

INTERNATIONALISATION AT HOME - THE INTERNATIONALISATION OF LOCATION-BOUND SERVICE SMES

ABSTRACT

This study explores how location-bound service SMEs – such as tourism companies – internationalise. We suggest that key dimensions in the internationalisation of these firms are the available resource base, the company network and its embeddedness, and entrepreneurial capabilities, particularly entrepreneur's language skills, global mindset and cultural awareness. We propose an internationalisation framework model supported by three illustrative case examples from Finland. The framework differentiates between passive developers, emerging developers and international entrepreneurs. The study makes several contributions. First, it provides an advanced view on the internationalisation of service firms and challenges previously applied theories in a novel context. Second, it highlights the significance of locations-bound resources in the process. Third, the findings indicate that the interplay between the resource base, company network and entrepreneurial capabilities is decisive for internationalisation. We also suggest managerial implications for both the industry and policymakers supporting the internationalisation of location-bound service firms.

Diese Studie untersucht, wie ortsgebundene Dienstleister, wie zum Beispiel KMUs in der Touristikbranche, international expandieren. Wir schlagen vor, daß die verfügbaren Ressourcen, das unternehmerische Netzwerk, die Sprachkenntnisse des Unternehmers, die unternehmerischen Fähigkeiten, eine globale Denkweise und kulturelles Bewusstsein zu den wichtigsten Dimensionen der Internationalisierung gehören. Durch drei anschauliche Fallbeispiele aus Finnland entwickeln wir ein Internationalisierungsmodell, welches wir vorschlagen. Das Rahmenmodell, welches zwischen passiven und aufstrebenden Entwicklern, sowie internationalen Unternehmern unterscheidet, macht eine Reihe von Kontributionen. Erstens, es erweitert unser Verstehen der Internationalisierung von Dienstleistern und fordert etablierte Theorien durch einen neuen Kontext heraus. Zweitens, es hebt die Bedeutung der ortsgebundenen Ressourcen hervor, die zum Internationalisierungsprozess beitragen. Außerdem zeigen unsere Ergebnisse, daß das Zusammenspiel von Ressource-Basis, Firmennetzwerken und unternehmerischen Fähigkeiten von entscheidender Bedeutung für die Internationalisierung sind, Ergebnisse, die uns veranlassen, praktische Implikationen für Unternehmen, wie für Gesetzgeber vorzuschlagen, damit die Internationalisierung ortsgebundener KMUs im Dienstleistungssektor unterstützt wird.

SUMMARY HIGHLIGHTS

Contributions: The study is among the first to study the internationalization of location-based tourism SMEs. It highlights the difference between the internationalization of these firms and other service firms. It broadens the concept of internationalization and emphasizes the importance of location-bound resources in the process.

Research question: How location-bound service SMEs – such as tourism companies – internationalise?

Findings: Based on a conceptual analysis and with the help of three illustrative cases of Finnish tourism SMEs, we suggest that the key dimensions in the internationalization of these firms are the available resource base, the company network and its embeddedness, and entrepreneurial capabilities, particularly entrepreneur's language skills and global mindset as well as cultural awareness. We propose an internationalisation framework, which differentiates between passive developers, emerging developers and international entrepreneurs.

Theoretical implications and suggestions for future research: Our findings challenge existing assumptions on service internationalisation by introducing service companies with strong spatial fixity and highlighting the importance of context-specific issues, which have not been recognised in earlier research. It stresses the importance of the interplay of all three dimensions of the framework for successful internationalisation. The framework, which illustrates different internationalisation patterns, can serve as a starting point for further research in which researchers want either to study location-based service firms or compare them with other types of firms. We also suggest a novel definition of internationalisation, which can be used when studying these firms.

Managerial and policy implications: Continuous growth of the tourism business requires increasing effort in destination planning and developing services to meet demand. Participation of SMEs is needed as part of this process; but at the same time, they need to develop their resource base, networks and capabilities to meet international quality standards. Orchestration of this process requires clear vision, fair and explicit division of labour and rewarding incentives. At best, the process can start a positive learning cycle in this area as the key actors in the networks spread international activities in their network. In order to support the process, governmental policies should be developed taking into account the specific features of location-bound service SMEs.

Keywords: service internationalisation, inward internationalisation, service firms, tourism, SME, location-bound, Finland

1. INTRODUCTION

In spite of the significance of the service sector (World Bank 2011), research on the internationalisation of services is rather recent, particularly when building and testing theories as it emerged only in the 1980s (Javalgi and Martin 2007). Expertise has developed in the shadow of theories on manufacturing firms, and earlier it was natural to apply these theories to service firms (e.g., Axinn and Matthyssens 2001; Boddewyn et al. 1986). The need for service-specific theories has arisen mainly based on two key findings. On the one hand, researchers found that the patterns of service internationalisation differ from those in manufacturing (e.g. Erramilli and Rao 1993; Lowendahl 1993). On the other hand, the service sector is quite heterogeneous and it is likely that all service firms do not internationalise in a similar manner (e.g., Ball et al. 2008; Andersson 2006; Lovelock and Yip 1996; Sarathy 1994).

In terms of volume, the service industry is still under-represented in international business research (Pillmayer and Scherle 2014; Deprey et al 2012, Merchant and Gaur 2008). Furthermore, the existing research has some gaps that deserve more attention. First, it seems that researchers have focused on the international strategies and foreign entry modes of service firms (e.g. Blomstermo, Sharma and Sallis 2006; Grönroos 1999) and other forms of internationalisation have been of less interest (Björkman and Kock 1997). Second, differences in internationalisation patterns were often earlier explained by the nature of the service provided, such as hard vs. soft services (e.g. Brouthers and Brouthers 2003) or product services vs. service products (Nicoulaud 1989). However, later these simple classifications have been found inadequate to describe the variety of the field and more fine-grained distinctions have been called for in order to understand the diversity of services (e.g. Jack et al 2015, Pla-Barber and Ghauri 2012; Ball et al. 2008). Thus, it is more than probable that many forms of services remain under-investigated. Third, since the late 1980s researchers have been interested in service multinationals (e.g. Boddewyn et al. 1986; Weinstein 1977; Campbell and Verbeke 1994; Lovelock 1999) and this attention has continued to date (see, for example, Miozzo et al. 2012; Laanti et al. 2009; Kundu and Merchant 2008). Yet, in many countries, small and medium-sized actors outnumber their larger counterparts and they are considered to be the main source for future growth in the service sector (Thomas et al. 2011). Our knowledge of how these firms engage in international markets still remains rather limited.

This study addresses the aforementioned gaps and introduces a number of novel perspectives to the field. It explores the inward internationalisation¹ patterns of tourism SMEs² and thus focuses on a form of internationalisation which has been neglected in earlier research (Nessel 2013, Björkman and Kock 1997) as well as a type of service which has been neglected in international business research (Hall and Coles 2008). It also challenges the concept of service internationalisation by introducing a location-bound,³ resource-based perspective. The study contributes not only to our understanding of

¹ Inward internationalisation refers to the activities of tourism companies to import potential customers to consume their service in the provider's home country (Björkman & Kock 1997).

² In line with Weaver and Oppermann (2000), for us, the tourism industry refers to those industrial and commercial activities which provide products and services wholly or mainly for tourist consumption.

³ Location-bound refers here to the fundamental characteristic of tourism businesses: the services are bound to a physical location and identical services cannot be provided elsewhere.

service internationalisation, but also to the emergent field of international entrepreneurship (cf. Oviatt and McDougall 2005). Our thoughts were inspired by Jones and Coviello (2005), who describe entrepreneurial internationalisation as a cyclical behaviour involving the entrepreneur and the firm, moderated by the external environment within which the firm operates. This definition comes much closer to the internationalisation of location-bound service firms than traditional definitions of internationalisation (e.g. Welch and Luostarinen 1988). In our opinion, understanding *how location-bound service SMEs – such as tourism companies – internationalise* deserves scholarly attention, and therefore we also set that as our research question.

2. THEORETICAL POINT OF DEPARTURE

Two decades ago it was common to argue that there was no need for specific theories of service firm internationalisation because the existing theories of internationalisation would be directly applicable to the service context, or could be accommodated through some relatively simple modifications (e.g., Agarwal and Ramaswami 1992; Boddewyn et al. 1986). Later, several researchers showed that the patterns of internationalisation in the service sector differ from those in the manufacturing sector. In line with Javalgi and Martin (2007) we may conclude that although theories based on manufacturing firms provide a strong theoretical background, there is still a need to develop new theories that integrate the various theoretical constructs in order to explain and predict a service firm's behaviour, particularly in the new service-oriented economy.

Developing a theoretical framework for service internationalisation presents a huge challenge. It has been argued that internationalisation is too dynamic and broad a concept to be defined exclusively within any one school of research, perspective or mode of explanation (e.g. Coviello and McAuley 1999) and that a holistic perspective should be adopted (Pillmayer and Scherle 2014, Fletcher 2001, Jones 1999). As research on small business internationalisation is becoming synergistic and incorporating research from various disciplines (Jones et al. 2011), it is logical to integrate multiple perspectives when trying to understand the internationalisation of location-based service firms. This study combines the resource-based view of internationalisation, the network approach and an entrepreneurial capability perspective in order to provide a framework on the inward internationalisation of location-bound tourism SMEs.

2.1 The resource-based view of internationalisation

The early theory on firm growth defined a firm as a collection of heterogeneous physical and human resources (Penrose 1959). Since then, this idea has been developed into one of the leading theories in strategic management: *the resource-based view (RBV) of the firm* (e.g. Barney 1991; Wernerfelt 1984). Firms are viewed in terms of the unique bundles of tangible and intangible resources which they own and control (Amit and Schoemaker 1993). These resources, again, can be seen as a source of competitive advantage and company success rather than product-market combinations (Barney 1991). In terms of internationalisation, companies can obtain sustainable competitive advantage by possessing certain key resources and deploying them in their product markets (Fahy and Smithee 1999). This theory seems to offer a fruitful basis for understanding the internationalisation of tourism SMEs (cf. Javalgi and Martin 2007).

Indeed, many service companies – particularly within the tourism business – base their competitive advantage on *location-bound resources* which are utilised to provide services for foreign clients in the domestic market (Ball et al. 2008). But what are these location-bound resources? Tourism is place-specific; it is consumed *in situ*; and is strongly entangled with local communities and with nature (Williams and Shaw 2011; Shaw and Williams 2004). Unique facilities and a special environment – such as a natural or historical attraction – may, in some cases, be a source of competitive advantage. Tangible resources also include the facilities and environment in which the services are offered – such as lodgings, accommodation, golf courses and riding stables. They also include the elements that are needed for the production of activities – such as canoes, horses and snowmobiles. Due to spatial fixity internationalisation of tourism companies requires not only the internationalisation of the firm, but also internationalisation of the location-bound resources.

However, in order to take into account the specific context of tourism, it is essential to extend the interpretation of resources slightly from the traditional view. Namely, from the viewpoint of a tourism firm the ownership or control of resources is not necessarily decisive. Some of the location-based resources may be owned and/or controlled by the firm, but others can also be shared with other actors in the same location. Tourism companies operate as a part of an ecosystem: the tourism destination and its ability to attract tourists mostly depends on the stock of factors at its disposal, such as its original and unique local natural, historical-archaeological and social resources; and its knowledge, capabilities, capital and infrastructure (Smeral 1998). Some of these factors are unique: they cannot be reproduced, transferred or replicated and they are linked to a specific site or the culture of a specific area (Bonnetti et al. 2006). These resources are strongly intertwined, and therefore the system is characterised by strong resource dependency – the success of the destination requires that all actors strive for the optimal utilisation of the bundle location-bound resources. The systemic nature of a tourism business requires that we take into account the strong relationship between the actors – the tourism networks – when discussing the internationalisation of these SMEs.

2.2 The network approach to internationalisation

Earlier research has highlighted the role of networks, particularly in entrepreneurial internationalisation (Ruzzier et al. 2006). Networks are significant facilitators of SME internationalisation (Hohenthal et al. 2014; Manolova et al. 2014; Coviello and Munro 1995), but they can also be considered as stepping stones in the process of internationalisation, which is about establishing and developing positions in foreign networks (Johanson and Mattsson 1988). Insidership in relevant networks is considered to be a necessity; otherwise the company will suffer from a liability of outsidership (Johanson and Vahlne 2009). However, tourism SMEs are also deeply embedded in their local and domestic networks.

All economic action is embedded in social relationships and networks (Granovetter 1985). Through network embeddedness a company can both acquire information as well as learn from others; thus the network can be considered as a strategic resource which has an impact on the company's future (Andersson et al. 2002). Furthermore, network embeddedness extends across national borders and

the networks in which the company operates are further embedded in different national business environments (Fletcher and Barrett 2001).

In the tourism industry network embeddedness occurs on multiple levels. As mentioned earlier, tourism is a broad, complex phenomenon involving local and global networks, not only individual products and services. Therefore, the competitive game is no longer controlled by individual companies and organisations, but requires the multi-level co-ordination of resources, supply systems and co-operation in any tourism destination (Lazzeretti and Petrillo 2006). A tourism destination is also a bundle of products supplied by a wide number of co-operating players – tour operators, travel agents, passenger carriers, hotels and other service producers – and the competitive advantage is increasingly dependent on the system of the local actors (Capone 2006). On a company level, a successful tourism product is typically based on co-operation among networks of companies, organisations and public authorities. In sum, it can be argued that tourism enterprises internationalise through and within the networks in which they are embedded. These networks can be social, institutional, technological, regional and/or virtual, to mention a few. However, the network embeddedness may be a source of comparative advantage, but it turns into a competitive advantage only if the actors – entrepreneurs – are able to utilise the location-bound resources and network embeddedness effectively in the long run (cf. Crouch and Ritchie 1999).

2.3 Entrepreneurial capabilities and internationalisation

Earlier research on SME internationalisation and international entrepreneurship indicates that the personal characteristics of the key decision-maker have an impact on the internationalisation of the firm (Jones et al. 2011; Manolova et al. 2002). In this study three entrepreneurial capabilities are considered to be decisive for the internationalisation of location-bound tourism SMEs: the entrepreneur's global mindset, language skills and network competence.

In line with earlier research (e.g. Deprey et al. 2012, Wheeler et al. 2008) we consider the entrepreneur's *global mindset* to be a key driver of successful internationalisation (Nummela et al. 2004). It has also been identified as an important factor influencing internationalisation of services (Javalgi and Martin 2007). Global mindset includes both the manager's cultural awareness – referring to openness and understanding of other cultures – and his/her ability to manage complex, geographically-spread operations (Levy et al. 2007).

Additionally, early studies on SME internationalisation already pointed out the importance of personal characteristics such as language skills and exposure to foreign cultures through education or experiential learning (Dichtl 1984; 1990; Holzmüller and Kasper 1990; 1991). Later research has demonstrated the importance of language skills in particular for the initiation of international operations (Leonidou 1995; Fernandez-Ortiz and Lombardo 2009). Recent studies (e.g. Hurmerinta et al. 2015) indicate that language skills do have an impact in the recognition and exploitation of international opportunities among SMEs, thus we may assume that they are also important for location-bound service firms. In fact, their role is probably highlighted because of the continuous interaction between the customer and service provider, which is an essential part of the service experience.

Furthermore, given the importance of networks for the tourism industry, it is natural to assume that the entrepreneur's ability to form, maintain and develop the company's position in the network would be of importance. This ability can be labelled collaboration capability (Blomqvist and Levy 2006) or *network competence* (Torkkeli et al. 2015). The latter is slightly broader and includes both the management of individual relationships and co-ordination of the whole network (Ritter et al. 2002). The network embeddedness of the tourism business makes the entrepreneur's ability to create and manage the network as an important pre-requisite for the internationalisation of a location-bound service SME.

2.4 Synthesis

In the internationalisation of location-bound service SMEs the individual and organisational level elements are tightly intertwined due to the central role of the entrepreneur as a decision-maker. Based on the literature review, the inward internationalisation of location-bound service SMEs can be best described by three dimensions: location-bound resources, the company network and its embeddedness as well as entrepreneurial capabilities, particularly global mindset, cultural awareness and network competence. The entrepreneurial capabilities drive how the resource-base and the

network are developed and utilised during internationalisation. The strong reciprocal relationships between the dimensions – each dimension influences the other – give the internationalisation process a cyclical nature.

First, location-bound *resources* – especially appeal factors such as the attraction, reputation and image of the area as well as its accessibility and infrastructure – are the basis for internationalisation in terms of attracting international customers. Besides the private companies operating in the area also the actors in the public sector play an important role through tourism policy. Second, in order to convert the comparative advantage of the location into competitive advantage, SMEs and the other actors in the *network* have to ensure the quality, level and content of the tourism product and the processes involved. This requires the development of entrepreneurial *capabilities*, especially networking competence. Internationalising tourism SMEs differ in terms of the three dimensions and based on these differences they may be classified in three groups (see framework in the figure below).

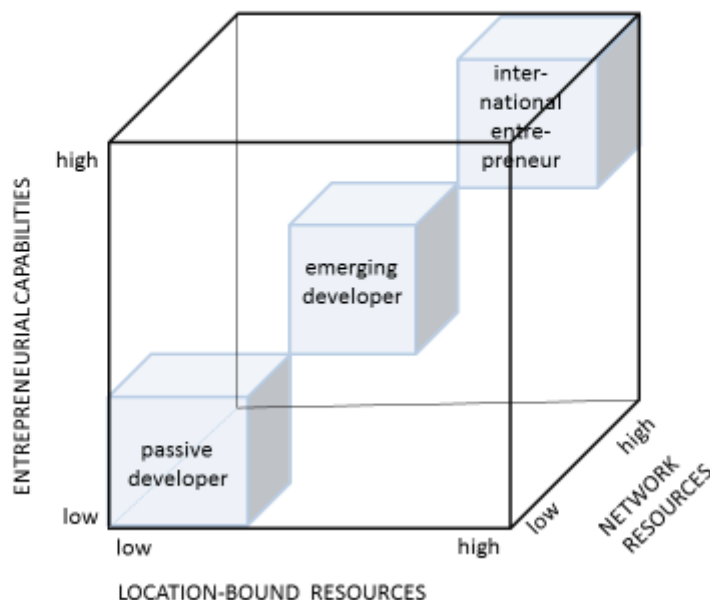


Figure 1. Theoretical framework for the study

The first group of firms – *passive developers of internationalisation* – represents tourism enterprises who base their operations heavily on the location-bound resources. They mainly operate in domestic markets, but at the same time they are a part of an internationally-operating tourism system or destination. For example, they may be sub-contractors to other companies or respond to unsolicited orders and often the tourism business is not their main source of income. They may have been involved in the international tourism business for a long time, but they do not consider themselves international enterprises. They possess some language skills and cultural knowledge, but they are not active in developing the location-bound resources of the area – its attraction, reputation, image, accessibility and infrastructure – or networking actively. In other words, they benefit from the location-bound resources but their value added to the system is limited.

The second group, *emerging developers*, refers to companies with both good access to location-bound resources accompanied with budding international growth orientation. The entrepreneur may have started actively developing co-operation in local, marketing and electronic (virtual) networks in order to become one of the key operators in the area. Nevertheless, direct contacts with tour operators and other distribution channels are still at a low level, but the entrepreneur has a clear vision and a strong will to develop them. Theme-based networks are springing up, and commitment to and communication with the surrounding tourist destinations may emerge. These companies have a strong desire to develop the tourism business, and to market their services and the destination to international markets.

The third group, *the international entrepreneur*, is often an international new venture, many of which have targeted their services to international audiences from the start. They are typically innovative and their entry into the tourism business has not been driven by the existence of location-bound resources, but by strategic choice. In other words, first came the business idea and then they searched for an appropriate location; whereas in the other two groups, location drives the entrepreneur towards a business idea. These entrepreneurs have been very professional from the start, with strong growth orientation and a global mindset. Previous experience and personal networks may have facilitated their internationalisation. They actively create their own markets and they are often the key actors in their own area or system, both in marketing and service development.

It should be noted that the framework above does not contain a temporal dimension – i.e. it does not suggest that the three groups would be consecutive stages in the process of internationalisation, for example. However, one can argue that the degree of internationalisation increases as the company advances in the three dimensions of the framework. Additionally, the borderlines between the groups are far from clear-cut, instead they are rather fuzzy, indicating that the three groups suggested are more archetypes than clear classifications with explicit boundaries and measures.

Next, we describe three illustrative case studies to study the internationalisation of location-bound tourism SMEs, using the framework described earlier. With this approach we hope to be able to refine the framework and bring more in-depth understanding to the three categories presented.

3. INTERNATIONALISATION OF FINNISH LOCATION-BOUND TOURISM SMES – THREE ILLUSTRATIVE CASES

3.1 The research process

Given our interest in the internationalisation of location-based service firms, an illustrative case study was considered the most appropriate research strategy. The main objective of the case studies is to document the internationalisation of location-bound tourism SMEs and to utilise the obtained knowledge to develop the literature-based framework. The case-study approach has multiple advantages: It allows the investigation of a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and the context are not clearly evident (Yin 1994). Furthermore, case studies are particularly well suited to new research areas or those for which

existing theory seems inadequate (Eisenhardt 1989) as well as for studying business networks (Halinen and Törnroos 2005). As the focus of the study was on understanding and analysing the phenomenon, the case studies are instrumental in nature (cf. Stake 1995), representing typical Finnish small, medium- and micro-sized tourism companies. For this study we selected growing, location-bound tourism companies from different parts of Finland. All the case companies had been involved in international tourism for at least 10 years. The selected cases share some similarities but also differ in terms of the three key dimensions – location-bound resources, network embeddedness, entrepreneurial capabilities – thus providing fertile material for the refinement of the framework.

The three investigated cases were: (1) Snow Games, an activity producer in Finnish Lapland; (2) Loikansaaren Lomamökit, a holiday village in Eastern Finland; and (3) Leppäniemen Hirsihuvilat, a holiday village in Southern Finland. The data were collected mainly through interviews with key actors at each company. The interviews were planned initially to be semi-structured thematic interviews, but they turned out as entrepreneurial narratives, because each interviewee wanted very much to tell ‘a story’. As it was not possible to follow the pre-planned semi-structured format, the narrative methodology was considered very useful. Additionally, multiple sources of evidence were used in order to generate a holistic picture of internationalisation patterns (cf. Yin 1994; Ghauri 2004). The interviews were transcribed verbatim and analysed systematically. First, a set of analytical categories was developed based on the key concepts identified in the literature review, which also served as the basis of the theoretical framework (cf. Coffey and Atkinson 1996; Miles and Huberman 1994). Next, the data was coded into these meaningful categories. Then, thematic analysis was conducted in order to integrate the data into meaningful stories (cf. Eriksson and Kovalainen 2008).

Case studies are not statistically representative, but they can offer depth and comprehensiveness for understanding the phenomenon in question (Halinen and Törnroos 2005). As the purpose of the case studies was to strengthen *a priori* understanding, it could be argued that the three instrumental cases served this purpose relatively well, making it possible to justify the theoretical framework and, importantly, to arrive at a more thorough interpretation and understanding of the phenomenon.

3.2 Case 1: An activity producer in Finnish Lapland

Snow Games Ltd is group of three family firms which was founded in 1994. It employs 40 people during the high season and 13 people on a yearly basis. The British are the biggest customer group, followed by Swiss and French tourists. The Luosto area has internationalised remarkably during the last 25 years and the number of foreign visitors has grown steadily. Snow Games is one of the key companies in the area, together with Lapland Hotel Luostotunturi, Santa’s Hotel Aurora and Lapland Safaris. The key actors are tightly connected through collaboration, interrelated activities and cross-ownership. During its history, Snow Games has had diverse business areas, but today their core business is winter activities and entertainment.

The location of Luosto is attractive as it combines two complementary arctic hill areas. A national park between these two hills offers a versatile environment for different nature activities. Its facilities for skiing activities – both downhill and cross-country – also give it a competitive advantage over other ski resorts in Finland. Other essential *location-bound resources* include relatively easy access

– there is a local airport and many airlines offer reasonably-priced flights to Helsinki, but connecting flights from Helsinki to Luosto have been a bottleneck. Accessibility on the local level is of a high international standard: there is a pedestrian village, and hot-bed and ski-in/ski-out principles are followed. Service providers in the Luosto area promise their customers a genuine Lappish experience, with a strong feeling of security. This is supported by activities such as visits to reindeer farms and the amethyst mine or experiencing the Northern Lights.

Snow Games – together with other actors in the area – is involved in many kinds of *networks* in their efforts to develop an internationally-competitive tourist centre. The actors have even formed their own tourist association to foster a spirit of co-operation, to start joint product development projects and promote a common understanding of image, quality, pricing and marketing. In marketing the partners include tour operators, airlines, and the Finnish Tourist Board. Locally, the company collaborates with the three other major firms in order to market the area as an attractive destination. In terms of service production, Snow Games co-operates with larger and smaller local companies, providing services as a part of their offering. Additionally, it has its own service production and direct contacts with international distribution channels. Furthermore, networks created through social media are of importance and their significance is expected to grow in future.

The *entrepreneurial capabilities* needed for internationalisation exist at Snow Games. To start with, the company has been geared towards foreign markets from the very beginning. Seeking growth from abroad was regarded as a natural strategic choice as the services were considered to meet the needs of international customers better than domestic ones. Although the genuine Lapland experience is considered more important than language skills, customers can be served in English and sometimes even their own language. International marketing and sales are based on personal contacts and long-term relationships and trust are essential, as the creation of the image of a reliable service provider takes time.

3.3 Case 2: A holiday village by Lake Saimaa

Loikansaaren Lomamökit (hereafter Loikansaari) is a family-owned rural tourism company by Lake Saimaa in Eastern Finland. The tourism business started alongside farming and gradually became the main income source for the family. Their business idea is to offer peaceful cabin and villa nature holidays by a Finnish lake, close to the town of Savonlinna. They also offer catering services and water-based activities in co-operation with two local companies. The customers are families and small groups from both Finland and abroad. The company employs three people year-round; catering and cleaning services are outsourced. The proportion of foreign customers is approximately 50 per cent, the majority coming from Russia, but also Germany, Switzerland and Holland.

The first phase of internationalisation started in 1977 when the founders of the company started their tourism business. They built five lakeside cabins and developed the business gradually over the next 15 years. The first international customers came from West Germany and Switzerland. The second phase of internationalisation started in 1994 when the business and farm were transferred to the next generation. A strategic choice was made to develop rural tourism as the main source of income. All the cabins were renovated during 1999-2000. This resulted in a remarkable increase in tourism

income: there was a four-fold increase in turnover over four years. A third phase started in 1998 when the Internet was introduced as a marketing tool; investment in internationalisation continued in 2004 by introducing new high-quality villas which doubled the accommodation capacity. Internationalisation received an additional boost because of increasing interest in Finnish tourism services in Russia.

The attractiveness of the region is one of the key *location-bound resources*. The Lake Saimaa district is the largest lake area in Europe, rich in nature and which offers excellent opportunities for water activities. The image of Saimaa as a large lake area, its untouched nature and the right of public access are highly novel elements for foreign customers. The region is quite remote and it is not easily accessible to European tourists, who usually come by car. Still, the company's future success may depend on the existence of an international airport in the region and availability of charter flights in future. Train connections to Savonlinna have improved during the last few years, which is significant for Russian tourists. In their operations, the company emphasises excellent service, personal contact between the customer and hosts, and flexibility in meeting the quality needs of international customers.

The entrepreneurs have understood the importance of *networks* well. In marketing and promotion they collaborate with Savonlinna Travel (ST) and the Finnish Tourist Board. ST – a regional tourist organisation owned by the municipalities and 50 tourism companies – has been their closest partner in marketing. Through this co-operation, they have advertised their services at tourism fairs, exhibitions and workshops. However, today their most important marketing networks are Internet-based. Since 2005 the company has established a presence on several tourism portals and joint web-pages. Currently, booking.com is the main electronic sales channel in international markets.

Entrepreneurial capabilities have already been developed over two generations. An explicit decision to internationalise has been made and consequently they have been involved actively in the development of tourism in the region. They have a clear vision in terms of increasing the numbers of Russian guests, but they also want to diversify the business into other market areas. Because of their strong emphasis on nature and the Finnish milieu, Finnish culture is embedded in their services. However, awareness of other cultures is considered important in providing these services. Additionally, more language skills are needed, but often English is sufficient. The importance of international marketing skills has been understood, but as the family is also involved in the day-to-day operations, time for long-term planning is scarce. Because of that, the entrepreneur relies on regional development projects, which may compensate for the lack of appropriate skills.

3.4 Case 3: A holiday village in Southern Finland

Leppäniemen Hirsihuvilat (hereafter Leppäniemi) is a holiday village in Hauho in the south of Finland. The company has 13 traditional log-wood villas which are suitable for year-round use. All the villas have been built at the farm and they were designed by the entrepreneur. Besides accommodation, the company offers its customers nature-based activities such as fishing or picking berries and mushrooms. The company employs three employees all year round and the catering and

cleaning services have been outsourced. The number of customers has been increasing steadily and already half of the clientele are foreigners, Russians being the biggest nationality.

As a response to expected changes in farming due to membership in the European Union, the Leppäniemi family searched for new sources of income. In the 1990s they started a log-wood construction business and the tourism business in 2000. The first customers came through the regional tourism marketing organisation who had business contacts in Russia. The tourism business received a major boost in 2005 when an adventure TV programme was filmed at the premises of Leppäniemi. A medieval log castle was built for the programme and it has been used for the tourism business since as it also provides accommodation opportunities. Since 2006, nine new villas, equipped with modern conveniences, have been built in the area and as a result the numbers of both Finnish and international customers have been growing. An important step for internationalisation was collaboration with a Latvian tour operator who was interested in Leppäniemi as a destination for fishing tours and provided their services to potential customers in Estonia, Latvia and Lithuania.

In terms of *resources*, the location of Leppäniemi is quite central. It is in the middle of Häme, one of the historical regions of Southern Finland, but at the same time close to the largest cities in the country; for example, Helsinki is only an hour away. The scenery is varied, with forests, lakes, marshes and ridges. Still, it is only in recent years that tourism has been valued as a serious business in the Häme area and the region does not have a strong tourism image. The business idea and services are based on the existing premises: lakeside scenery, the rural environment and nature. The villas are situated by the pure, clear waters of Lake Iso-Roine, which is one of the deepest in Finland and offers excellent opportunities for fishing.

The company is embedded in various *networks*. The most important of the local networks is the Hauho Route, which comprises 40 local enterprises offering activity, catering and accommodation services. Another important network is the Finnish Rural Entrepreneurs' Association; and the entrepreneur is also an active member of the local entrepreneur association. However, in terms of domestic and international marketing, the most important partners have been a Finnish Internet portal for cottage owners, Lomarengas, and the regional travel association, Hämeen Matkailu. Co-operation with the Finnish Tourist Board has also started in recent years. In addition, the entrepreneur also has some personal contacts with distribution channels and tour operators in Europe, especially in Latvia. Nevertheless, the future lies on the Internet, and a high-quality website and an active presence on social media are both considered necessary.

Interest in internationalisation has been growing and the need for appropriate *capabilities* has also been recognised. International growth orientation has developed alongside a strong entrepreneurial spirit, and the entrepreneur is determined to develop his marketing and business skills continuously by participating in different educational programmes, workshops and seminars. The next generation on the farm has also shown interest in the tourism business and the future seems promising. The importance of language skills, particularly Russian and often for practical reasons, English, has been noted, as has the need to understand cultural differences.

3.5 Case companies in the light of our framework

In terms of the dimensions of our theoretical framework, the three cases share some similarities, but also point out remarkable differences (compiled in Table 1).

Table 1. Cross-case analysis

| | Resources | Networks | Entrepreneurial capabilities |
|-------------|--|---|--|
| Snow Games | Attractive location, good connections and developed, professional services | Extensive local and international networks, strong virtual presence | Global mindset, language skills, international growth orientation from the start |
| Loikansaari | Attractive but remote location, adjustable services | Extensive regional networks, strong virtual presence | International growth orientation in the second generation |
| Leppäniemi | Interesting, central location, 'homespun' services | Good regional and local networks, virtual presence | Emerging international growth orientation |

Internationalisation of Snow Games is based both on their location-bound resources and tight co-operation between the various actors in the region. There has also been a collective improvement of entrepreneurial capabilities during the many development projects carried out in the area. The degree of internationalisation is reasonably high and the entrepreneurs have a strong global mindset, accompanied by marketing competence. Their entrepreneurial capabilities have facilitated turning the location-bound resources into competitive advantage in international markets. One could characterise Snow Games as *an international entrepreneur*.

Our second case firm, Loikansaari, also internationalised early, but the main drivers for internationalisation were the location-bound resources. Internationalisation was neither intentional nor smooth, as tourism services were developed alongside other income-generating activities. Incremental internationalisation was pushed forward by the incentives and actions of others, such as the regional tourism organisation. In other words, the network embeddedness was the decisive driver for internationalisation. Through a generational shift the company transformed from a passive developer into a more active mode and became *an emerging developer*, and this change was further supported by the emergence of new target markets, such as Russia. The budding global mindset was further encouraged by the regional tourism organisation and through evolving networks, both social and virtual in nature. It also seems that the current entrepreneur has a clear vision to develop Loikansaari into an active international entrepreneur. Nevertheless, that would require more extensive embeddedness in international networks.

Our third case, Leppäniemi, was also involved quite early in internationalisation. However, the number of international customers has increased partly due to unsolicited orders and unexpected contacts from interested partners. Thus, despite a strong entrepreneurial spirit, the level of international growth orientation has been rather low, and activities promoting internationalisation

have also been modest so far. The company networks are mostly local and regional, with the exception of virtual networks, but these are also used mostly for marketing and booking purposes. The internationalisation of the company has been mainly focused on the utilisation of the location-bound resources. In sum, the company could be labelled a *passive developer*. Nevertheless, given the interest in developing international activities and the entrepreneur's network competence, the company has potential to become an emerging developer in future.

4. DISCUSSION AND CONCLUSIONS

This study investigates how location-bound service SMEs – such as tourism companies – internationalise. Our literature-based framework and the three illustrative cases indicate that these firms internationalise through utilising their location-bound resources effectively and by investing in developing value-added services based on these resources. However, an attractive location and good connections are not sufficient for international opportunities to emerge, it requires entrepreneurial capabilities in order to both to recognise and exploit the opportunities. Moreover, the recognised opportunities do not result in viable business without the support of extensive networks, both locally and internationally.

Our study provides several contributions. First, it challenges existing assumptions on service internationalisation by introducing service companies with strong spatial fixity and highlighting the importance of context-specific issues, which have not been recognised in earlier research. Second, it builds on prior work on service internationalisation, but extends our knowledge by adding new perspectives. The importance of location-bound resources and networks has been noted earlier (Björkman and Kock 1997), but we argue that the possession of neither of those will lead to successful internationalisation without appropriate entrepreneurial capabilities. However, the illustrative cases indicate that all the three dimensions of our framework may act as a key trigger for internationalisation, leading to slightly different internationalisation paths.

Furthermore, research into service internationalisation has more or less ignored the variance in the internationalisation patterns of service firms, and even the exceptional studies (e.g., Roberts 1999) have focused on professional business-to-business services. Unfortunately, when it comes to forms of international presence, the findings of these studies are also quite outdated, as they were conducted prior to the emergence of the Internet and social media. With our framework, we are able to illustrate how the internationalisation process of these firms may progress. Third, we present a framework which allows comparison between location-based service firms in terms of internationalisation. As mentioned earlier, our framework does not assume the three categories to be consecutive stages; rather, it considers the three alternatives as different states of commitment between which the entrepreneur and/or the firm may move non-sequentially. At the heart of the framework is the mindset of the entrepreneur and his/her capabilities for turning location-bound resources into sustainable competitive advantage.

This study has also implications for research and practice. Future researchers interested in service internationalisation should carefully consider the definitions of their key concepts. For example, what is internationalisation? We argue that instead of traditional definitions, which have been mostly

developed for studying manufacturing firms, other alternatives could also be developed. In our opinion, internationalisation of location-based tourism firms is *a cyclical process of increasing involvement in inbound tourism operations, with a strong interplay between intangible and tangible resources*. This process requires embeddedness in both the local, internationally-oriented tourist system and in international networks. From the viewpoint of international entrepreneurship research, this study suggests that future studies might examine whether *collective entrepreneurial internationalisation* exists and what kind of implications it has.

On the other hand, the role of travel and tourism has been increasing steadily, now representing about one-fourth of total exports of commercial services worldwide (World Trade Organisation 2012). Continuous growth requires increasing effort in destination planning and developing services to meet demand. Participation of SMEs is needed as part of this process; but at the same time they need to develop their resource base, networks and capabilities to meet international quality standards. In future we will also have passive and active actors in tourism networks, but their interplay is needed in order to produce the best possible results. Orchestration of this process requires clear vision, fair and explicit division of labour and rewarding incentives. At best, the process can start a positive learning cycle in this area as the key actors in the networks spread international activities in their network. Passive developers may be supported to become emerging ones and opportunities may arise for emerging developers to raise their businesses to the next level. Given the growing economic interest, it is obvious that this development also has important policy and practical implications, and future studies should take into account how governmental policies and practices could support the internationalisation of location-based service SMEs.

It should also be noted that this study focused on three types of internationalisation among location-bound service SMEs: passive developer, emerging developer and international entrepreneur. We did not consider these three as predictive stages or study how a firm might progress from one type to another. Future studies should take into account that entrepreneurship is a life-long learning process (Ghannad and Andersson 2012) and thus one might assume that through this learning (which is also reflected in the mental models of entrepreneurs) a firm may move between the three types, especially if there is a change in the external environment. When studying this it might be fruitful to include also other than service firms to the study to see how the patterns of service internationalisation differ from manufacturing exporters.

As with all studies, ours also suffers from some limitations. First, the study had a strong focus on location-bound resources and purposely excluded other types and their impact on internationalisation. We acknowledge the fact that other types of resources, in particular financial ones, may also have a significant impact on internationalisation; and thus recommend that other researchers should take this into account in future studies of location-bound service firms. Additionally, the fact that we took a very narrow approach to entrepreneurial capabilities may have resulted in ignorance of the impacts of other important capabilities related to entrepreneurial creativity and/or innovativeness, for example. Furthermore, the empirical data in this study consisted of only three illustrative cases. Although they strengthened our *a priori* understanding and justified the framework, further studies with more cases and longitudinal data are required. These later studies should also take into account that our framework was based on three types of entrepreneurs, which we considered most viable for

internationalisation. In practice, other types of combinations of our key dimensions might be possible. All in all, entrepreneurial internationalisation of location-bound service firms seems to offer fruitful avenues for future research and hopefully we will see a growing number of studies addressing these questions.

REFERENCES

- Agarwal, S., Ramaswami, S.N. (1992) Choice of foreign market entry mode: Impact of ownership, location and internalization factors. *Journal of International Business Studies*, 23(1): 1-27.
- Amit, R., Schoemaker, P. (1993) Strategic assets and organizational rents. *Strategic Management Journal*, 4(1): 33-47.
- Andersson, S. (2006) International growth strategies in consumer and business-to-business markets in manufacturing and service sectors. *Journal of Euromarketing*, 15(4): 35-56.
- Andersson, U., Forsgren, M., Holm, U. (2002) The strategic impact of external networks: subsidiary performance and competence development in the multinational corporation. *Strategic Management Journal*, 23(11): 979-996.
- Axinn, C.N., Matthyssens, P. (2001) Limits of internationalising theories in an unlimited world. *International Marketing Review*, 19(5): 436-449.
- Ball, D.A., Lindsay, V.J., Rose, E.L. (2008) Rethinking the paradigm of service internationalisation: Less resource-intensive market entry modes for information-intensive soft services. *Management International Review*, 48(4): 413-431.
- Barney, J. (1991) Firm resources and sustained competitive advantage. *Journal of Management*, 17(1): 99-120.
- Björkman, I., Kock, S. (1997) Inward Internationalisation in the Service Industry – Illustrated by Three Cases in the Tourism Industry. *International Journal of Service Industry*, 8(5): 362-376.
- Blomqvist, K., Levy, J. (2006) Collaboration capability – a focal concept in knowledge creation and collaborative innovation in networks. *International Journal of Management Concepts and Philosophy*, 2(1): 31-48.
- Blomstermo, A., Sharma, D.D., Sallis, J. (2006) Choice of foreign market entry mode in service firms. *International Marketing Review*, 23(2): 211-229.
- Boddewyn, J.J., Hallbrich, M.B., Perry, A.C. (1986) Service multinationals: Conceptualisation, measurement and theory. *Journal of International Business Studies*, 17(3): 41-57.

- Bonnetti, E., Petrillo, C.S., Simoni, M. (2006) Tourism system dynamics: A multi-level destination approach. In: Lazzaretti, L. and Petrillo, C.S. (eds.) *Tourism Local Systems and Networks*, Elsevier: Oxford, pp.111-133.
- Brouthers, K.D., Brouthers, L.E. (2003) Why service and manufacturing entry mode choices differ: The influence of transaction cost factors, risk and trust. *Journal of Management Studies*, 40(5): 1179-1204.
- Campbell, A.J., Verbeke, A. (1994) The globalization of service multinational. *Long Range Planning*, 27(2): 95–102
- Capone, F. (2006) Systemic approaches for the analysis of tourism destination: Towards the tourist local systems, In: Lazzaretti, L. and Petrillo, C.S. (eds.) *Tourism Local Systems and Networks*, Elsevier: Oxford, pp.7-23.
- Coffey, A., Atkinson, P. (1996) *Making sense of qualitative data*. Sage Publications: Thousand Oaks, California.
- Coviello, N.E., McAuley, A. (1999) Internationalisation processes and the smaller firm: A review of contemporary empirical research. *Management International Review*, 39(3): 223-256.
- Coviello, N.E., Munro, H.J. (1995) Growing the entrepreneurial firm: Networking for international market development. *European Journal of Marketing*, 29(7): 49-61.
- Crouch, G.I., Ritchie, B.J.R. (1999) Tourism, competitiveness and societal prosperity. *Journal of Business Research*, 44(3): 137-152.
- Deprey, B., Lloyd-Reason, L., Ibeh, K.I.N. (2012) The internationalisation of small- and medium-sized management consultancies: an exploratory study of key facilitating factors. *The Service Industries Journal*, 32(10): 1609–1621.
- Dichtl, E., Koeglmayr, H-G., Mueller, S. (1990) International orientation as precondition for export success. *Journal of International Business Studies*, 21(1): 23-40.
- Dichtl, E., Leibold, M., Köglmayr, H.G., Müller, S. (1984) The export-decision of small and medium-sized firms: A review. *Management International Review*, 24(2): 49-60.
- Eisenhardt, K.M. (1989) Building theory from case study research. *Academy of Management Review*, 14(4): 532-550.
- Eriksson, P., Kovalainen, A. (2008) *Qualitative methods in business research*. Sage Publications: Thousand Oaks, California.

- Erramilli, M.K., Rao, C.P. (1993) Service firm's international entry-mode choice: A modified transaction-cost analysis approach. *Journal of Marketing*, 57(3): 19-38.
- Fahy, J., Smithee, A. (1999) Strategic marketing and the resource-based-view of the firm. *Academy of Marketing Science Review*, 3(4): 1-20.
- Fernandez-Ortiz, R. and Lombardo, G.F. (2009) Influence of the capacities of top management on the internationalization of SMEs. *Entrepreneurship & Regional Development*, 21(2): 131-154.
- Fletcher, R. (2001) A holistic approach to internationalisation. *International Business Review*, 10(1): 25-49.
- Fletcher, R., Barrett, N. (2001) Embeddedness and the evolution of global networks: An Australian case study. *Industrial Marketing Management*, 30(7): 561-573.
- Ghannad, N., Andersson, S. (2012) The influence of the entrepreneur's background on the behaviour and development of born globals' internationalisation processes. *International Journal of Entrepreneurship and Small Business*, 15(2): 136-153.
- Ghauri, P. (2004) Designing and conducting case studies in international business research. In: Marschan-Piekkari, R. and Welch, C. (eds.), *Handbook of Qualitative Research Methods for International Business*, Edward Elgar; Cheltenham, UK, pp.109-124.
- Granovetter, M.S. (1985) Economic action and social structure: the problem of embeddedness. *American Journal of Sociology*, 91(3): 481-510.
- Grönroos, C. (1999) Internationalization strategies for services. *Journal of Services Marketing*, 13(4/5): 290-297.
- Hall, C. M., Coles, T. (2008) Introduction: tourism and international business – tourism as international business: In: *International Business and Tourism. Global issues, contemporary interactions*. International Series in Tourism, Business and Management, Routledge: London, 1-25.
- Halinen, A., Törnroos, J-Å. (2005) Using case methods in the study of contemporary business networks. *Journal of Business Research*, 58(9): 1285-1297.
- Hohenthal, J., Johanson, J., Johanson, M. (2014) Network knowledge and business-relationship value in the foreign market. *International Business Review*, 23(1), 4-19.
- Holzmüller, H.H., Kasper, H. (1991) On a theory of export performance: Personal and organizational determinants of export trade activities in small and medium-sized firms. *Management International Review*, 31(Special Issue): 45-70.

- Holzmüller, H.H., Kasper, H. (1990) The decision-maker and export activity: A cross-national comparison of the foreign orientation of Austrian managers. *Management International Review*, 30(3): 217-230.
- Hurmerinta, L., Nummela, N. Paavilainen-Mäntymäki, E. (2015) Opening and closing doors: the role of language in international opportunity recognition and exploitation, *International Business Review*, available online doi:10.1016/j.ibusrev.2015.04.010.
- Jack, R., As-Saber, S., Edwards, R. (2015) Service embeddedness and its role in a firm's internationalisation process: An Australian perspective. *International Journal of Operations & Production Management*, 35(3): 346 – 369.
- Javalgi, R.G. and Martin, C.L. (2007), "Internationalisation of services: identifying the building-blocks for future research", *Journal of Services Marketing*, 21(6): 391-397.
- Johanson, J., Mattsson, L-G. (1988) Industrialisation in industrial systems: A network approach. In Hood, N. and Vahlne, J-E. (eds.) *Strategies in Global Competition*, Croom Helm, London, pp. 287-313.
- Johanson, J., Vahlne, J-E. (2009) The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9): 1411-1431.
- Jones, M.V. (1999) The internationalization of small high-technology firms. *Journal of International Marketing*, 7(4): 15-41.
- Jones, M.V. and Coviello, N.E. (2005) Internationalisation: conceptualising an entrepreneurial process of behaviour in time. *Journal of International Business Studies*, 36(3): 284-303.
- Jones, M.V., Coviello, N., Tang, Y.K. (2011) International entrepreneurship research (1989-2009): A domain ontology and thematic analysis. *Journal of Business Venturing*, 26(6): 632-659.
- Kundu, S., Merchant, H. (2008) Service multinationals: Their past, present and future. *Management International Review*, 48(4): 371-377.
- Laanti, R., McDougall, F., Baume, G. (2009) How well do traditional theories explain the internationalisation of service MNEs from small and open economies? Case: National telecommunication companies. *Management International Review*, 49(1): 121-144.
- Leonidou, L. (1995) Export barriers: non-exporters' perceptions. *International Marketing Review*, 12(1): 4-25.
- Levy, O., Beechler, S., Taylor, S., Boyacigiller, N. A. (2007) What we talk about when we talk about 'global mindset': Managerial cognition in multinational corporations. *Journal of International Business Studies*, 38(2): 231-258.

- Lovelock, C.H. (1999) Developing marketing strategies for transnational service operations. *Journal of Services Marketing*, 13(4): 278-289.
- Lovelock, C.H., Yip, G.S. (1996) Developing global strategies for service businesses. *California Management Review*, 38(2): 64-86.
- Lowendahl, B.R. (1993) Co-operative strategies for professional service firms: Unique opportunities and challenges. In: Aharoni, Y. (ed.), *Coalitions and competition. The globalization of professional business services*, Routledge, London, pp.161-177.
- Manolova, T.S., Manev, I.M., Gyoshev, B.S. (2014) Friends with money? Owner's financial network and new venture internationalization in a transition economy. *International Small Business Journal*, 32(8): 944-966.
- Manolova, T.S., Brush, C.G., Edelman, L.F., Greene, P.G. (2002) Internationalisation of small firms. Personal factors revisited. *International Small Business Journal*, 20(1): 9-31.
- Merchant, H., Gaur, A. (2008) Opening the 'non-manufacturing' envelope: The next big enterprise for International Business Research. *Management International Review*, 48(4): 379-396.
- Miles, M.B., Huberman, A.M. (1994) *Qualitative data analysis. An expanded sourcebook*, Sage Publications: Thousand Oaks, California.
- Miozzo, M., Yamin, M., Ghauri, P.N. (2012) Strategy and structure of service multinationals and their impact on linkages with local firms. *The Service Industries Journal*, 32(7): 1171-1191.
- Nessel, K. (2013) A born global gradually advancing its internationalization – A case study of internationalization process of a small tour operator in a niche market. *Journal of Entrepreneurship, Management and Innovation*, 1(1), 69-95.
- Nicoulaud, B. (1989) Problems and strategies in the international marketing of services. *European Journal of Marketing*, 23(6): 55-66.
- Nummela, N., Saarenketo, S., Puumalainen, K. (2004) A global mindset - A prerequisite for successful internationalization? *Canadian Journal of Administrative Sciences*, 21(1): .51-64.
- Oviatt, B.M., McDougall, P.P. (2005) The internationalization of entrepreneurship. *Journal of International Business Studies*, 36(1): 2-8.
- Penrose, E. (1959) *The theory of the growth of the firm*. Oxford University Press: Oxford.
- Pillmayer, M., Scherle, N. (2014) The tourism industry and the process of internationalization in the Middle East: The example of Jordan. *International Journal of Tourism Research*, 16(4): 329-339.

- Pla-Barber, J., Ghauri, P.N. (2012) Internationalization of service industry firms: understanding distinctive characteristics. *The Service Industries Journal*, 32(7): 1007-1010.
- Ritter, T., Wilkinson, I. F., Johnston, W. J. (2002) Measuring network competence: Some international evidence. *The Journal of Business & Industrial Marketing*, 17(2): 119-138.
- Roberts, J. (1999) The internationalisation of business service firms: a stages approach. *The Service Industries Journal*, 19(4): 68-88.
- Ruzzier, M., Hisrich, R. D. & Antoncic, B. (2006) SME internationalization research: past, present and future. *Journal of Small Business and Enterprise Development*, 13 (4), 476-497.
- Sarathy, R. (1994) Global strategy in service industries. *Long Range Planning*, 27(6): 115-124.
- Shaw, G. and Williams, A. (2004) *Tourism and Tourism Spaces*. Sage Publications: London.
- Smeral, E. (1998) The impact of globalization on small and medium enterprises: New challenges for tourism policies in European countries. *Tourism Management*, 19(4): 371-380.
- Stake, R.E. (1995) *The Art of Case Study Research*. Sage Publications: California.
- Suarez-Ortega, S. (2003) Export barriers. Insights from small and medium-sized firms. *International Small Business Journal*, 21(4): 403-419.
- Thomas, R., Shaw, G., Page, S.J. (2011) Understanding small firms in tourism: A perspective on research trends and challenges. *Tourism Management*, 32(5): 963-976.
- Torkkeli, L., Saarenketo, S-, Nummela, N. (2015) The development of network competence in an internationalized SME, In: *Handbook on International Alliance and Network Research*, eds. Larimo, J., Nummela, N., Mainela T., Edward Elgar Publishing: Cheltenham, 459-494.
- Weaver, D., Oppermann, M. (2000) *Tourism Management*. John Wiley & Sons Australia, Ltd.: Singapore.
- Weinstein, A.K. (1977) Foreign investments by service firms: The case of multinational advertising agencies. *Journal of International Business Studies*, 8(1): 83-91.
- Welch, L.S., Luostarinen, R. (1988) Internationalization: Evolution of a concept. *Journal of General Management*, 14(2): 44-55.
- Welch, D. E., Welch, L. S., Marschan-Piekkari, R. (2001) The persistent impact of language on global operations. *Prometheus: Critical Studies in Innovation*, 19(3): 193-209.
- Wernerfelt, B. (1984) A resource-based view of the firm. *Strategic Management Journal*, 5(2): 171-180.
- Wheeler, C., Ibeh, K., Dimitratos, P. (2008) U.K. export performance research: Review and implications. *International Small Business Journal*, 26(2): 207-239.

Williams, A.M., Shaw, G. (2011) Internationalization and innovation in tourism. *Annals of Tourism Research*, 38(1): 27-51.

World Bank (2011), World Development Indicators 2011, available at <https://openknowledge.worldbank.org/handle/10986/2315> retrieved Sept 8 2014.

World Trade Organisation (2012), International Trade Statistics 2012, available at http://www.wto.org/english/res_e/statis_e/its2012_e/its12_toc_e.htm retrieved Sep 8 2014

Yin, R.K. (1994) *Case study research – Design and methods*, Thousand Oaks. California.