff on an individual basis as well as with teams. Advantages of videoconferencing and teleconferencing are that since investing well in them they work well and have a good agenda especially if communicating outwards. In videoconferencing you can see peoples faces so you can still pick up on some body language.
International banking group HR leadership as well as expatriates from across the group	HR leadership as well as expatriates from across the group travel to the headquarters in Spain.	*HR leadership from across the group must travel to headquarters to discuss important matters that simply cannot be communicated via communication technology. The discussions taking place are regarding what we are doing within the firm and the technologies we are using.*	Discussions and debates with staff overseas or staff within the UK. Being connected by email is no different to emailing someone in Brazil or Spain as you would email someone in England. The other person receives it quickly and efficiently.

travel to the headquarters in Spain.			
Global diversified mining group 60 expatriates in this firms division	60 expatriates in this firms division.	to establish operations in an overseas location. Skills and knowledge transfer. The expatriates train locally. All of the people engage/recruit in Australia, some refer to anyone going overseas as expatriates. This participant doesn't define expatriates as employed staff sent from country to another e.g. engineer we send out based on some criteria then make them an Australian resident. They can be localized in Chile, Peru and Argentina.	the main advantage of employing technology is because of the cost savings. technology is a suitable alternative to employing mail delivery, which understandably consumes far greater time and expense. However, it is important to point out that the respondent explained that cost efficiencies are an *advantage* of using such strategies, and *not a determinant in choice of type of assignment* easily connected to one another, cost efficiency, main advantage are the cost savings. A great alternative to not having mail delivery which would take a lot more timeand money. Video conferencing on mobile phones (only board members are given this technology as they need to always know what's going on everywhere and need this technology as they are travelling around a lot to different locations and meetings). Office communicator tool- micro product; who's in the office at a time. They flag people to know whether they are in office.
Computing Corporation	It all depends. There are lots of different groups and things going on. We have the groups that are the product development groups that are building the software so they may not need to go and travel internationally. However, we may have teams that are for instance in India building certain feature sets so from a development perspective you might not see a lot of re-assignments or relocations or movement that way but from a development perspective because what would be the point? They kind of own an end to end you know milestones day process so what would	*develop their talent in order to make sure that their talent is trained very broadly using the global world to do so.* *the employment of expatriation depends as there are lots of different things and groups going on across our many overseas locations where the groups fulfill very different roles. Our groups include product development groups that are building the software so they may not need to go and travel internationally. However, we may have teams that for instance are in India building certain feature sets so from a development perspective they might not see a lot of re-assignments or relocations or movement that way, but from a development perspective, because there would not be much point. They own an end to end milestones day process so there would be no need to point to relocations. However, on the other side there are different roles that need relocations. For example, we have services groups that carry out one way relocation or going on an assignment and also*	The teams do take advantage of technology to not travel for meetings internationally so you've got a technology called 'round table'; a technological device which is a camera able to see 360 degrees placed in the centre of a table with say 8 people sitting around it. And what happens is that it's also integrated with the phone system so as your sitting having a conversation with the people around the table and the people in the meeting that camera turns to those that are speaking. The phone and the person that's on the phone see's everyone in the room. A computer with a camera in the hallway would be set up outside of where groups sit and they would leave it going all of the time and when people were walking in the hallway they have hall talk because they have remote teams here and needed to collaborate and feel connected. You can have conversation with people because people who are in a virtual team don't get to see and connect obviously like the people in the same office together so that people can at any time sit there and see you know if anyones walking by they keep it up on the desktop.

	be the point. On the other side of the coin you've got your services groups that you may see doing things like one way relocation or going on an assignment you also might have teams that focus on managers and acquisitions who may be visiting particular geographies to work on the integration and all these different things to work on that sort of thing so it really depends on what the role is that the individual is applying and what the business requirements are so it could definitely be to just stay there indefinitely or it could be to put someone on assignment and put them there for three years or if they have an incubation that they want to start up so the best way to do that might be to send them to a different country for a few years to get things started and off the ground and then we are gonna bring you back either to the US or maybe you came from another country. It depends on what the business need is.	*teams that focus on managers and acquisitions who may be visiting particular geographies to work on the integration and all these different things. Therefore, it really depends on what the role is that the individual is applying and what the business requirements are so it could definitely be asking the member of staff to just stay there indefinitely or it could be to put someone on assignment and put them there for three years.* *There is some great talent in that particular market and the firm needs to be able to utilize that great talent.* Depends on the business; if an acquisition is taking place, is there some great talent in that particular market and we need to be able to utilize that great talent or is it a situation where maybe we can have a huge customer base to localize products and be there with that customer base, or is it a talent development base, the firm needs to make sure that thier talent is trained very broadly using the global world would.	Can we do our work in a team across different geographies, different timezones that way so the communication technologies are a necessity to be able to make that work. You can't really manage your virtual team or interact with your team mates without those sorts of technologies. In four locations; Europe, Fargo, California and Redman staff are constantly interacting and successfully shipping products as a virtual team. The best talent is not just in the US and therefore software needs to be developed so that interaction can be carried out across various countries. Efficiency and features of the round table. For example, lets say your going through a power point slide so the individual that is presenting can share their desktop through this integrated communication so they can actually share their desktop with everybody in the room and everybody that's on the phone can see what's going on and what they're sharing to everybody as well as interact with one another and see one another and white boarding is possible through the interface as well. So you can literally have a meeting with people, virtually, without having to bring everybody into the same room. Also I cant have a hand-on team meeting every month with people in every location with different time zones because it is costly (also a reason for the use of hallway cameras). Hallway cameras: Essential to keep people connected and integrated. Integrated as part of the individuals desktop so if someone is online and checking email they can have small talk, communicate and become more integrated as part of the team. Its sometimes the human connection that you wanna continue to build on with that technology is what you have to keep doing.
International grocery retail chain Business in Thailand with about 34 thousand people working there so they are quite substantial businesses and same with Korea that's over 20 thousand people there so it's not a small operation.	High numbers of expatriates. Expatriate numbers I don't think it has reduced the number of expats we have but it certainly has helped for my job, if you look at my job, so I'm management development for Asia, its enabled me to still do this job still based in the UK which I wouldn't have been able to do otherwise so you know that's if	*Specifically for the initial stages of setting up our operations in a foreign country out of the 10 year initial stages, we export our capability and knowledge from our business into our newer markets. The markets that we tend to go into, we look for countries where the retailing market is under developed and where there are high populations of people. For example, operations in China, India, Korea, Thailand and Malaysia all meet that criteria but it means that we would be going into a market where the profession of retailing is not very well established. Therefore transferring these capabilities are essential as it's very difficult to go in and buy that expertise in those markets and also because our company has such a strong process as well as a driven culture so we want to start our operations based on that process so we simply must export the*	'Email is email' which is good but the good is that you feel that you can be in fairly constant contact with people and you get an answer back kind of instantly, like today I want to speak to a guy in Japan and I know its late so I know there is 8 or 9 hours ahead of us so I just emailed him and said look I need to speak to you can you ring me when its convenient and he emailed me back saying its ok you can speak to me so that makes it easy so its not going to disturb people but you can get in touch and also I do a lot of my work on email because I'm based in the UK and people are obviously in a different time zone so that would be fairly common around the business so that works well. Video conferencing, I have one at home, few people do so I can have early morning conversations with people, it means you can see them and therefore when there is a language difference that makes it a lot easier because people at a the senior level at [firms name] we work in English as do most

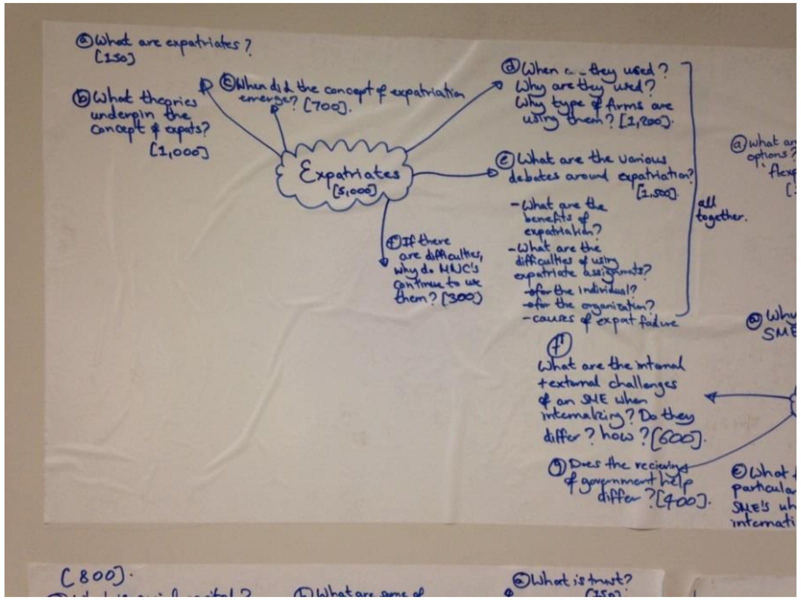
	you do a multi country job which mine is then I think then it substantially helps. We do have a mix of both actually [short-term and long-term traditional expatriates] but normally it's a 3 year assignment and then very often once people have had some experience of having an international assignment they stay and do either another one in the same country or in a different country and sometimes we do very short-term ones if we are going to do something very specific so for example we have just launched our [brand name] clothing range in China so where we are going to do something specific we might do a 6 month short-term assignment or something like that.	*knowledge and skills into the foreign location themselves.* Somewhere like India we are in partnership with [partner's name] so basically once we have established our businesses in the country they are run as a [firm's name] business in that country so the CEO and his team are responsible for all of that communication. [firms name] is just customer mad so a whole buiness would be set up would be based on our customer research and we have a marketing manager in each country whose sole job it is to understand and represent the customer at the board, the CEO usually manages the joint venture relationship supported by the main board director for international who would meet with our partners a few times a year for dinner and talk over the business and so on… so that's mainly done faced-to-face and locally.	multinationals these days. If your in China it makes it easier if they see you talking so that is a big improvement and also it gives you a chance for a little bit of the human side of the equation. I visit them a lot as well so I think what works well is if you have already got a relationship with people and you can then see them in between. The telepresence in my opinion is the best one because it is real time, it's instant, it's very clear and you can see people.
International automobile Corporation UK	Companies are trying to save money and expatriate assignments cost an awful lot of money throughout the assignment life. to select the right candidate for the assignment and we don't seem to have any issues with people staying on assignment and carrying out their job and it seems to be that because the company wants a larger commitment so a minimum of two years this is why they tend to send people on a longer-term assignment. Expatriates (duration of 2 years up to 5 years then a decision is made to whether to integrate back into the home country or take up a local contract) used- they look after the international assignees in-band UK and also out-band worldwide from the	Need to have face-to-face interviews in the UK and it's the most suitable way of getting information across, Its called an out-band assignment briefing by face-to-face and regardless of which site they are going to we make sure we have this face-to-face in order to get all this information correct from them and for them to receive everything. Its normally about an hour and a half briefing and we give all the necessary information about their assignment to the specific country that they are going to.	communication technologies to get a larger group of people involved and speak together. Because of the location difficulty where the expatriates are on rotational assignments we have to communicate over the phone and in email.

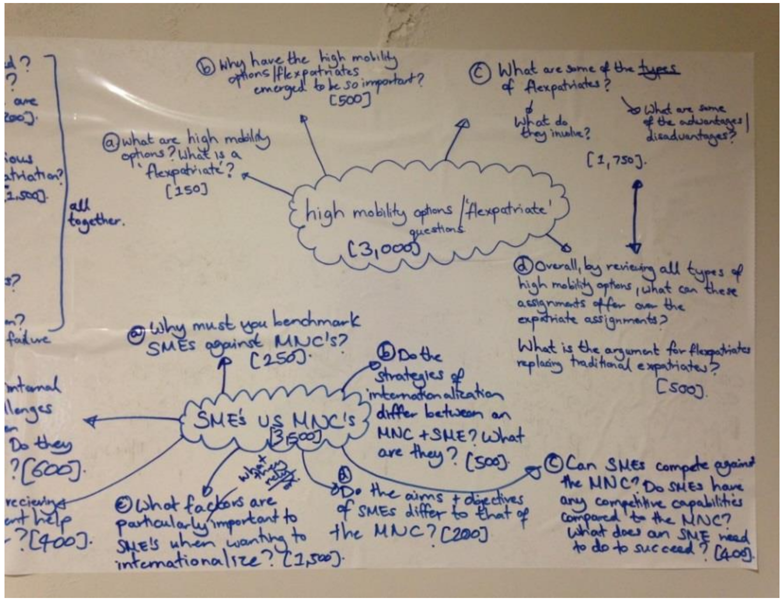
	UK. although our headquarters is in Munich we communicate with our international team in Munich on various assignments.		
Theme Park The theme park is a joint venture with the main branded company main firm and therefore separate to them, which is managed by firm management, their business revolves around the firm's model and design.	Recruiting new talent for the opening of the theme park. Recruiting people from overseas to the UAE. The firm also recruits from the local market, that are working here from other companies and recruit here on visit leases so it's not as much as much going and having people working in other countries.	No expatriation employed	Skype is used for recruitment. For example, if I want to interview someone in another country and want to have a face-to-face with them there are situations where we use videoconferencing and such online where we can at least see the person if they are not in the UAE and from a HR side that's the extent of what we use. Technology is needed to work and communicate with the firms' partner for the concept of the design as well as anytime they need the partners logo and anytime they need to get a trademark approved from them as the park is themed under the main firm. So it's more coordination with them. Important to see their presence e.g. body language via Skype (only stated once probed).
Insurance company	Expatriates are used. She is responsible for sending people abroad and then repatriating them back from a UK perspective. She also has someone in that team that does it as a full-time job; they are called an international mobility consultant and she has equivalent people and she has the equivalent people in 60 other countries of [firms name] around the world managing with what they call in-bound where people come into the country and out-band where they send people overseas. Expatriate numbers **I think the numbers [of expatriates] have been steadily increasing**… I think [firms name] is you know… much more international over the years and all the sort of acquisitions and mergers so it makes for different countries and companies	the purpose is for the development of staff. The selection process of the staff who are provided these assignments usually only applies to their most talented staff and they are very clear on how they define talented people because it's so expensive in terms of costs of travel and investing in training or development they may need. They want to send them overseas with one main reason to develop them and for them to get an international experience and to learn new things, which is part of their personal development. Essentially it is that they can bring back to the company what they have learnt that can help them perform and be better at what they do so that's really what [firms name] philosophy is about international assignments is that they can fund people to go abroad but we always guarantee them a job to come back to which is why they reserve that for the most talented people because that's quite an undertaking kind of cost to fund that overseas assignment and to actually guarantee them a job and therefore they have to hold a job for them. They might be able to fill it temporarily with someone else, its their job that's a commitment they make to them so that's what they call international assignments, which can vary in length and purpose whatever they are going over there for and sometimes as they are an international company they say why don't we provide them with international moves permanently so it's not guaranteeing	that the costs are considered in everything that they do and any decision that they make. have a lot of video conferencing facilities as well, which is intentional to cut down the amount of business travel they do so that's one of the main reasons why they have introduced a lot of video conferences and video conferencing facilities in all of their main countries and main offices and it works very well. They have just introduced a brand new system recently around the world so that's really cut down a lot of business travel.

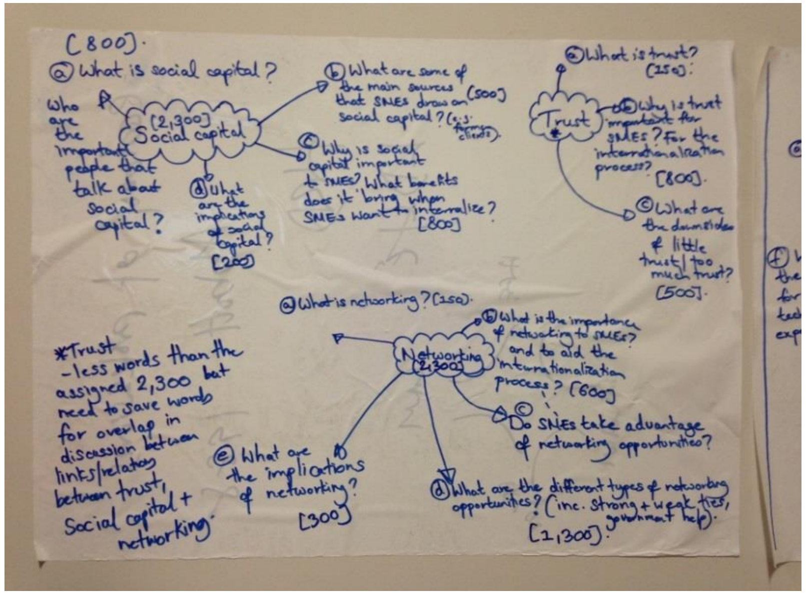
	so we're expanding in Asia… we're expanding in Eastern Europe so there's a lot more business travel to go do a project or something… er… that may convert into a longer-term assignment so they stay longer… so **there is a need for us as an international company to keep on increasing how many people we have got on international assignments… so at the moment we are quite heavily looking for people to go to Singapore** at the moment for example so yeah…	them a job back into the company, its saying it's a one way ticket.	

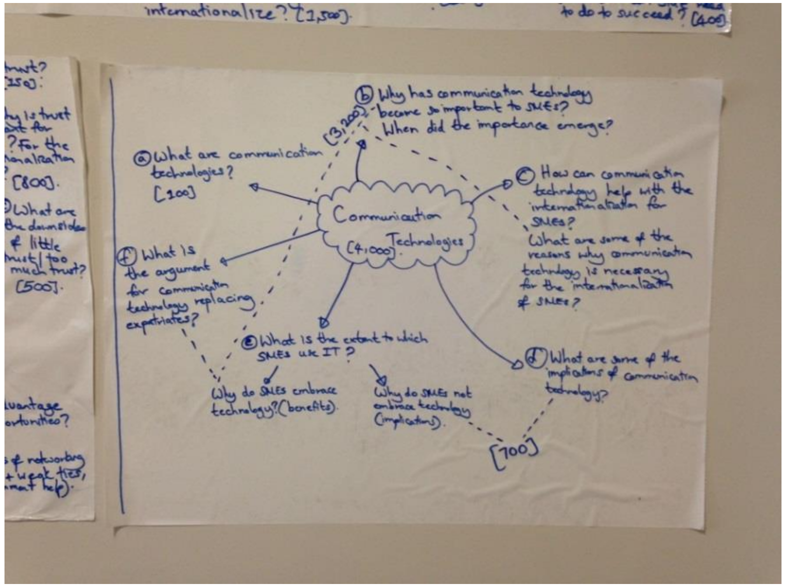
APPENDIX 8

MIND-MAPPING IDEAS OF SMES AND THE MODES OF INTERNATIONALIZATION THEY EXPLOY





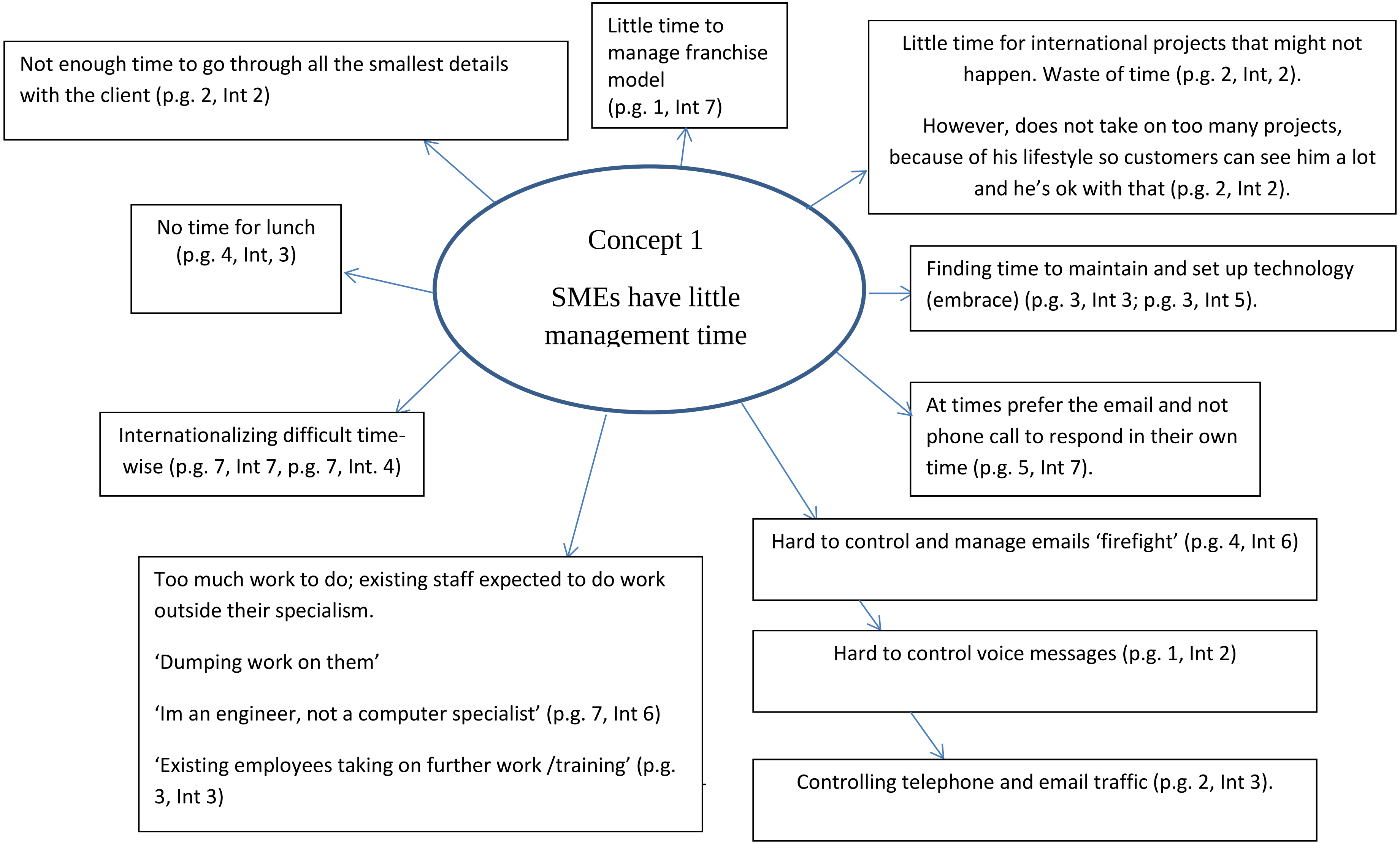


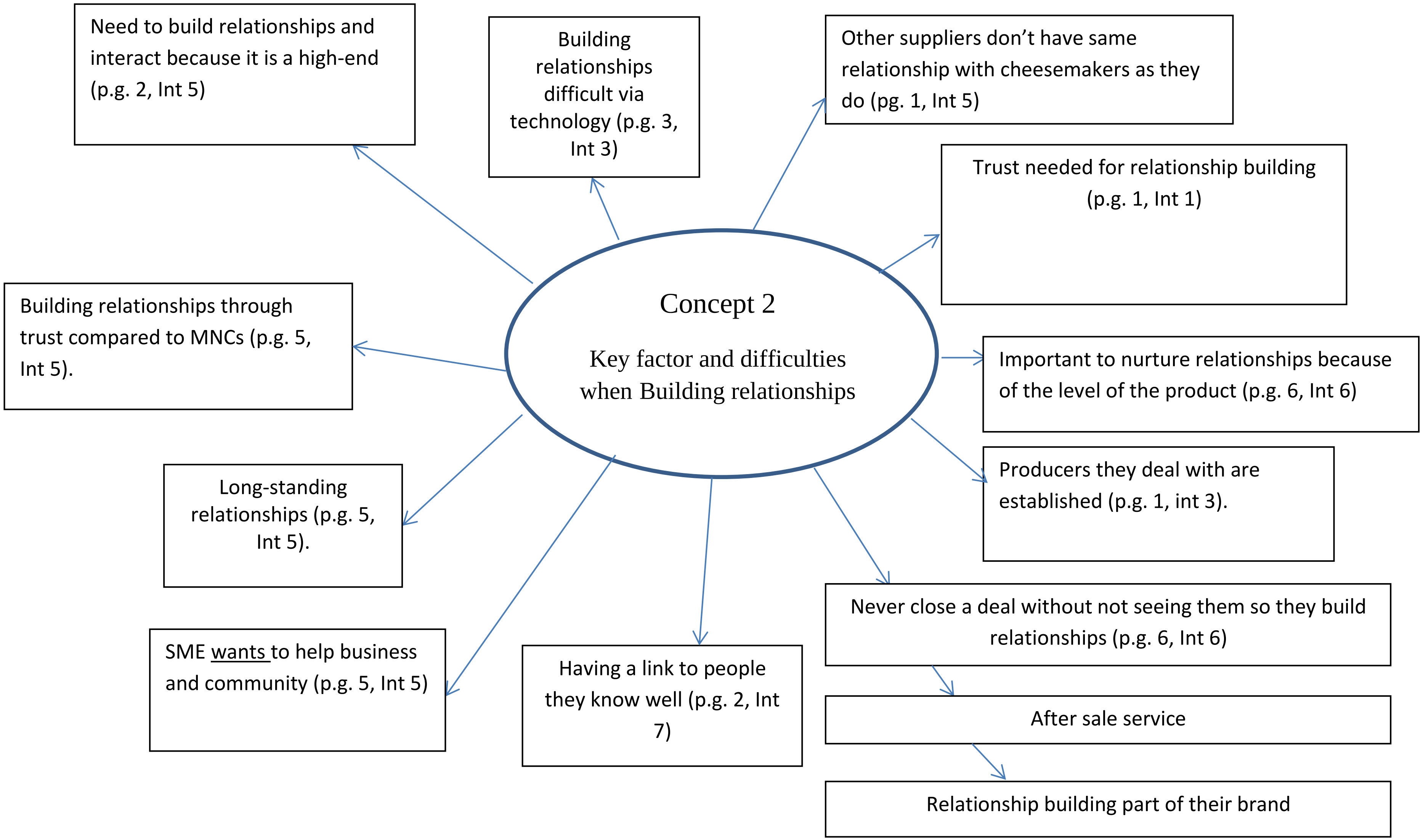


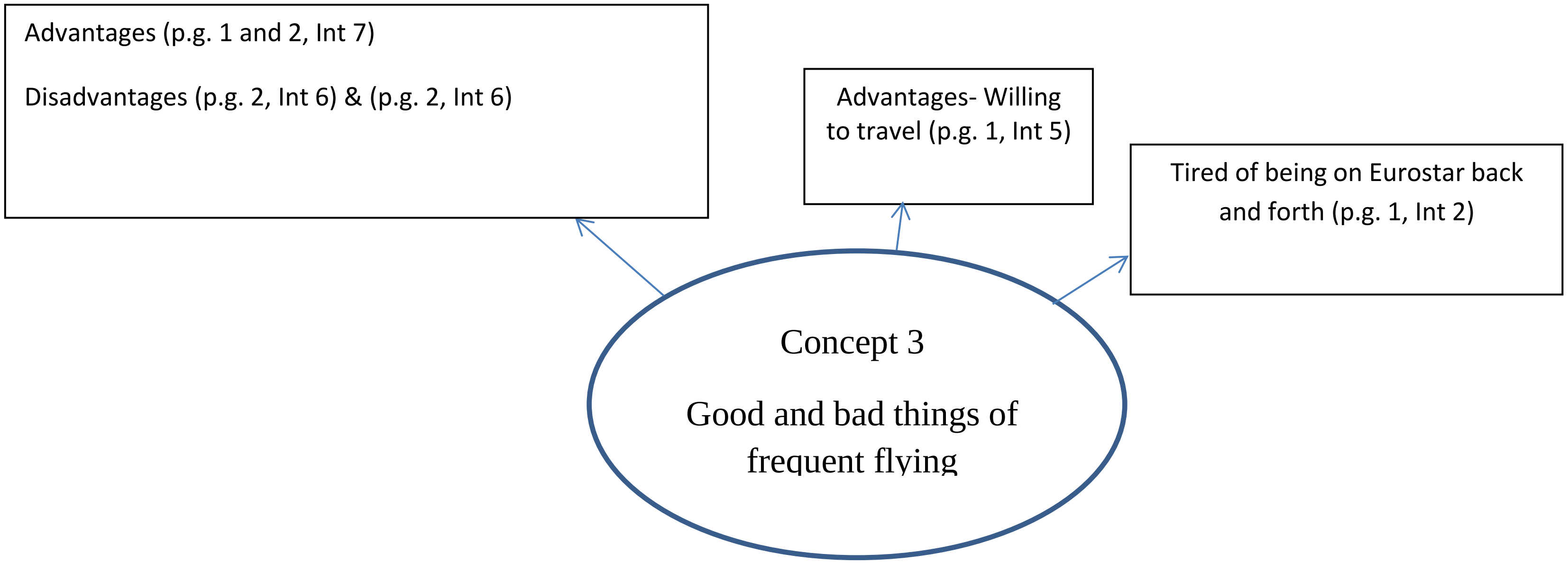
APPENDIX 9

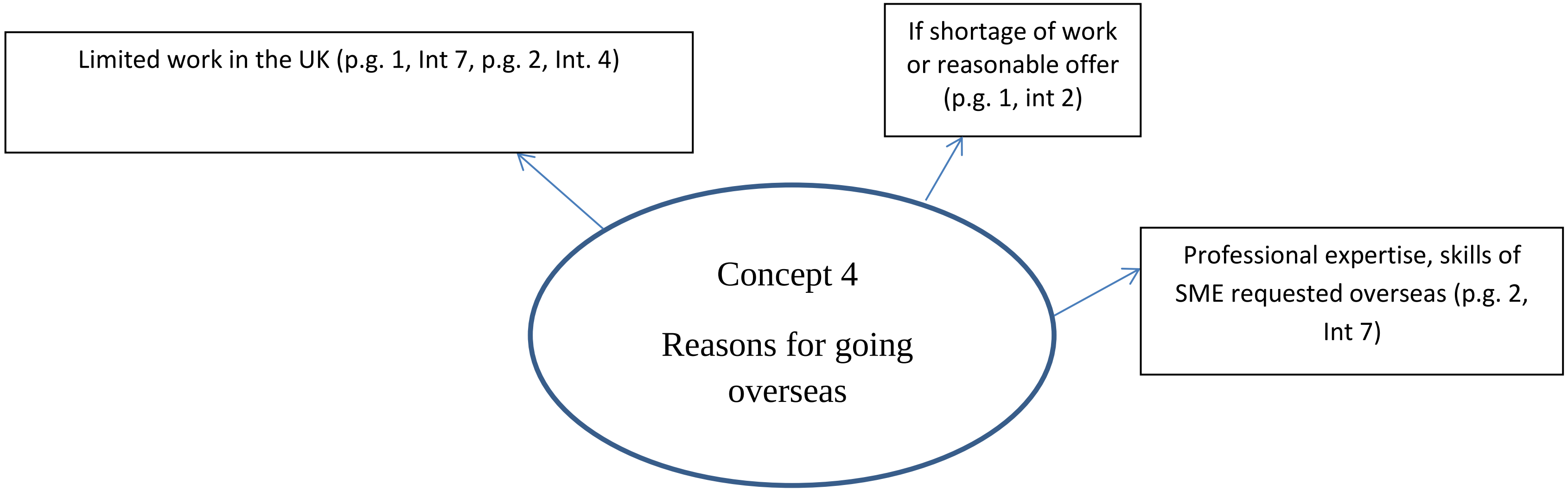
CODED AND CONCEPT 'SPIDER' DIGRAMS FOR THE MAIN INVESTIGATION IN-DEPTH INTERVIEWS

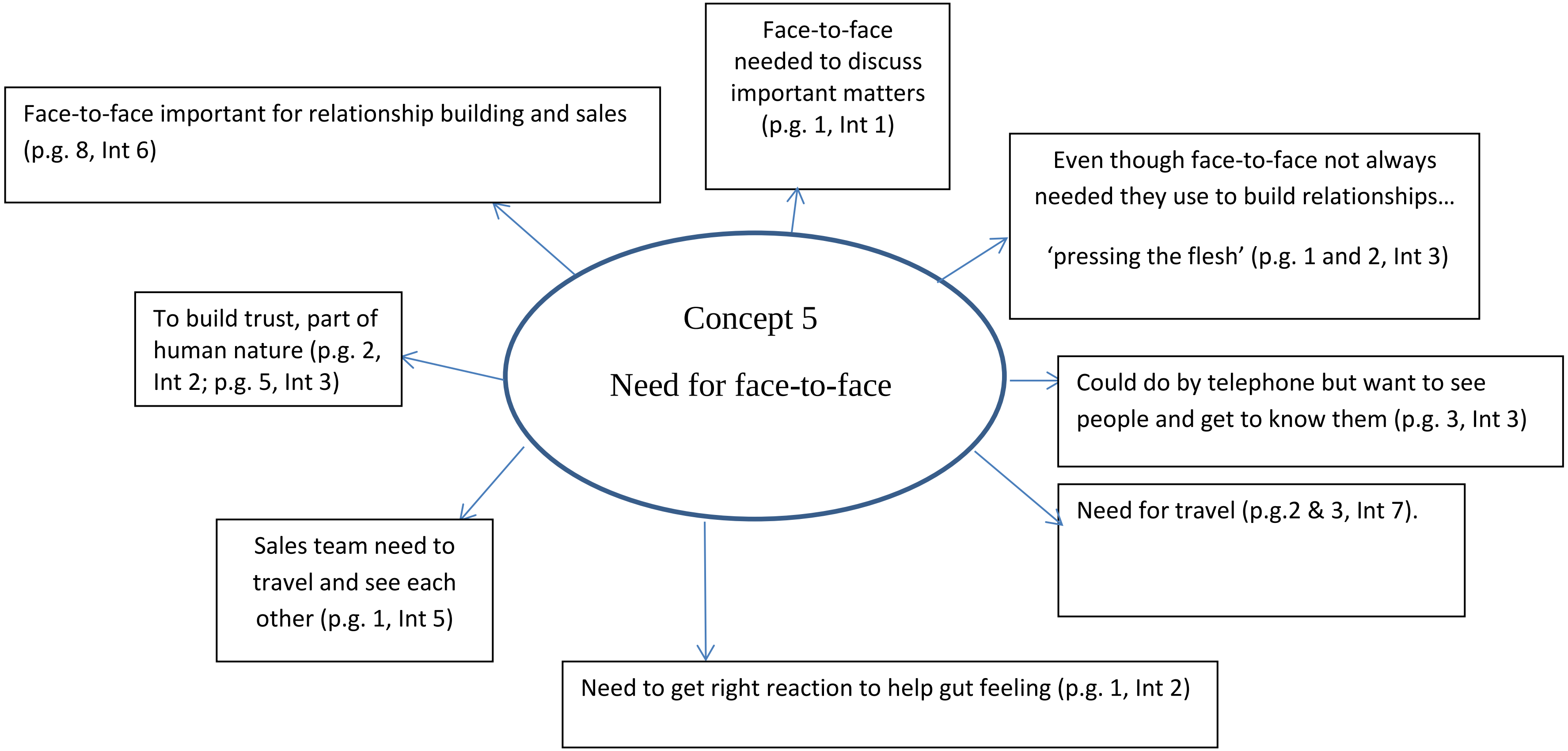
Grouping similar events, happenings and objects under a common heading/classification (Strauss & Corbin, 1998).

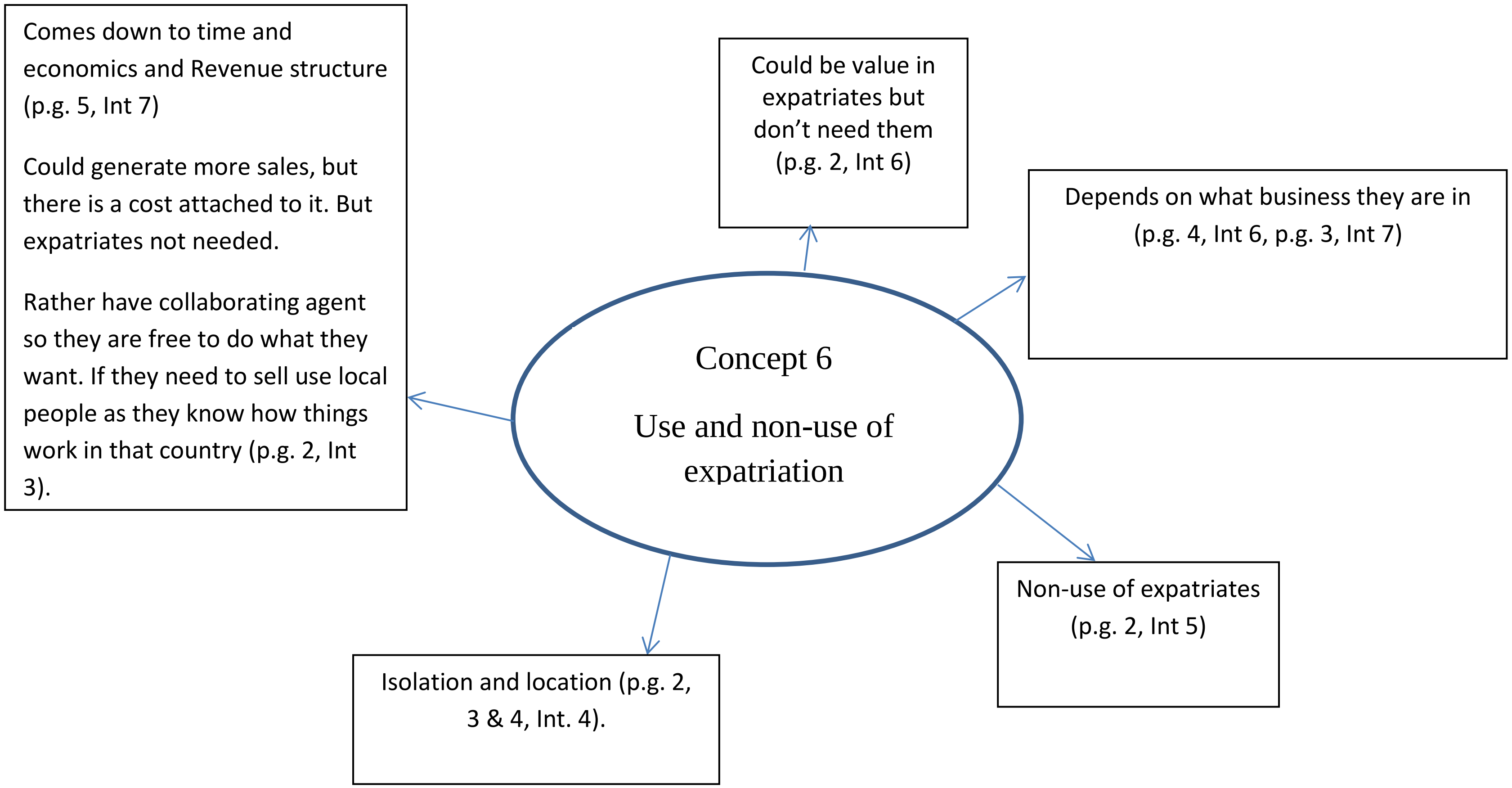


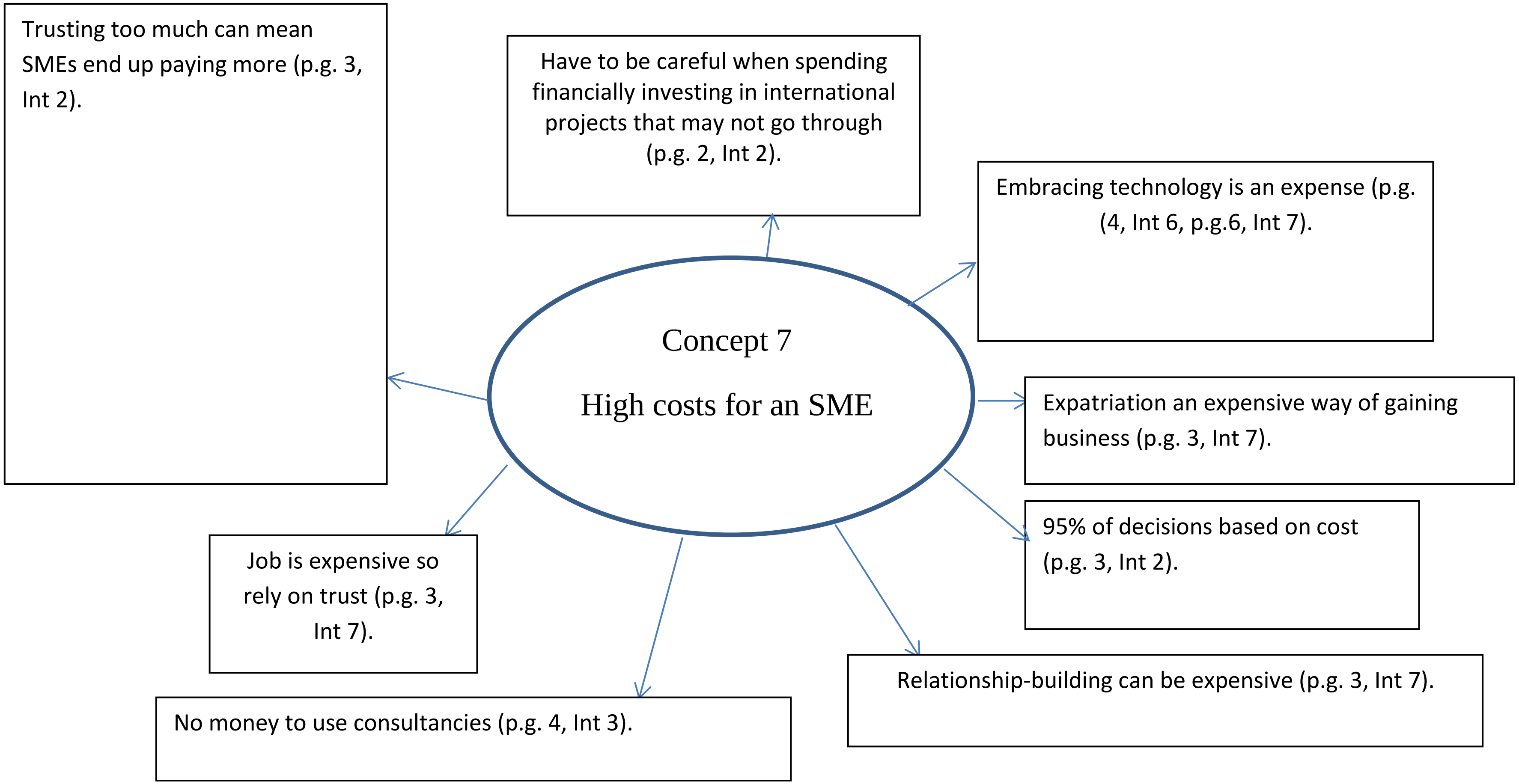

Need to build relationships and interact because it is a high-end (p.g. 2, Int 5)
Building relationships difficult via technology (p.g. 3, Int 3)
Other suppliers don't have same relationship with cheesemakers as they do (pg. 1, Int 5)
Trust needed for relationship building (p.g. 1, Int 1)
Building relationships through trust compared to MNCs (p.g. 5, Int 5).
Concept 2
Key factor and difficulties when Building relationships
Important to nurture relationships because of the level of the product (p.g. 6, Int 6)
Long-standing relationships (p.g. 5, Int 5).
Producers they deal with are established (p.g. 1, int 3).
Never close a deal without not seeing them so they build relationships (p.g. 6, Int 6)
SME wants to help business and community (p.g. 5, Int 5)
Having a link to people they know well (p.g. 2, Int 7)
After sale service
Relationship building part of their brand

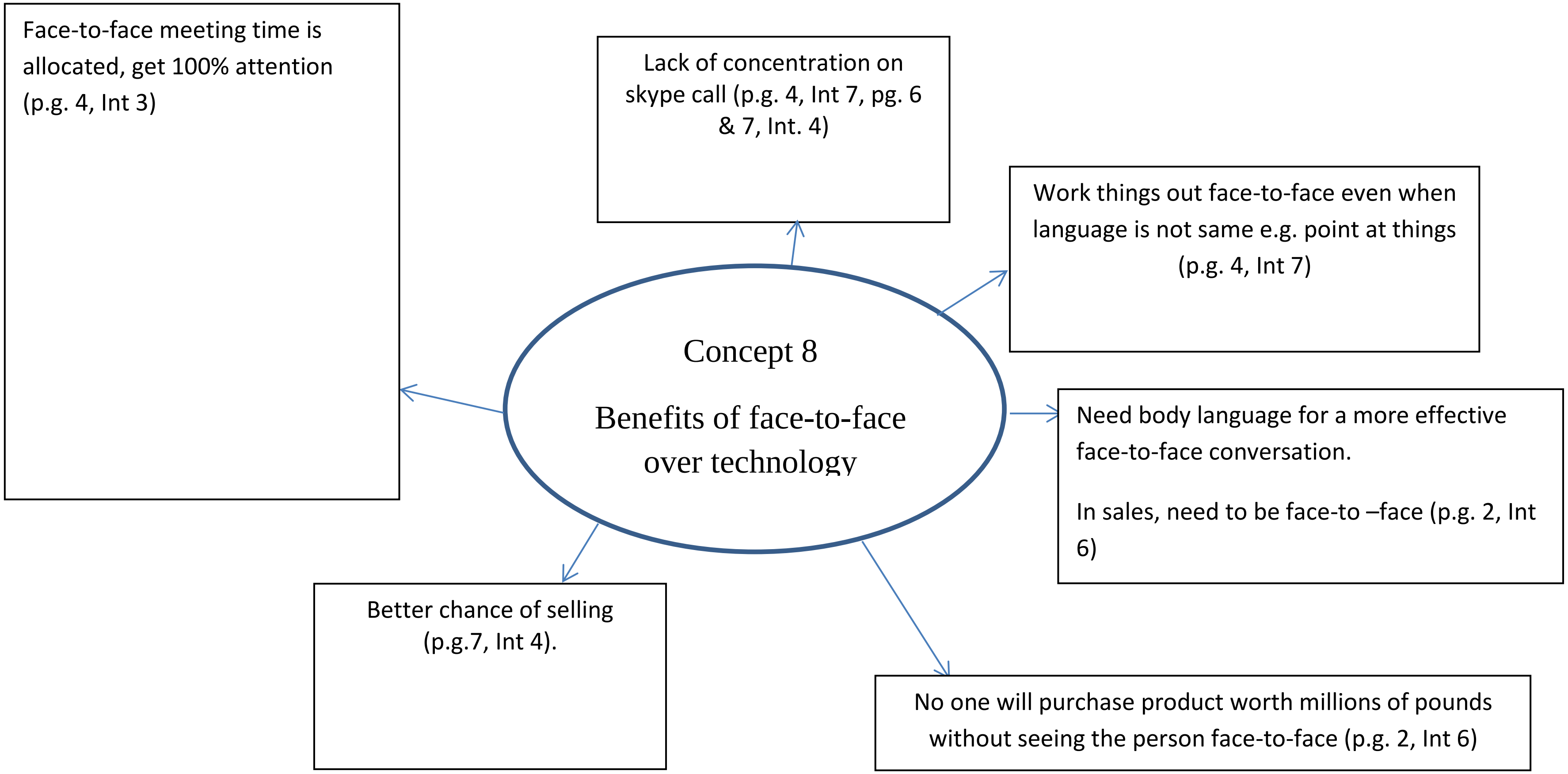

Advantages (p.g. 1 and 2, Int 7)
Disadvantages (p.g. 2, Int 6) & (p.g. 2, Int 6)
Advantages- Willing to travel (p.g. 1, Int 5)
Tired of being on Eurostar back and forth (p.g. 1, Int 2)
Concept 3
Good and bad things of frequent flying

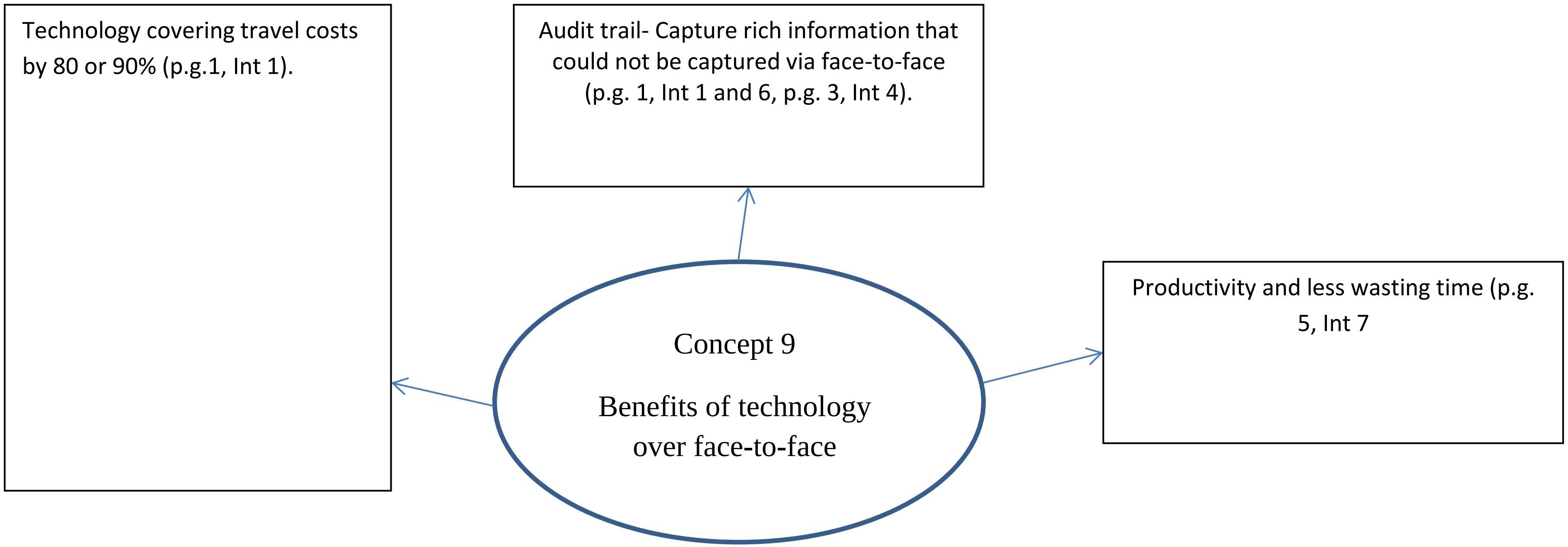

Limited work in the UK (p.g. 1, Int 7, p.g. 2, Int. 4)
If shortage of work or reasonable offer (p.g. 1, int 2)
Concept 4
Reasons for going overseas
Professional expertise, skills of SME requested overseas (p.g. 2, Int 7)

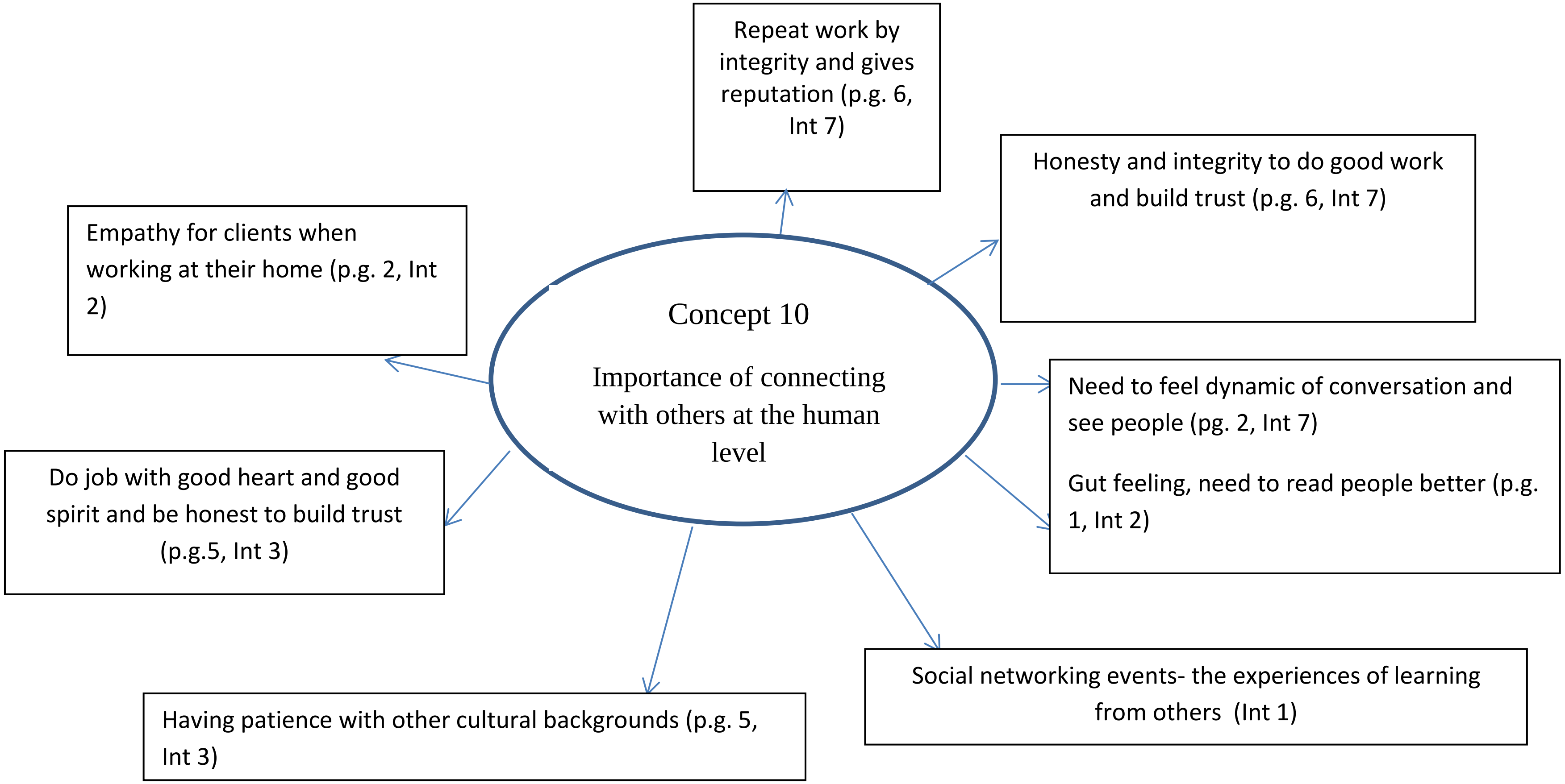

Face-to-face important for relationship building and sales (p.g. 8, Int 6)
Face-to-face needed to discuss important matters (p.g. 1, Int 1)
Even though face-to-face not always needed they use to build relationships…
'pressing the flesh' (p.g. 1 and 2, Int 3)
To build trust, part of human nature (p.g. 2, Int 2; p.g. 5, Int 3)
Concept 5
Need for face-to-face
Could do by telephone but want to see people and get to know them (p.g. 3, Int 3)
Need for travel (p.g.2 & 3, Int 7).
Sales team need to travel and see each other (p.g. 1, Int 5)
Need to get right reaction to help gut feeling (p.g. 1, Int 2)

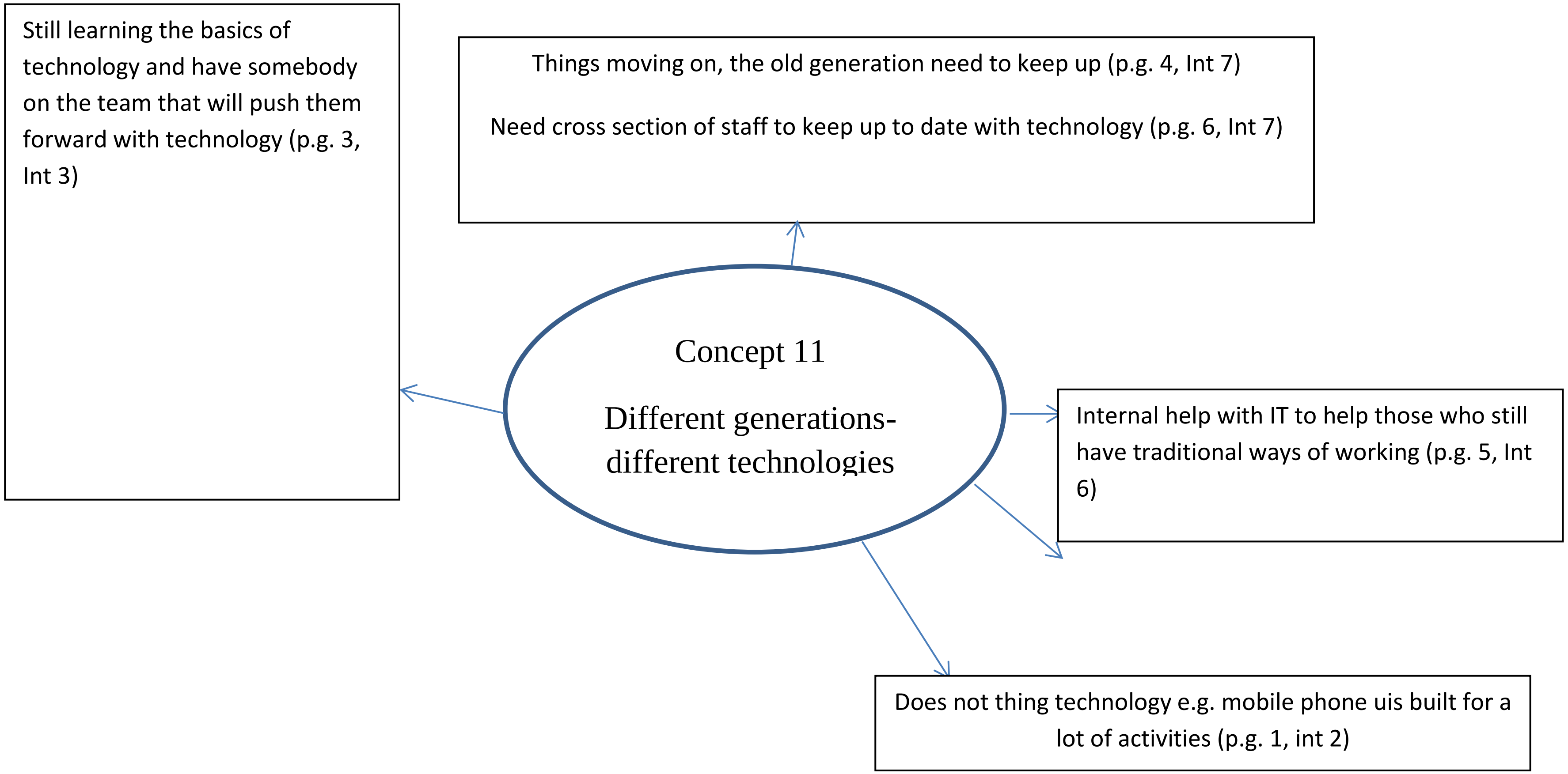

Comes down to time and economics and Revenue structure (p.g. 5, Int 7)
Could generate more sales, but there is a cost attached to it. But expatriates not needed.
Rather have collaborating agent so they are free to do what they want. If they need to sell use local people as they know how things work in that country (p.g. 2, Int 3).
Could be value in expatriates but don't need them (p.g. 2, Int 6)
Depends on what business they are in (p.g. 4, Int 6, p.g. 3, Int 7)
Concept 6
Use and non-use of expatriation
Non-use of expatriates (p.g. 2, Int 5)
Isolation and location (p.g. 2, 3 & 4, Int. 4).

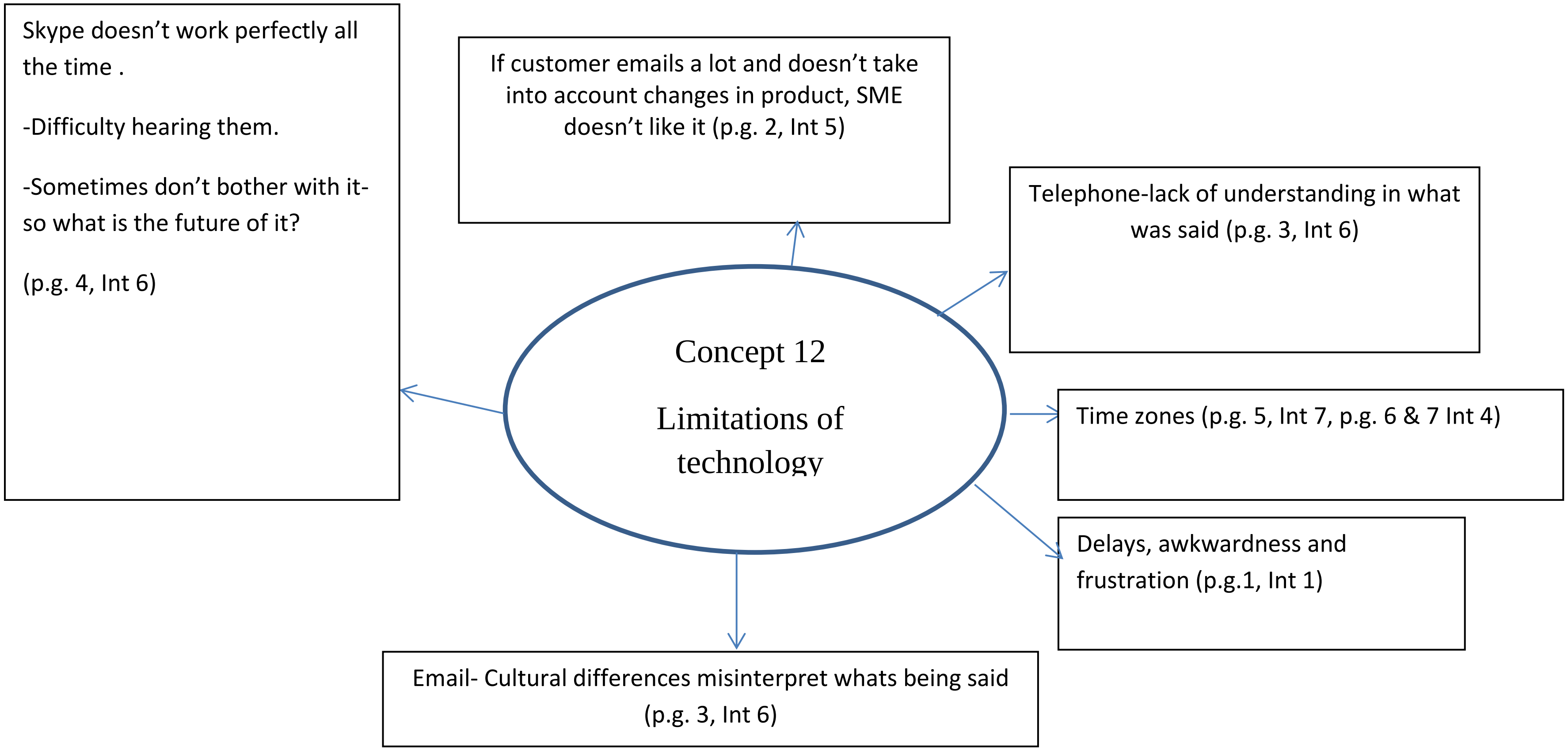

Concept 7
High costs for an SME
Trusting too much can mean SMEs end up paying more (p.g. 3, Int 2).
Have to be careful when spending financially investing in international projects that may not go through (p.g. 2, Int 2).
Embracing technology is an expense (p.g. (4, Int 6, p.g.6, Int 7).
Expatriation an expensive way of gaining business (p.g. 3, Int 7).
95% of decisions based on cost (p.g. 3, Int 2).
Relationship-building can be expensive (p.g. 3, Int 7).
No money to use consultancies (p.g. 4, Int 3).
Job is expensive so rely on trust (p.g. 3, Int 7).

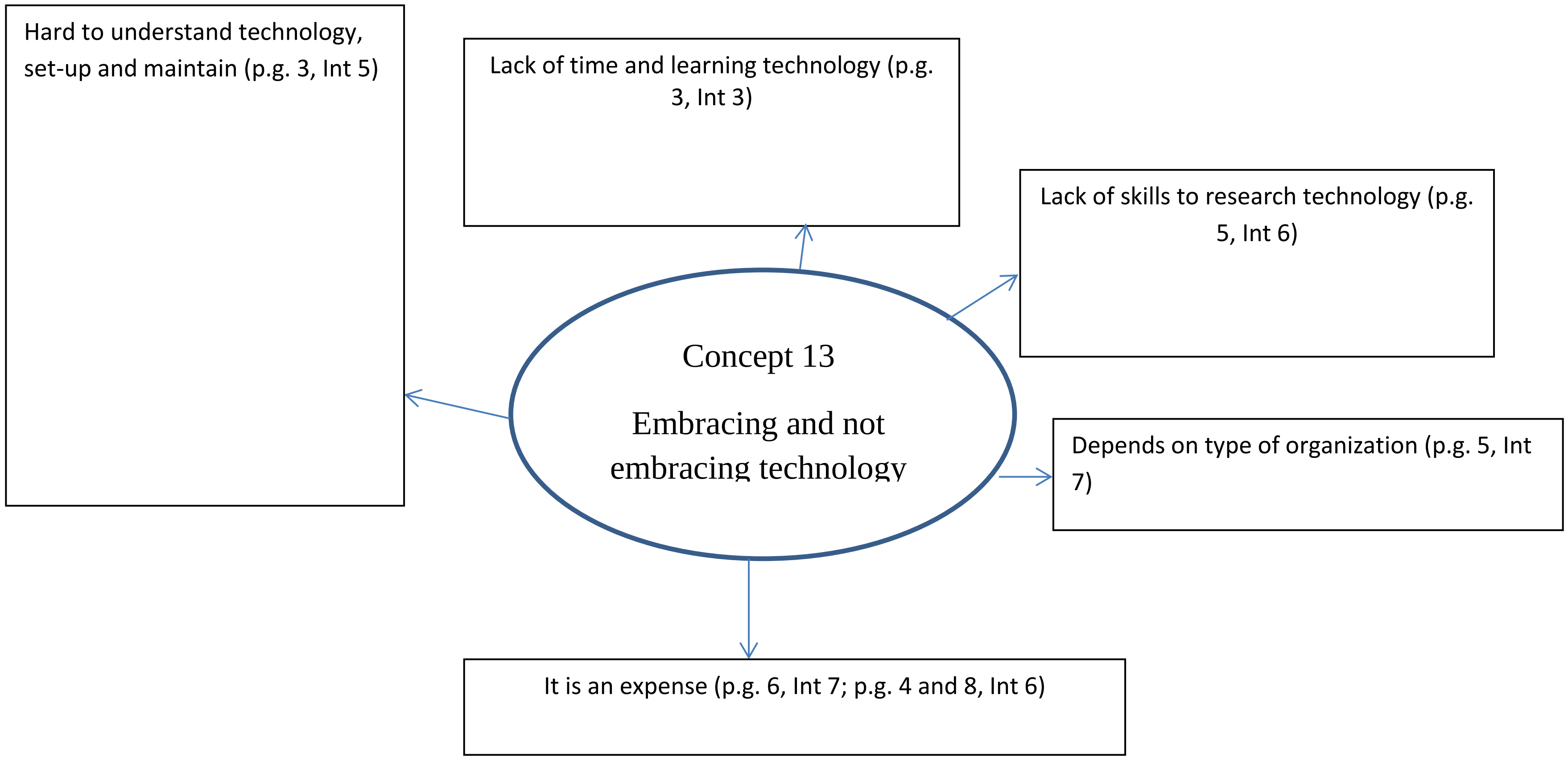

Concept 8
Benefits of face-to-face over technology
Face-to-face meeting time is allocated, get 100% attention (p.g. 4, Int 3)
Lack of concentration on skype call (p.g. 4, Int 7, pg. 6 & 7, Int. 4)
Work things out face-to-face even when language is not same e.g. point at things (p.g. 4, Int 7)
Need body language for a more effective face-to-face conversation.
In sales, need to be face-to –face (p.g. 2, Int 6)
No one will purchase product worth millions of pounds without seeing the person face-to-face (p.g. 2, Int 6)
Better chance of selling (p.g.7, Int 4).

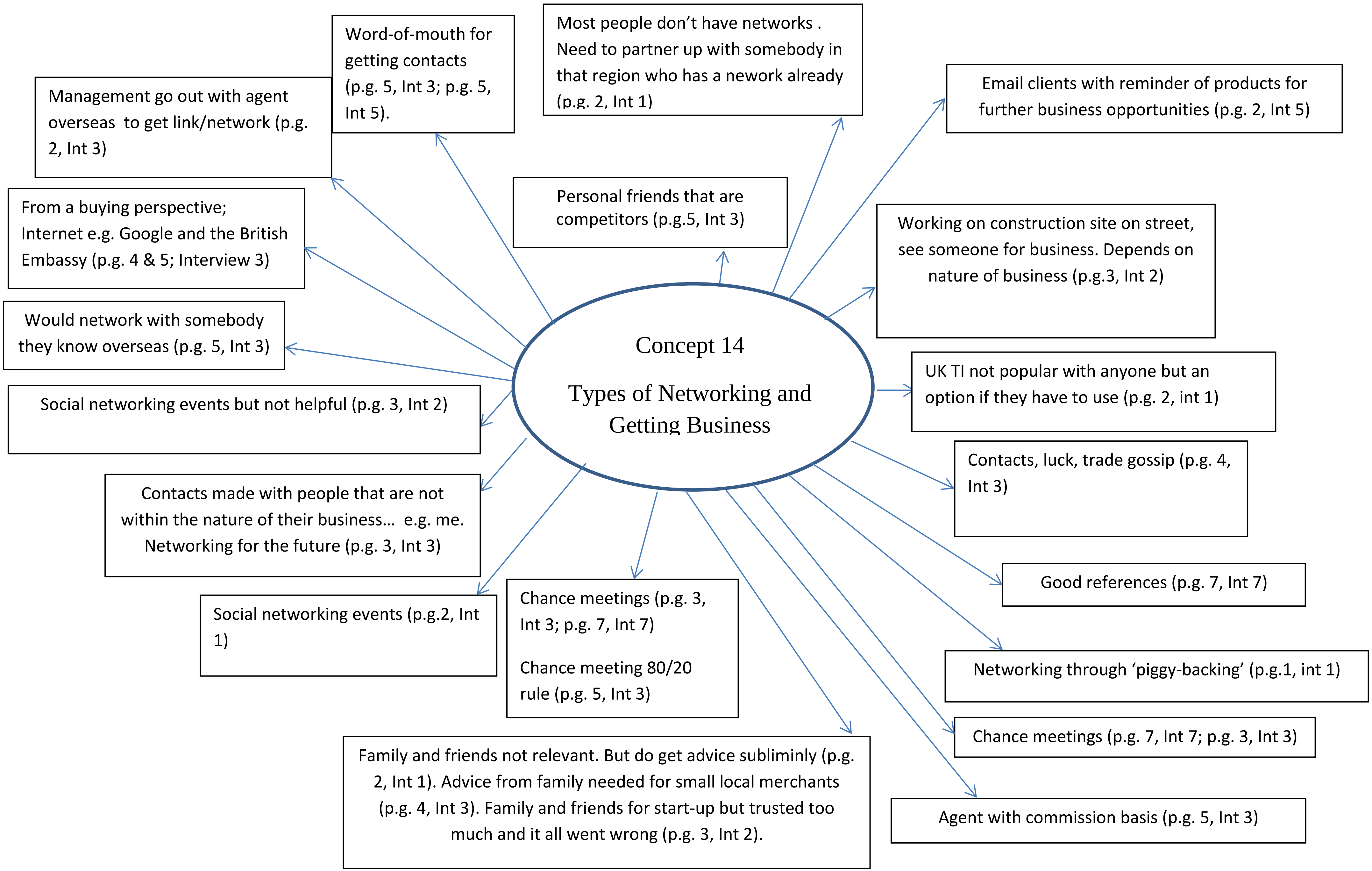

Technology covering travel costs by 80 or 90% (p.g.1, Int 1).
Audit trail- Capture rich information that could not be captured via face-to-face (p.g. 1, Int 1 and 6, p.g. 3, Int 4).
Concept 9
Benefits of technology over face-to-face
Productivity and less wasting time (p.g. 5, Int 7

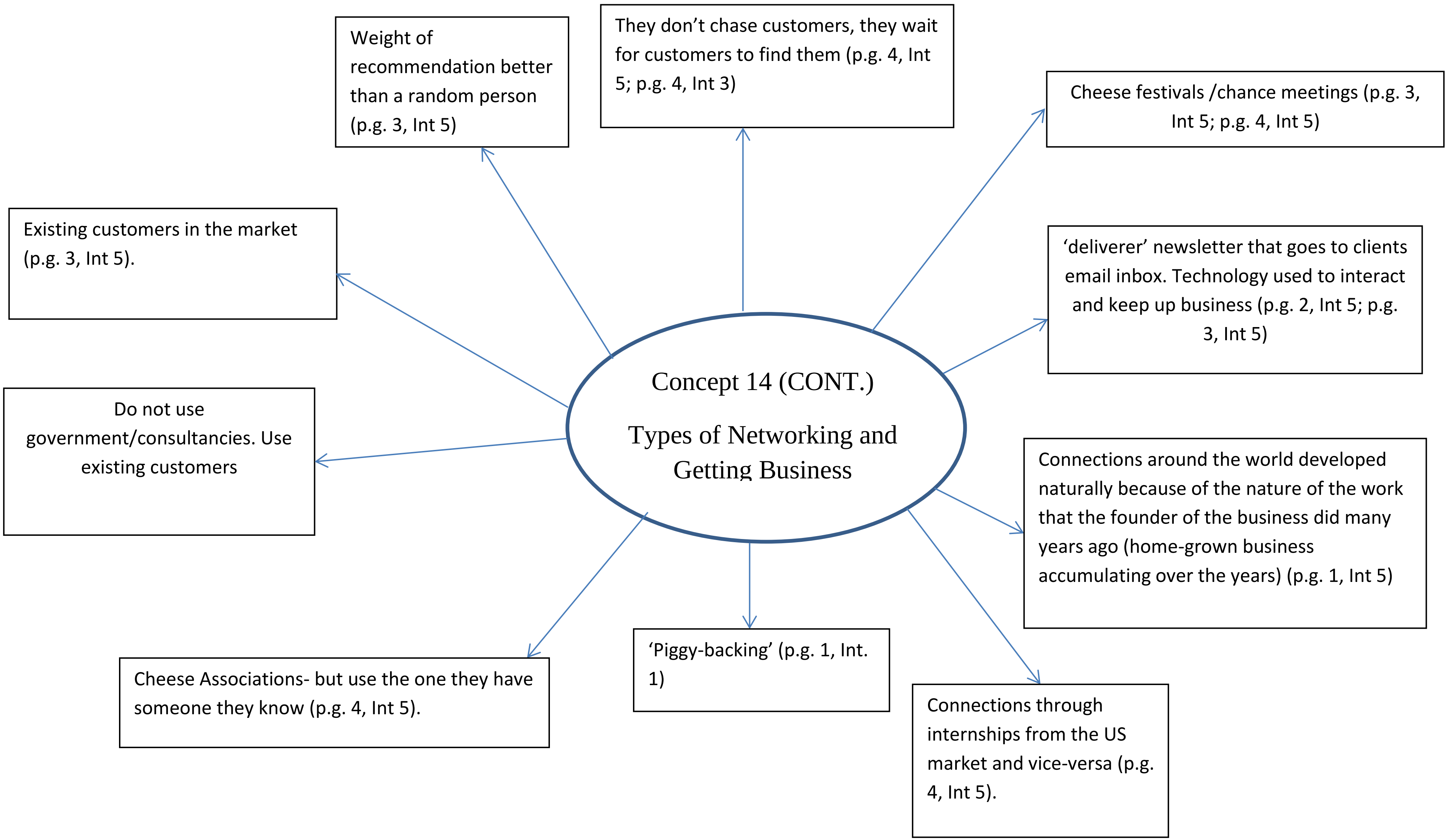

Repeat work by integrity and gives reputation (p.g. 6, Int 7)
Honesty and integrity to do good work and build trust (p.g. 6, Int 7)
Empathy for clients when working at their home (p.g. 2, Int 2)
Concept 10
Importance of connecting with others at the human level
Need to feel dynamic of conversation and see people (pg. 2, Int 7)
Gut feeling, need to read people better (p.g. 1, Int 2)
Do job with good heart and good spirit and be honest to build trust (p.g.5, Int 3)
Social networking events- the experiences of learning from others (Int 1)
Having patience with other cultural backgrounds (p.g. 5, Int 3)

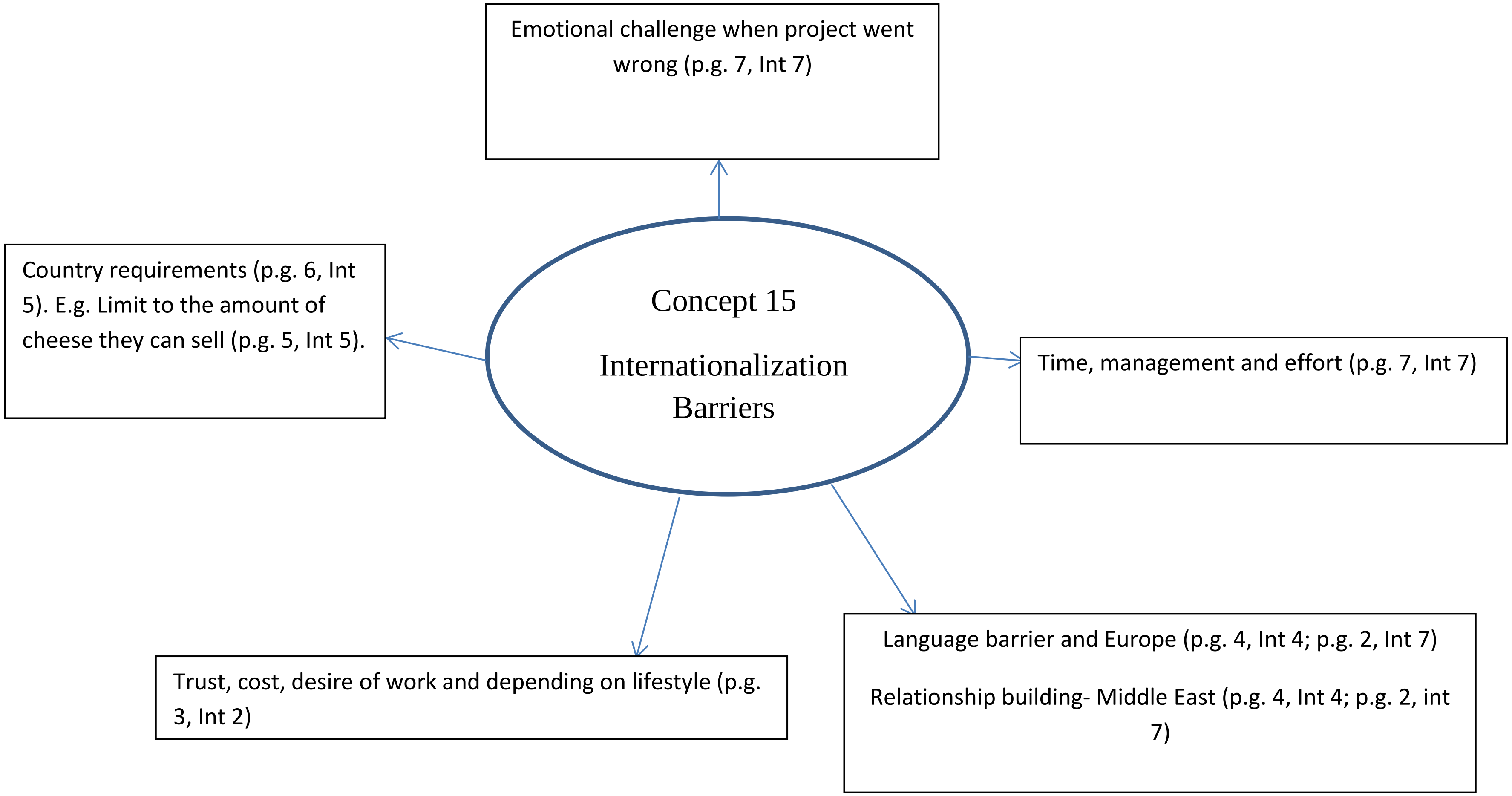

Still learning the basics of technology and have somebody on the team that will push them forward with technology (p.g. 3, Int 3)
Things moving on, the old generation need to keep up (p.g. 4, Int 7)
Need cross section of staff to keep up to date with technology (p.g. 6, Int 7)
Concept 11
Different generations- different technologies
Internal help with IT to help those who still have traditional ways of working (p.g. 5, Int 6)
Does not thing technology e.g. mobile phone uis built for a lot of activities (p.g. 1, int 2)

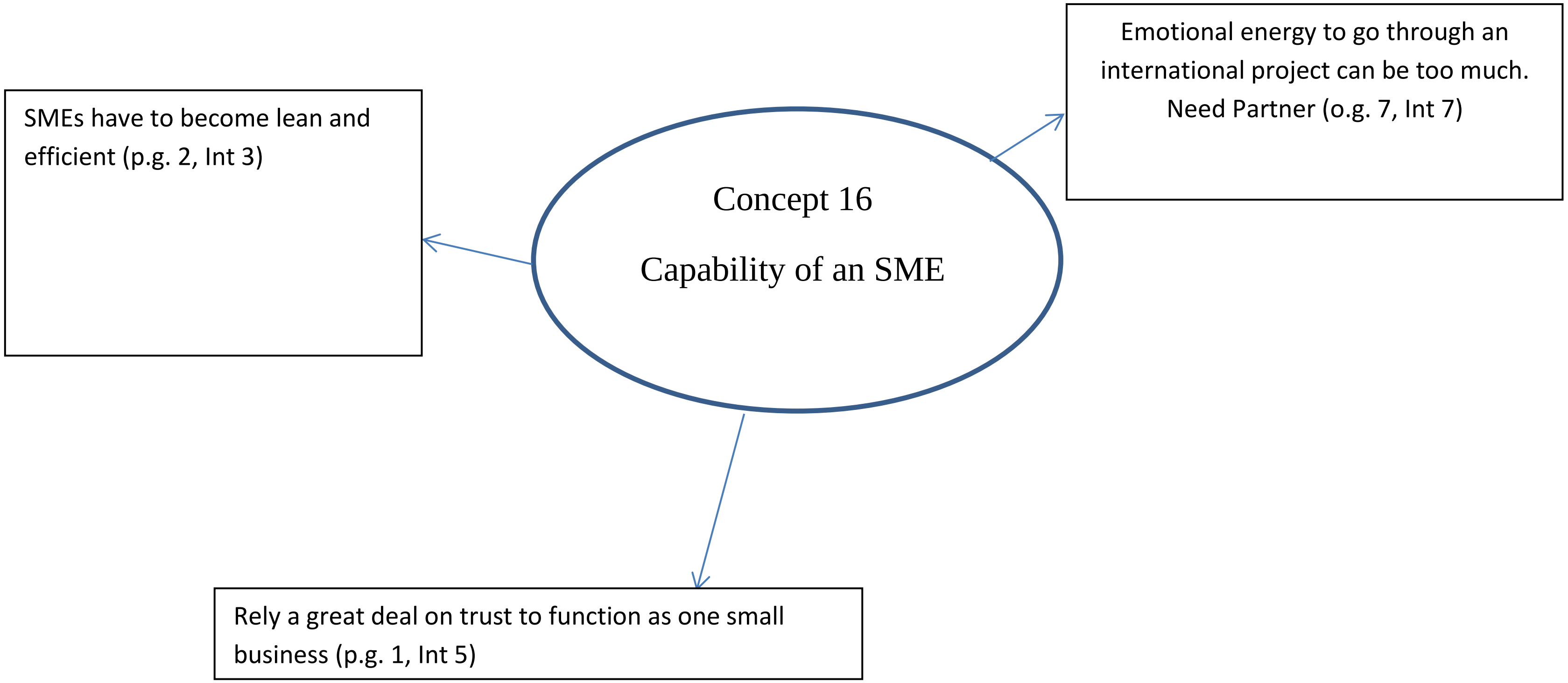

Concept 12
Limitations of technology
Skype doesn’t work perfectly all the time .
-Difficulty hearing them.
-Sometimes don’t bother with it- so what is the future of it?
(p.g. 4, Int 6)
If customer emails a lot and doesn’t take into account changes in product, SME doesn’t like it (p.g. 2, Int 5)
Telephone-lack of understanding in what was said (p.g. 3, Int 6)
Time zones (p.g. 5, Int 7, p.g. 6 & 7 Int 4)
Delays, awkwardness and frustration (p.g.1, Int 1)
Email- Cultural differences misinterpret whats being said (p.g. 3, Int 6)

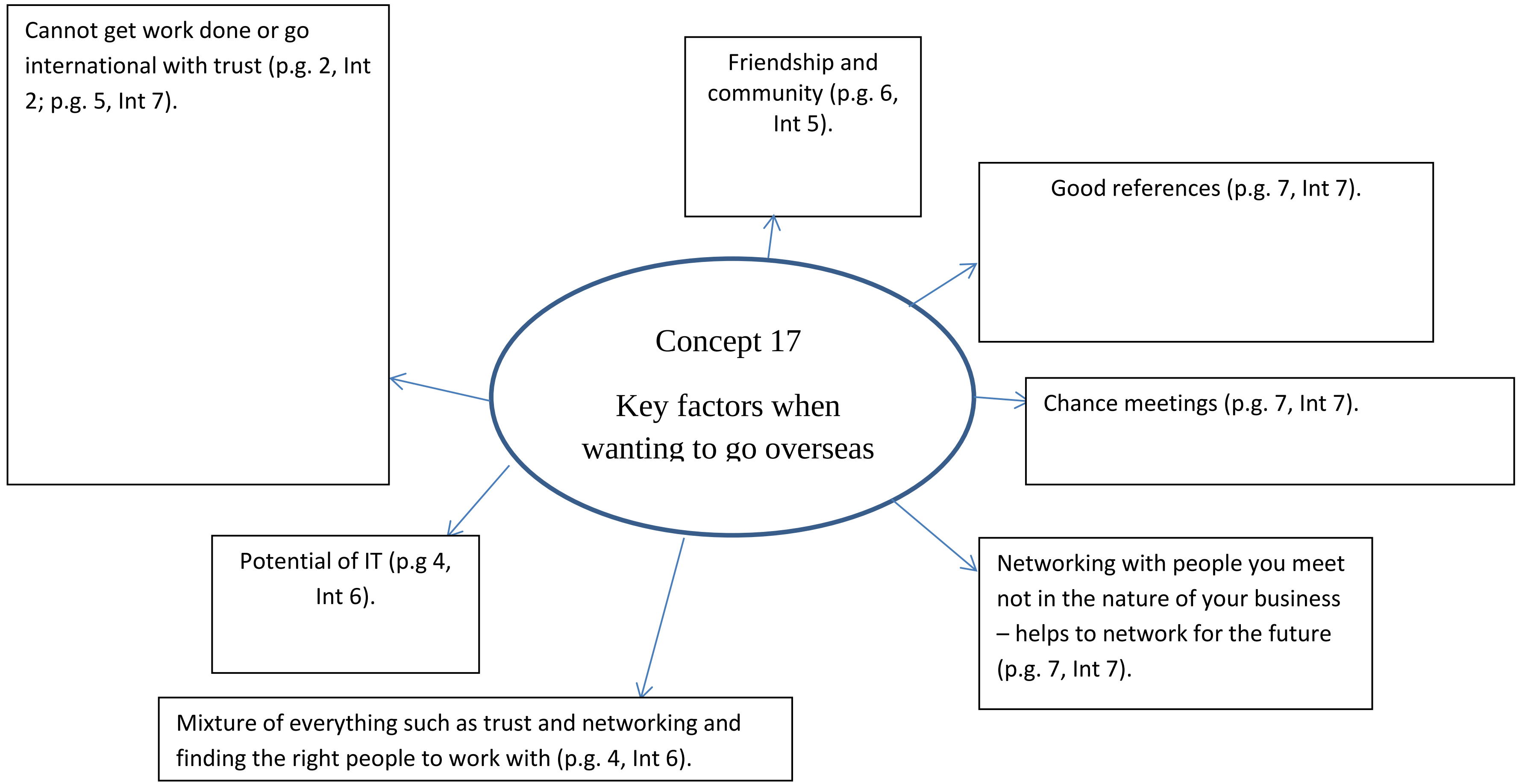

Hard to understand technology, set-up and maintain (p.g. 3, Int 5)
Lack of time and learning technology (p.g. 3, Int 3)
Lack of skills to research technology (p.g. 5, Int 6)
Concept 13
Embracing and not embracing technology
Depends on type of organization (p.g. 5, Int 7)
It is an expense (p.g. 6, Int 7; p.g. 4 and 8, Int 6)

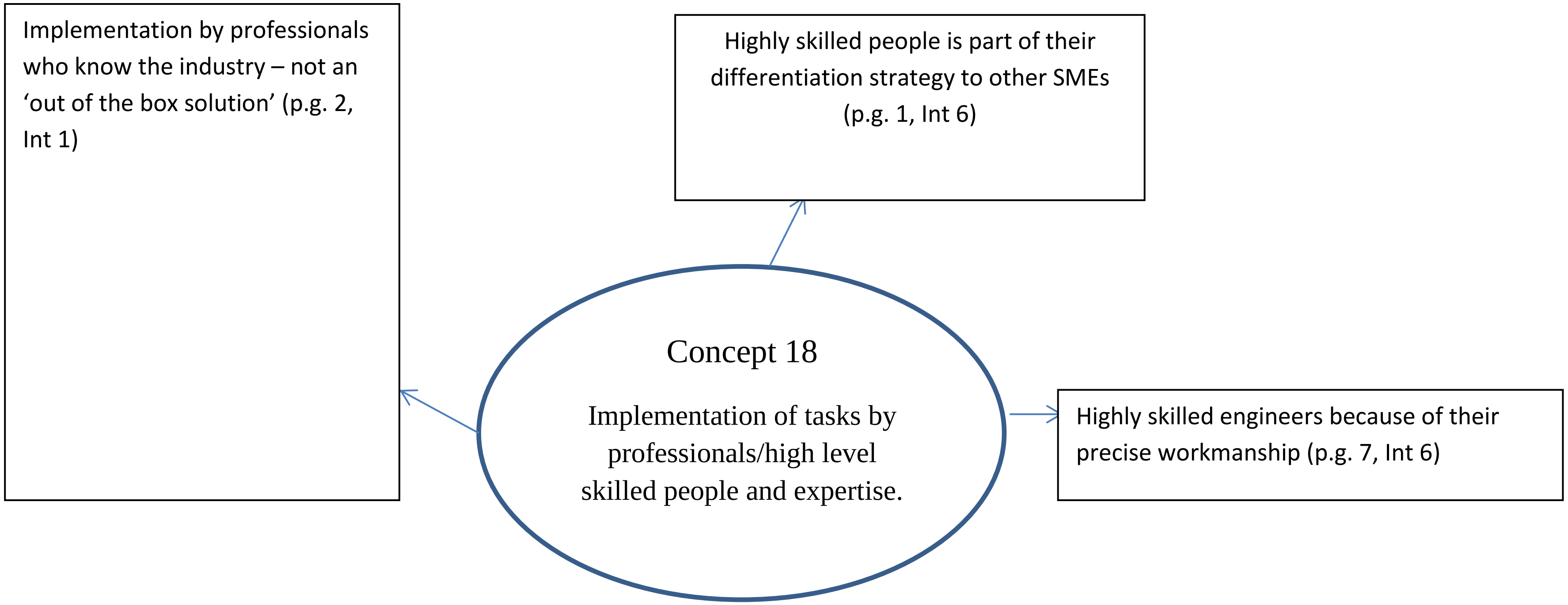

Concept 14
Types of Networking and Getting Business
Word-of-mouth for getting contacts (p.g. 5, Int 3; p.g. 5, Int 5).
Most people don't have networks . Need to partner up with somebody in that region who has a nework already (p.g. 2, Int 1)
Email clients with reminder of products for further business opportunities (p.g. 2, Int 5)
Management go out with agent overseas to get link/network (p.g. 2, Int 3)
Personal friends that are competitors (p.g.5, Int 3)
From a buying perspective; Internet e.g. Google and the British Embassy (p.g. 4 & 5; Interview 3)
Working on construction site on street, see someone for business. Depends on nature of business (p.g.3, Int 2)
Would network with somebody they know overseas (p.g. 5, Int 3)
UK TI not popular with anyone but an option if they have to use (p.g. 2, int 1)
Social networking events but not helpful (p.g. 3, Int 2)
Contacts, luck, trade gossip (p.g. 4, Int 3)
Contacts made with people that are not within the nature of their business… e.g. me. Networking for the future (p.g. 3, Int 3)
Good references (p.g. 7, Int 7)
Social networking events (p.g.2, Int 1)
Chance meetings (p.g. 3, Int 3; p.g. 7, Int 7)
Chance meeting 80/20 rule (p.g. 5, Int 3)
Networking through 'piggy-backing' (p.g.1, int 1)
Chance meetings (p.g. 7, Int 7; p.g. 3, Int 3)
Family and friends not relevant. But do get advice subliminly (p.g. 2, Int 1). Advice from family needed for small local merchants (p.g. 4, Int 3). Family and friends for start-up but trusted too much and it all went wrong (p.g. 3, Int 2).
Agent with commission basis (p.g. 5, Int 3)

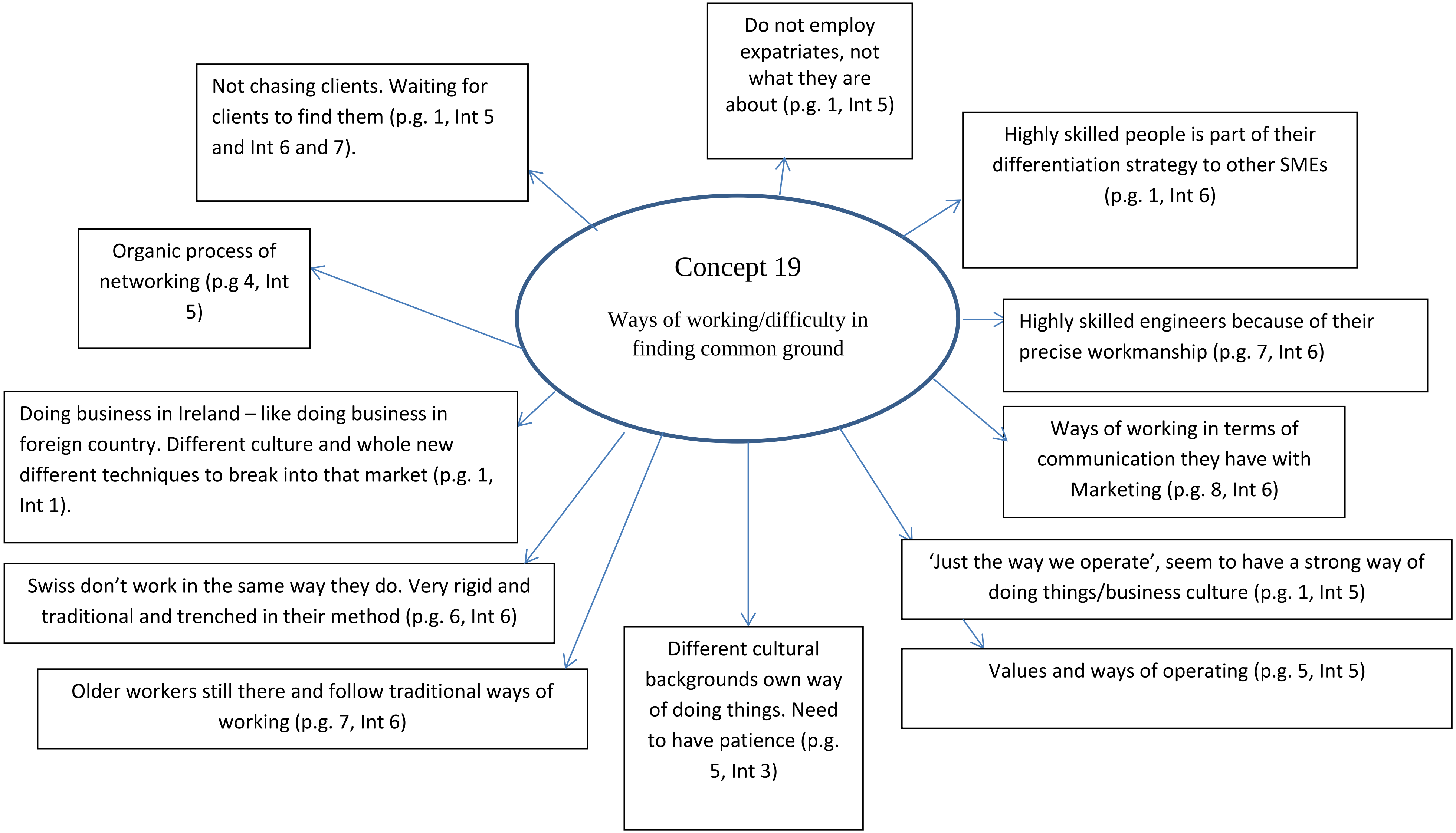

Concept 14 (CONT.)
Types of Networking and Getting Business
Weight of recommendation better than a random person (p.g. 3, Int 5)
They don't chase customers, they wait for customers to find them (p.g. 4, Int 5; p.g. 4, Int 3)
Cheese festivals /chance meetings (p.g. 3, Int 5; p.g. 4, Int 5)
Existing customers in the market (p.g. 3, Int 5).
'deliverer' newsletter that goes to clients email inbox. Technology used to interact and keep up business (p.g. 2, Int 5; p.g. 3, Int 5)
Do not use government/consultancies. Use existing customers
Connections around the world developed naturally because of the nature of the work that the founder of the business did many years ago (home-grown business accumulating over the years) (p.g. 1, Int 5)
Cheese Associations- but use the one they have someone they know (p.g. 4, Int 5).
'Piggy-backing' (p.g. 1, Int. 1)
Connections through internships from the US market and vice-versa (p.g. 4, Int 5).

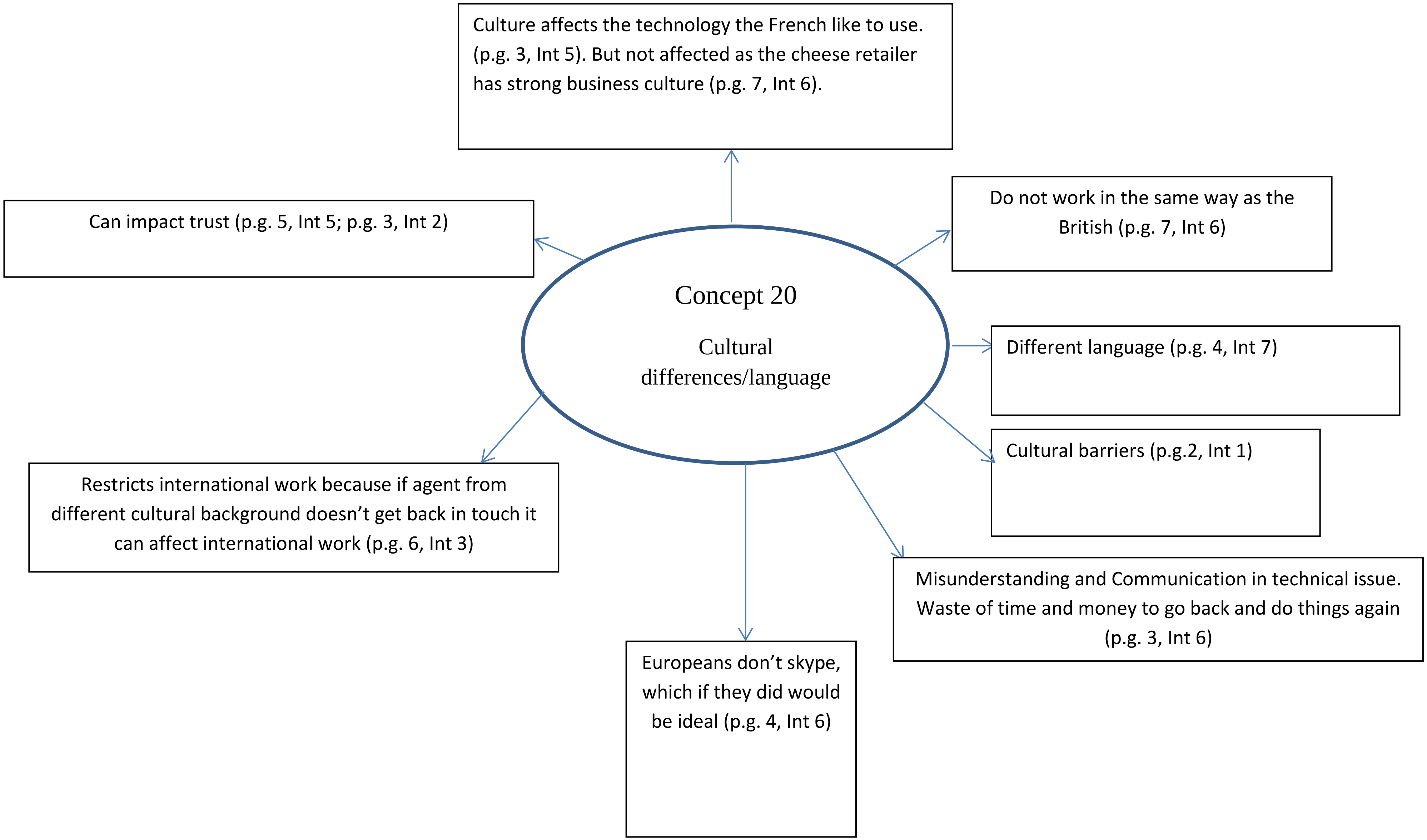

Emotional challenge when project went wrong (p.g. 7, Int 7)
Country requirements (p.g. 6, Int 5). E.g. Limit to the amount of cheese they can sell (p.g. 5, Int 5).
Concept 15
Internationalization Barriers
Time, management and effort (p.g. 7, Int 7)
Trust, cost, desire of work and depending on lifestyle (p.g. 3, Int 2)
Language barrier and Europe (p.g. 4, Int 4; p.g. 2, Int 7)
Relationship building- Middle East (p.g. 4, Int 4; p.g. 2, int 7)

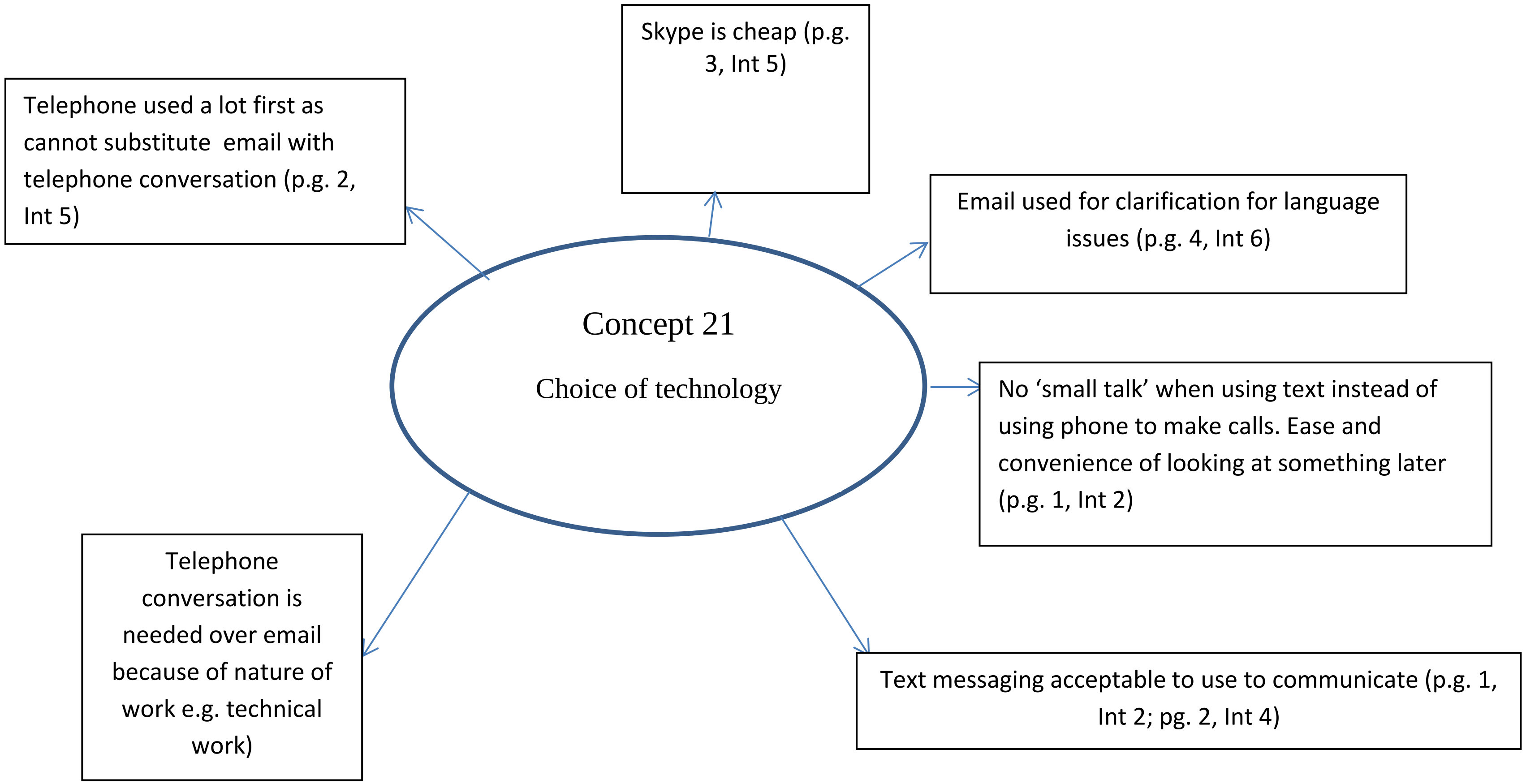

Concept 16
Capability of an SME
SMEs have to become lean and efficient (p.g. 2, Int 3)
Emotional energy to go through an international project can be too much. Need Partner (o.g. 7, Int 7)
Rely a great deal on trust to function as one small business (p.g. 1, Int 5)

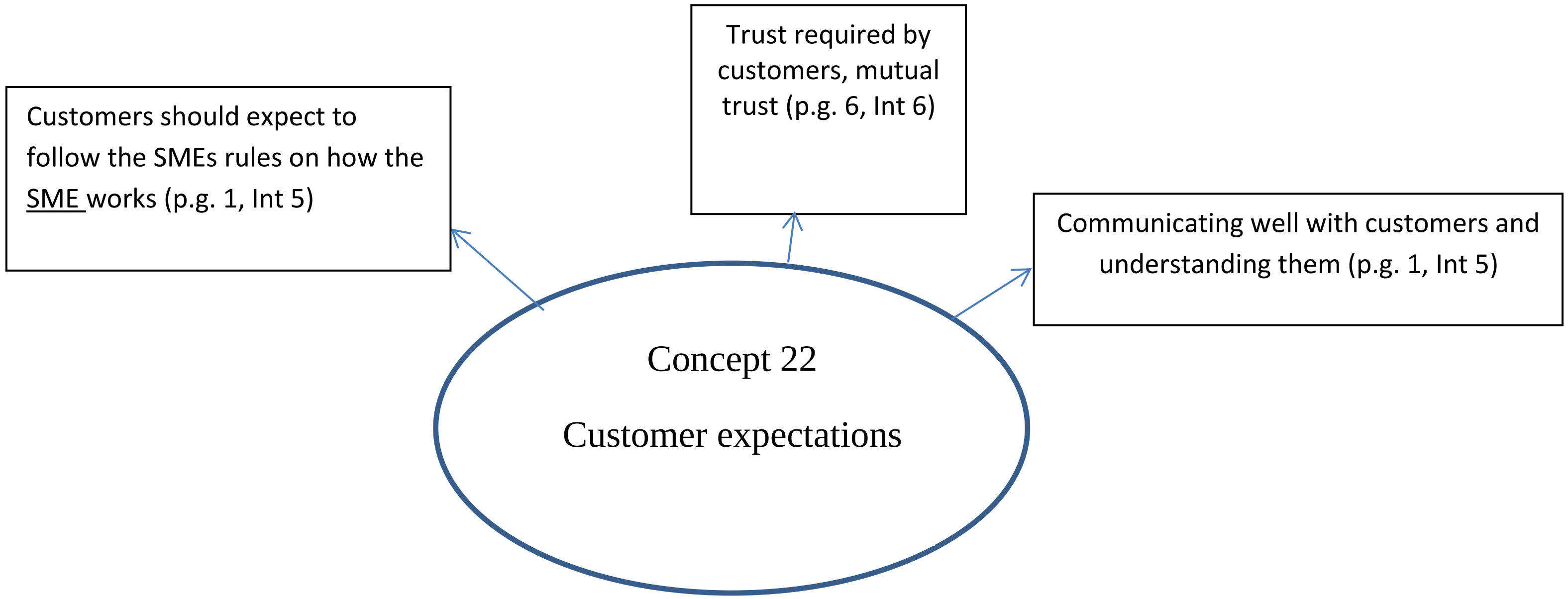

Concept 17
Key factors when wanting to go overseas
Cannot get work done or go international with trust (p.g. 2, Int 2; p.g. 5, Int 7).
Friendship and community (p.g. 6, Int 5).
Good references (p.g. 7, Int 7).
Chance meetings (p.g. 7, Int 7).
Networking with people you meet not in the nature of your business – helps to network for the future (p.g. 7, Int 7).
Mixture of everything such as trust and networking and finding the right people to work with (p.g. 4, Int 6).
Potential of IT (p.g 4, Int 6).

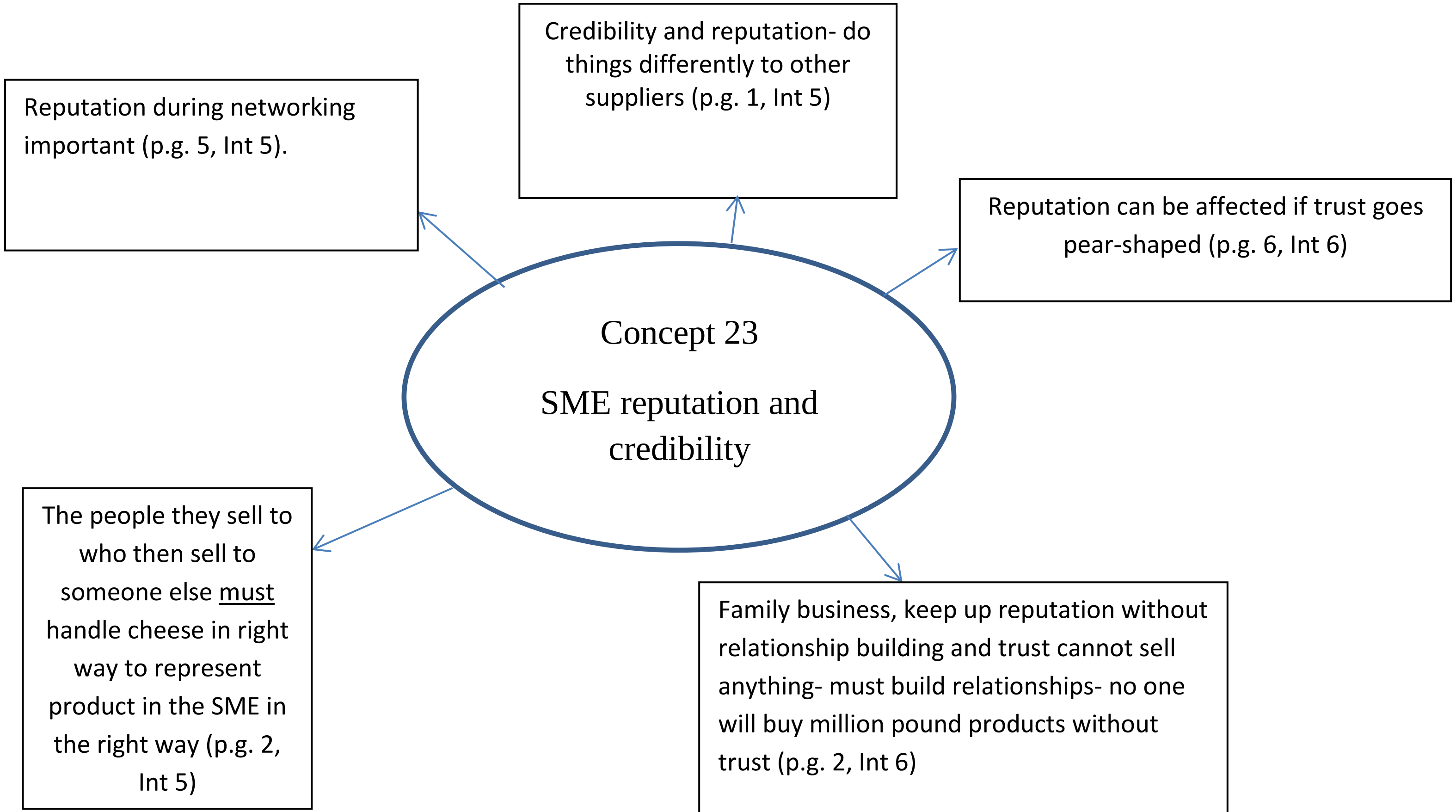

Implementation by professionals who know the industry – not an 'out of the box solution' (p.g. 2, Int 1)
Highly skilled people is part of their differentiation strategy to other SMEs (p.g. 1, Int 6)
Concept 18
Implementation of tasks by professionals/high level skilled people and expertise.
Highly skilled engineers because of their precise workmanship (p.g. 7, Int 6)

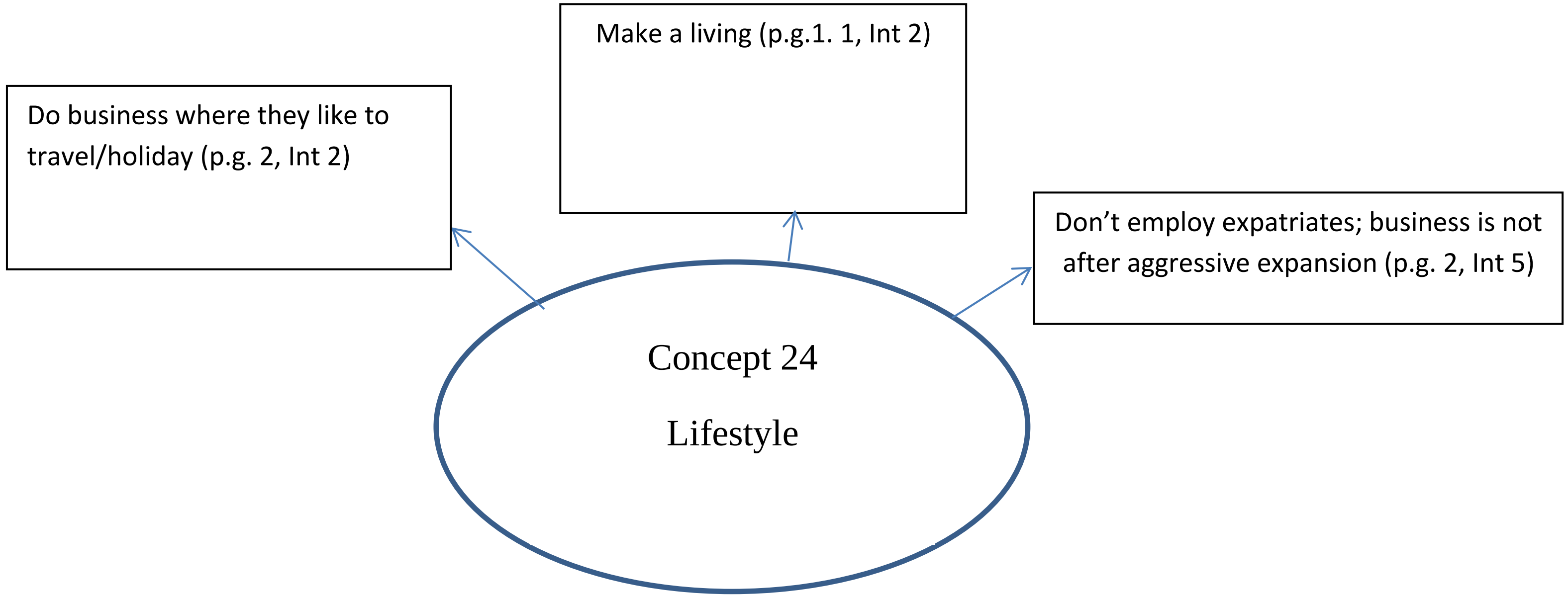

Concept 19
Ways of working/difficulty in finding common ground
Do not employ expatriates, not what they are about (p.g. 1, Int 5)
Not chasing clients. Waiting for clients to find them (p.g. 1, Int 5 and Int 6 and 7).
Highly skilled people is part of their differentiation strategy to other SMEs (p.g. 1, Int 6)
Organic process of networking (p.g 4, Int 5)
Highly skilled engineers because of their precise workmanship (p.g. 7, Int 6)
Doing business in Ireland – like doing business in foreign country. Different culture and whole new different techniques to break into that market (p.g. 1, Int 1).
Ways of working in terms of communication they have with Marketing (p.g. 8, Int 6)
'Just the way we operate', seem to have a strong way of doing things/business culture (p.g. 1, Int 5)
Swiss don't work in the same way they do. Very rigid and traditional and trenched in their method (p.g. 6, Int 6)
Values and ways of operating (p.g. 5, Int 5)
Older workers still there and follow traditional ways of working (p.g. 7, Int 6)
Different cultural backgrounds own way of doing things. Need to have patience (p.g. 5, Int 3)


Culture affects the technology the French like to use. (p.g. 3, Int 5). But not affected as the cheese retailer has strong business culture (p.g. 7, Int 6).
Can impact trust (p.g. 5, Int 5; p.g. 3, Int 2)
Do not work in the same way as the British (p.g. 7, Int 6)
Concept 20
Cultural differences/language
Different language (p.g. 4, Int 7)
Cultural barriers (p.g.2, Int 1)
Restricts international work because if agent from different cultural background doesn't get back in touch it can affect international work (p.g. 6, Int 3)
Misunderstanding and Communication in technical issue. Waste of time and money to go back and do things again (p.g. 3, Int 6)
Europeans don't skype, which if they did would be ideal (p.g. 4, Int 6)


Skype is cheap (p.g. 3, Int 5)
Telephone used a lot first as cannot substitute email with telephone conversation (p.g. 2, Int 5)
Email used for clarification for language issues (p.g. 4, Int 6)
Concept 21
Choice of technology
No 'small talk' when using text instead of using phone to make calls. Ease and convenience of looking at something later (p.g. 1, Int 2)
Telephone conversation is needed over email because of nature of work e.g. technical work)
Text messaging acceptable to use to communicate (p.g. 1, Int 2; pg. 2, Int 4)


Customers should expect to follow the SMEs rules on how the SME works (p.g. 1, Int 5)
Trust required by customers, mutual trust (p.g. 6, Int 6)
Communicating well with customers and understanding them (p.g. 1, Int 5)
Concept 22
Customer expectations


Credibility and reputation- do things differently to other suppliers (p.g. 1, Int 5)
Reputation during networking important (p.g. 5, Int 5).
Reputation can be affected if trust goes pear-shaped (p.g. 6, Int 6)
Concept 23
SME reputation and credibility
The people they sell to who then sell to someone else must handle cheese in right way to represent product in the SME in the right way (p.g. 2, Int 5)
Family business, keep up reputation without relationship building and trust cannot sell anything- must build relationships- no one will buy million pound products without trust (p.g. 2, Int 6)


Do business where they like to travel/holiday (p.g. 2, Int 2)
Make a living (p.g.1. 1, Int 2)
Don’t employ expatriates; business is not after aggressive expansion (p.g. 2, Int 5)
Concept 24
Lifestyle

APPENDIX 10

SUMMARIES OF SMES IN THE MAIN INVESTIGATION SME IN-DEPTH INTERVIEWS

‘Collaborative Software’

This SME develops and produces Collaborative Software. They are based in the UK, and they have activity in the Middle East, Australia and the US. They are a medium-sized firm consisting of 100 employees and turning over 3 million. They have the desire and motivation to grow and develop internationally and are very much profit-driven. Since they deliver Collaborative Software, thier whole ethos is about collaborating with people that are not co-located either within Europe or globally.

They need to communicate with clients, project teams overseas, employees and research development centres in India. They communicate over the internet via the use of their platform and collaboration tools. They also communicate via general communication technologies such as skype, telephone, mobile, email, collaborative technology such as Webex and Netreading.

However, they still have to travel to have face-to-face meetings with people in the Middle East, America, and with the research development team in India. They will meet with the research development team in India once/twice a year, or two or three times a year depending on what the need is e.g. presentation on how they are doing financially. The importance of travel and face-to-face interaction becomes critical when closing a deal or when signing up a corporate arrangement in somewhere such as the Middle East. But, the day-to-day activity is conducted via the platform.

Collaborative Software uses the help of third parties to reach international markets. ‘Piggy-backing’ is one way to help them internationalise. They have clients in the UK that work around the globe. For example, if they go and work in Australia and they have a project, their technology will get used on their project so they are ‘piggy-backing’ in on the back of their clients and then once they are there, they start to talk to others about what they are doing for that organization. This can be useful for them as they have the opportunity to meet other people that do similar things to what their client does.

There are social networking events that occur every evening in London and around the globe. These networking events are very important to them because they are more social and hold a more relaxed environment. This gives them the opportunity to meet over a drink and meet like-minded people and share ideas and learn from other people’s experiences. If they are not getting anything out of the event they will just leave they haven’t lost anything.

This SME does not particularly use the advice from family and friends. But they believe that people always bounce ideas of family and friends and indivertibly people know they are talking about it and probably getting advice back subliminally.

<u>‘Construction’</u>

This Construction Company is a self-employed UK-based construction firm, consisting of 3 people; the owner, assistant manager and sometimes his wife helps out. Others who work for the owner are all self-employed. The owner of this SME has no desire or motivation to grow, but to just make a living. However, if there is a shortage of work or a reasonable offer overseas he will go and work abroad, but this happens very little. The owner makes decisions based on cost and finance. 95% of decisions are based on finances of the company. Prior to building this SME, he was an expatriate/consultant. But he was getting tired of being away and being on the Eurostar back and forth. Also he wanted to spend more time with his family. He does not take on too many jobs because he is not interested in greed but making a living and feels he is too old to be chasing different things and is comfortable in both his social life and in his work life. He has been in the construction business for 30 years.

First point of call is the mobile phone because everyone has got one. The home/office telephone is no longer necessary because it is no longer called and he is very mobile and spends a significant amount of time on site so he no longer there to pick up the phone. Text messaging is crucial as he can quickly respond to the 30 or 40 calls a day he gets. The owner chooses not to go to the next stage of getting emails on his phone because he does not want to read 10 documents on his phone but would rather read it from the comfort of his own office/home. He believes the phone has the capability of getting emails and can make his business more successful but he does not believe that the phone was built for the extent of retrieving emails on the phone. Also, due to the nature of his work there is an element of danger if one of his employees has a drill or saw in his hand. The owner also feels that the email gets too spread between many different people who do not need to get it causing four replies rather than getting one reply. Therefore, he feels the text message is more precise and quicker, and more direct as there won’t be any ‘small talk’ but will just get across what needs to be done.

The need of face-to-face interaction means everything to him because he cannot get the right reaction over the telephone or email, but he needs to see peoples expressions as seeing people visually can give him more of a gut feeling. Seeing the expression during face-to-face interaction is important as he can read people better as people will not necessarily express how they feel or what they mean in a recorded written format e.g. the email.

Trust also means everything to him and his business which is developed through face-to-face meetings. The idea of trust is so important that without trust they would never do a project without seeing the client beforehand, not even via communication technology such as skype. For example, he says he has had job offers as far as Kuwait and they have asked him to get on a plane so they can start talking about business, they have made business plans and in the end he has got nothing out of it. It is time-consuming as plans are made but a lot of the time these plans go through but then some of them they get and some of them they don’t. Because of these issues with trust he says that he will no longer go international again, unless he trusts/has worked with the person before he will do an international project. The small business would fold without trust. He also seems to have a more personal level of empathy for his clients. He understands that refurbishing a home is a stressful thing for the client and so tries to make the process easier for them by being aware that his workmen do not walk on the clients carpet with their big boots and tries to ask his workmen to be a bit more discreet, helping to gain trust.

Obtaining information and advice from family and friends is very important to him particularly in the past when they were not established and were only starting to grow he could not finance the work that they had so he had to go to family and friends. They did help but unfortunately for him their help cost him more. It financially cost him a lot more than the project actually would have done. Because he was dealing with family he could express his anger and he ended up trusting them too much and because he trusted them too much with his business and he ended up losing more money. However, from other family he has had good experiences who have given him money and encouraged him to do projects and have given him plenty of time to pay it back.

Every Wednesday they have informal networking and get together with other like-minded people in the industry on Wednesdays but he does not enjoy it anymore because the idea of this evening for a lot of people is to just drink. There are no other networking events that he joins.

‘Timber Agent’

The ‘Timber Agent’ acts as an agent and represents the interests of the overseas producer/importer into the UK market. They have recently downsized to an office out of London. There are 3 people working in the firm. They hope to have an answer to client solutions and if they do not, they will go and find the answer and make a decision to see whether they should supply directly go through a merchant or stockist or some other form of channel. The producers they deal with are established and come from places such as South America, Russia and the Far East. ‘Timber Agent’ has been dealing with them for a number of years.

They prioritize their business principle of representing the interests of their shippers rather than their customers e.g. with Russia there are 8 that produce plywood that they work with and the timber agent’s job is to try and sell their products to acknowledge the importers in the UK. They email quite regularly to hope that the importers will be interested in what they are specifically offering and hope that the arrival of the email on their desk could remind them of products they need, giving further business to the Agent. The email also keeps the recipient up to date with the Agents activity. However, with the few big customers they have they look after their interests more than the producers because these big customers rely on the timber agent for continuities supply.

The ‘Timber Agent’ must travel to see both their customers and shippers. They see their shippers once a year and their customers in other countries once a quarter. The old days of having a rep out on the road at their level of business infrastructure is not appropriate anymore. The idea of whether to employ expatriates or not comes down to time and economics; to have somebody out and about in the world will have a cost attached to it. The employment of expatriates could generate more sales but at this time in their trade they would much rather have collaborating agents rather than employees/other businesses because they are free to do what they want to do. The expatriate is also not needed; if the timber agent wants to sell to the Middle East then they would need to have someone local who knows how the country works and work as an agent on the timber agents behalf. However, there are agents in this country who do business in the Middle East who go out there to the Middle East but the original agent also goes out regularly too but what they do is travel with this agent in order to provide this link to them. Communication technology can replace travel by 80 or 90 per cent of the time. The main communication technologies used are the email and telephone. The telephone is used to follow on an email or if they want to talk about something urgent/in-depth. Relationship-building and trust is important and built through face-to-face interaction. Patience is a big part of this as different cultures deal with business in different ways. Concept of trust is critical because it helps to get the whole comfort zone sorted between the consumer in the foreign country and seeing the chain of how goods reach as well as meeting the people involved.

The ‘Timber Agent’ uses the 80/20 theory ; when one has got 100 per cent customers, they do 20 per cent of their business with 80 per cent of their customers, and then they do 80 per cent of their business with 20 per cent of their customers. It is the 20 per cent of their regular customers that they make a point of seeing and the other 80 per cent they hope to bump into them once a year e.g. in a trade function. The idea being that they would not go out of their way to make these appointments. To network for contacts from a buying/sourcing point of view, they would use Google or go to the British Embassy. Preferably, however, they would use the networking principle of using someone that they know who has got contacts and is already in that country. They do not use consultancies because of the expense. Suppliers are identified through contacts, luck, or hear things through trade gossip. Also, they could be set a challenge by one of their customers to do a particular job/find a particular product. Word-of-mouth is highly important for getting contacts. The timber agent knows exactly what their competitors do because the timber trade is a small trade and so if they get an enquiry for products that they do not know how to handle but they would know who does, then they would take the enquiry to their competitors. They are actually personal friends even though they are competitors. They would not expect to earn out of it because they know that if the friend gets an enquiry that could be business for the timber agent then the trustworthy ‘friends’ will reciprocate. Their internet website helps to find contacts; a producer of plywood can type in ‘plywood agent UK’ in Google providing them with the ‘Timber Agents’ website, helping to them to receive many emails. Interestingly, they get producers of products from China asking if they want to open business associations with the timber group.

‘Management Consultancy specialising in Operational Performance Improvement’

This SME is a small-sized management consultancy (consisting of 20 people) specialising in operational performance, developing client-consultancy partnerships to teach the client how to implement strategies. There are three levels in the organization; the doing bit, the managing bit, and overseeing the work. They communicate with people in Europe and North America.

A blend of various strategies is used to aid the internationalization process. Their level of expatriation has decreased because of the nature of the business/employees unhappy to work in hostile overseas environments. The nature/length of the assignment is in between the expatriate and short-term assignment, e.g. staff work on the North Sea platforms, involving a two weeks on and two weeks off schedule. Do not foresee the employment of expatriates in the future because of the expense/instability of the process, instead, they might have 2 expatriates e.g. an MD and a finance executive but the rest of them should be indigenous and it’s their job to grow the internal staff. They are very particular to have the project manager to be one of their home-grown staff but hire some associates locally. The smartphone is the main form of technology as they can communicate people via email, skype, email and texts. It enables him to sit down, put it on speaker phone, write details, e.g. when he is in office and speaks to client playing golf he can capture the customers’ requirements and then summarise the points in an email. Teleconferencing is useful to get two or three different countries involved but if it is a long meeting he gets bored/distracted with his email or even mutes the sound to not have to hear the conversation. Their website is important to get clients.

The level of face-to-face interaction depends on the scale, complexity, and risk of the assignment. A complex assignment will require a meeting, as they will need data pick-up at the client site to understand what is going on, a proposal needs to written and presented. There are three things the client is looking for; can they do the job, do they know the sector, and can they work with them, and that third thing is something that they can almost only do face-to-face and it is through building relationships face-to-face and putting into action the three things that the client is looking for, that they can get referrals. The client wants the SME to challenge them, and trusts them with important decisions such as organization re-design. In addition, there are also personalities/egos to take care of, seeking strategy advice is a last resort for some MD’s and a sign of defeat, and this becomes particularly problematic when they have to fault/re-design the project. Thus, they would communicate the need for change in a very passionate, methodological, correct and firm, respectful way. The client will say they want the last person who did the job well, hence, relationship building is important for repeat business. They preferably have 2 people go a meeting with the clients; one person to show trust on a personal level and another to trust on an intellectual level, this helps to build a relationship of getting both empathy and content.

They always qualify why they are going overseas; they must have the credentials and the references. SMEs live off referrals for around 70 per cent of their work. They also take advantage of ‘piggy-backing’ of persons who move organizations and network with new clients. In addition, they place importance of doing business with reputable companies that can advocate positive feedback about the SME to gain further business. The British Embassy/Trading Industry is not used for contacts because they have done it themselves through their international partners. They don’t know how it works but may consider if they build on the international work.

The barriers are cost and then access to a network. Without a network they would firstly seek a referral e.g. they had some work in Qatar and an associate of theirs who is Qatari himself has a brother who lives out there and has a network in Qatar. The availability of the network is the reason why they went out there because the Qatari can get them access to the ministry defence and different people in the construction sector giving them a good chance. The cultural differences makes the internationalization process difficult as Qatar is complicated because they like to get everything sorted before they pay anything, they always sound enthusiastic but they don’t actually pay anything, which is a time and expense investment for the SME, sometimes without any business outcome. They are running a small company and whilst they are doing that they are substituting for some other action, particularly problematic as it is difficult to find work in the UK. They also have different time scales of doing business e.g. they went to Qatar during Ramadan and they couldn’t do any business, so they no longer make assumptions and take this into consideration in their technique/approach when internationalizing.

'Artisan Cheese Retailer'

'Home Grown Artisan Cheese' is a medium-sized Cheese Retailer. The cheese is created from farms in Britain. They export to countries such as the US and Canada. They have shops in the UK with 73 employees working full/part-time. Their aim is not expand aggressively but to continue with their current level of growth.

Their whole ethos and emphasis is on understanding customers, therefore, they consistently talk, interact and tell them how the cheese tastes. Their engagement with customers is how they have managed to keep their credibility of over 25 years. Other suppliers don't have the same relationship with cheese makers as they do, they do things differently with them e.g. they taste with them. The founder is somebody who has been pivotal, in the insurgency of the British farmhouse industry, post Second World War, if he hadn't done what he had done, they would not be in the position to have all these great cheeses on the market to sell. He is the person who has done that, and with that comes a claim, knowledge, and a network of people around the world. They have connections with people around the world which has naturally developed because of the nature of the founders work. Thus, the customer selling their cheese has to do a good job because they have to represent the cheese makers properly when it comes to the end user.

'Home Grown Artisan Cheese' is a highly mobile SME as they send their staff out on many business trips. The duration of the visits depends on where the sales team are going to. For example, trips to Europe can take a duration of 2-3 days because they have the Eurostar and easy access to airports. Trips to the US can take 2-3 weeks which includes the internal flights and the time it takes to go from place to place. Expatriation would not be needed because they are not a business that is after aggressive expansion. The way they are operating at the moment is good enough. A combination of various communication technologies is used. The telephone and email is used, as well an online marketing tool, 'e-deliver'. This is used to send out tasting notes and news letters to keep the interaction going between the customer and the dairy.

The artisan cheese is a high-end product that they selling and it's very much a product that changes because of it's artisan nature. When they export overseas they are conscious that they should create that same experience even if that means the customers are directly tasting the cheeses, they do in fact directly sell to the end customer (although they do work with a few distributors). They contact the actual shop or restaurant they are selling to and talk to them about what they will be sending to this customer; what that specific batch would taste like and what sort of profile it is. The distributors they have are not necessarily from them but are based out locally overseas. For example, in the US they have distributors that work within certain areas and the supply mechanism that gets the cheese products to the end customer.

This SME is a network orientated business. If they do have a very key customer and they do well with their product and understand it then they would be interested in working with them. The weight of a recommendation is greater than somebody randomly approaching them. In such a case they would speak to existing customers in the market, to see what their reputation is like. They also rely on word-of-mouth. Cheese festivals are important to this SME because chance meetings help them to meet people at these events. It gives them the opportunity to pick up customers from all over the world. It is an organic process, they do not deliberately network, they are interested in what they do and interested in other people who do the same thing, so naturally their paths cross. They do not chase customers, they have to check clients, they have to see if they can work with them and they understand what the cheese retailer is trying to sell. It's not a traditional type of 'go out and get them', where another customer is always what they are looking for, as they have got to do the job properly.

The idea of building relationships, sharing experiences and having conversations with others all grows and feeds into each other. They are not just concerned about the cheese but they also want to get involved in the communities where they are selling and it's about friendship too. Community is the best word that describes what they create and thrive within. They feel that their values and their way of operating [compared to an MNC] is so removed from that because they have personal relationships with their people. For example, with their US distributors, the Sales Director has worked with the business for over 20 years.

'Mailing and Packaging Solutions'

'Mailing and Packaging Solutions' produce state of the art mail production and packaging solutions, which are a unique specialist product. They believe that they have to have something that nobody else has got and this needs to be done better than anyone else. They are a medium-sized firm, with a head count at 79 people, based in the UK. They are a British subsidiary of a European company with head office and manufacturing in Europe. It was founded 47 years ago by the owner. He was producing the very first retro food processers and he noticed the women working in his admin office were processing envelopes by hand and stuffing them so he invented technology that would insert things into enveloped which is how they started. The founder's son is now the sole Director and remains a family-run business. They have subsidiaries located in countries such as the USA and Russia, with the distributorships being the local people. Their aim is to expand their customer base. They work quite lean; many staff has more than their own specialised assigned role.

There is no need to employ expatriates. The longest duration they have ever had any member of staff in Switzerland was for 3 months, which was for a development process for a specific piece of kit. This duration of assignment is defined as a short-term assignment. They own a hotel in Switzerland and it is quite a comfortable and pretty place. The engineers love it when they go to Switzerland. The downside is that they are away from home but some people like that. There is a regard for value of expatriates. They already have local distributors selling their products so they would not need expatriates on the ground trying to sell the products for them. They have engineers working all over the country. The engineers either work on the field or on big customers sites so they have engineers that work on the site because they literally work 24/7, 365 days a year. The director travels to Switzerland at least 2-3 times every month. The engineers must travel to Switzerland all the time because the technical training is done in Switzerland. The engineers can be out there for up to a month, but it really depends on what type of training it is. The salesmen also travel to Switzerland as they have to take the customer out there to the main showroom. From their perspective they are never going to replace face-to-face communication with technology. In a sales situation they must be opposite them otherwise they are going to miss the sale signs. Their kit costs anything from ten thousand to a couple of million so face-to-face is important.

There is a significant reliance on communication technology such as the telephone. The telephone is needed for the non-engineering and non-sales technical work and marketing as they find it much easier to talk on the phone. They have started to use Skype more because it can be very difficult for them to get the senior management team in one place. However, due to the cultural differences there can be misunderstandings. This is a particular problem with their Italian colleagues because there is a lot of misunderstanding and miscommunication. The language is extremely important when they are trying to communicate highly technical issues as it can cause problems. Therefore, the use of email is important because they can go back and audit what was being said. However, the products cost millions; hence they are a big investment for their clients and costly for engineers to re-design and re-engineer the product if due to misunderstanding it fails to meet customer requirements. They would be lost without the use of communication technologies because they are in daily contact with all of their subsidiaries such as the French and the Spanish.

Nurturing relationships is key particularly because of the expensive high-end level of their products. They take their customers to Switzerland and put them in the best hotels, the Director takes them out on his Maserati, wines and dines them. They combine the business trip with the full hospitality gig. They are not just selling their product but they are also selling their service as well. The engineers would look after the kit even once the product is sold so their relationship with the client is important. They would not make a sale without a relationship built through face-to-face interaction because of the highly competitive nature of the market and they rely on the relationship building as part of their family brand.

Trust and reputation is critical, particularly because they are increasingly finding that their customers are demonstrating a much higher requirement to trust the SME due to their high-end products. When they have a tender for a particular company the questions that they are being asked are really in depth, they request; CV's of their staff who will be working on their project, environmental accreditation, corporate social responsibility accreditation, and their accounts. Networking is not really important for their core product.

‘Customer Supply Chain Management Consultancy Specialist’

The ‘Customer supply chain management consultancy specialist’ knows how supply chains make major contributions to how businesses operate profitably and effectively. They provide expertise at both the local and international level such as Hong Kong. They are a small firm consisting of 20 employees, with associates to orient the skills they need to be able to deliver on some of their projects, and are based in the UK. They have between a 2 and 3 million pound turnover business. As one of the country’s leading organisation supply chains, their skills are requested overseas, which they do undertake due to the shortage of work in the UK.

40% of their business is overseas. Apart from one project, they always land and manage these projects from the UK. They had a franchise model in Hong Kong. The difficulties they had in Hong Kong where things did not work out were more of an emotional challenge rather than actually managing the exit. It was a case of them having had a partner, an individual that was financed from the UK, they sent a lot of people out to be able to support and help with the tools and techniques that they use in this country to be able to support him, but ended up by finding that it didn’t work as well, simply because it’s a remote distance. It was far more difficult and it needed more management, time and effort.

There are very few projects where they need people working in the field for many months. It is people who are aiming to offer consultancy skills in short bursts. It can be very expensive so trust is important with the people that they send out there; they have to get on with the job unassisted. They send people out on the ground for the working week and then they come back and repatriate them to the UK because they are UK staff. The vast majority of their projects are short sharp pieces of work of about 4-6 weeks long, thus, they encourage people to go out on site if they are the right skill set. Their MD is out on the road between 2 weeks out of 4, and that would need an overseas flight. Their chairman is out at least once a month overseas. But a lot of their work is done back in the UK, the data analysis that they need is on the computer so they can be anywhere in the world. Once they have got the information out of the client, they tend to sit and work with those in the UK, but they do go over there and they don’t think twice about getting on an aeroplane the next day to go and sort out.

There are three major communication strategies; face-to-face contact. The telephone, and they do also use skype and organise conference calls regularly, especially if they have two or more locations. The e-mail is used a lot and some people like to use instant messaging. For the consultancy specialist face-to-face interaction is imperative; getting out there, ‘bums on seats’, go and see them, and ‘pressing the flesh’. In their consultancy field it’s all about relationships so the success of a project is always defined by the relationship that’s been built up in the first place. Communication technology cannot replace international travel because of the revenue structure of their business. They will be charging their main consultants at director level, over £2,000 a day. The cost of a European flight is £300-400 pounds, so in relative terms the cost of the flight of physically being there compared to the implication of getting the meeting or the nuances wrong is insignificant. Their business model identifies they are spending 20% on expenses, but it’s not 50% or 80% on expenses. It becomes necessary to pay a bit more to see people to help get the best out of them.

Trust is important and is built by having to do good work, and being honest about the solutions they offer to the client and having integrity. Good references are imperative as many of their clients ask them to do repeat work, which is where they get most of their work from. They emphasize that providing good value of work and helping the customer to understand a problem which they may have not understood; is the basis of how they get expensive repeat work. Some of the major companies that they have worked with, they may have had 20-30 projects with them because they have built that trust, they recognise the individuals and deliver accordingly. Some of the top people in their business who have been recognised internally and internationally, and it are those people that give us the reputation. Most successful projects they have delivered because of quite often they just happened to be in the right place at the right time. However, it nearly always relies upon a contact being developed and has been supported in an area that they wouldn’t of expected. The benefits of networking are abundant to them; they have a link with a lot of other local partners. If they need support such as the local language/particular skill set they will engage with individuals from their companies they know well and have worked alongside them in the past and therefore.

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