Rapidly internationalising professional service firms: Enhancing our understanding of the firm internationalisation process

A thesis submitted in fulfilment of the requirements for the degree of

Doctor of Philosophy

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January 2015

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Abstract

The past two decades have seen a surge of interest in both rapidly internationalising firms and the nature of professional service firms (PSFs). While rapid internationalisation pathways are commonly associated with high-tech manufacturing firms there has been limited research suggesting that PSFs fit this model. The aim of this thesis is to contribute to this discussion and investigate the following Research Problem: '*Why and how do rapidly internationalising professional service firms enter foreign markets*?' The nature of PSFs, and their unique characteristics, is discussed and a conceptual framework outlining three specific aspects of the internationalisation process – the drive to internationalise, the choice of markets and the choice of market commitment – is presented.

The research problem was investigated by means of a multiple case study design. More specifically, in-depth interviews with founders and key employees of seven Australian PSFs were carried out. By investigating the case firms within a conceptual framework, the internationalisation process of each case study was explored and examined.

The findings in this study demonstrate that the case study companies have key differences in their rapid internationalisation processes, particularly the firms' choice of markets and choice of market commitment. The findings present several reasons behind these deviations. Operational knowledge of founders is a key factor in the firms' internationalisation and is considered more important than market knowledge, cultural similarity or founders' previous experience when selecting markets. Entrepreneurs have a critical role to play throughout the internationalisation process as they embody the firms' knowledge enabling them to choose exporting before shifting to higher levels of market commitment. The need for continuous, client interaction combined with specialised complex knowledge presents exceptional challenges for PSFs in their rapid internationalisation and influences their internationalisation strategies.

The research findings extended the body of knowledge for both rapid internationalisation and PSF literatures by exploring key factors that are present in rapid PSF internationalisation. Rapid internationalisation theory needs to be updated to account for PSFs and their characteristics, including the need for face to face communication with the client and the importance of client relationships. This will build on the insights and new knowledge found for links between internationalisation processes present in this research and will further benefit service firms and industries looking to internationalise rapidly.

Thesis Declaration

This thesis is submitted in fulfilment of the requirements of the degree of PhD in the Graduate School of Management, Macquarie University. I certify that the research described in this dissertation has not already been submitted for another degree.

I certify that to the best of my knowledge all sources used and any help received in the preparation of this dissertation have been acknowledged.

Signed ________________________

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(Date)

Acknowledgements

My greatest debt of gratitude is with my principal supervisor Dr Rob Jack without whom it would not have been possible to undertake this thesis. His guidance and incredible support throughout the thesis was above and beyond the call of duty. Words are not enough to express to Rob how much it meant to me that he took the time to be a mentor and improve my level of research, and writing. Thank you.

Thank you also to the staff of Macquarie University who contributed to making this thesis possible. A special thanks to Associate Professor Yue Wang whose co-supervision particularly aided me towards the end of my Ph.D. journey. Thank you to Professor Lucy Taksa who also shared her insights and provided me with great opportunities to further my career and academic development.

Special thanks to all of those individuals who gave their time and knowledge in support of my thesis. That is doubly true for those firms and people who directly contributed to the data collection within this thesis. I cannot thank you enough. I hope that this thesis helps your firms in their international strategies.

I would like to show appreciation for my friends and fellow Macquarie University folk. Mauricio, John, Alper, Marj, Daniel, and Mark thank you for the welcome distractions from my Ph.D. work. You all have made Macquarie University fun! To my non-Macquarie friends, especially Sam, Matt, Sid and James, between shooting hoops and blowing up people on Xbox, your friendship provided great stress relief.

Finally, I wish to acknowledge my family. Mum and Dad, thank you for supporting me throughout this process. You were my emotional bedrock when I needed it the most. I am very fortunate to have such kind, generous and understanding parents who did nothing but love and encourage me at all times. To my much loved brother, Timbo, thank you for being interested and always willing to talk and listen. Don’t you ever change! To G-Ma, thanks for being so encouraging and thoughtful. Your kind words and generosity have meant so much over the years. To Laurice, who has listened to me complain, anguish, and be stressed at various times over the last few years: thank you for listening and so much more. You have been so loving, patient and supportive throughout this process. Without everybody’s love and support this would not have been possible. Thank you to you all.

Chapter One

Introduction

1.1 Research background

The purpose of this study is to analyse the internationalisation process of rapidly internationalising professional service firms (PSFs). The importance of professional service firms (PSFs) in the global economy is escalating and has become one of the most significant changes to businesses in the last 20 years (Muzio & Faulconbridge, 2013). This is mirrored by a developing interest from researchers regarding the nature of professional service firms (PSFs) (von Nordenflycht, 2010). PSFs are of interest because they are unique, operating within distinctive environments and face unique management challenges (Amonini et al., 2010). Maister (1993, p.16) believed that PSFs were so distinctive that they should be examined as an 'extreme' organisational form to the extent that theories designed for other types of organisations are not applicable. Although the literature has yet to reach a consensus on what constitutes a PSF (Scott-Kennel & von Batenburg, 2012), it is clear that they are defined by distinctive characteristics not shared by other types of service firms – a high level of knowledge intensity, low capital intensity and a professionalised workforce (von Nordenflycht, 2010).

PSFs are the fastest growing segment of mature market economies, driven by changes in technology, mutual trade agreements, and trends towards offshoring and outsourcing (Canavan, Sharkey Scott & Mangematin, 2013). PSFs characteristics, along with their key resources and capabilities, suggest they may adopt distinct approaches to their business operations (Faulconbridge, 2008; Morgan & Quack, 2005; Segal-Horn & Dean 2009), specifically to address challenges such as specialized knowledge of the connections in the local environment (Canavan et al., 2013), transferring know-how across organizational and national boundaries, and the high degree of interaction required between the producer and consumer to ensure trust and guarantee of standards of service delivery (Brock, 2012). Despite calls in the literature for a greater understanding of PSFs and their internationalisation processes it is unclear as to how and why they internationalise (Muzio & Faulconbridge, 2013). Rose (2014) believes that the literature should pay greater attention to these types of firms as they become increasingly international. Strategies that PSFs employ are evolving and different to manufacturing firms. PSFs unique characteristics are associated with dependencies that heighten managerial and internationalisation challenges that may not be applicable to other types of firms (Greenwood et al., 2005). Indeed, as Canavan et al. (2013) assert, the internationalisation of PSFs can be particularly complex and challenging.

The emphasis on understanding how PSFs internationalise has particular relevance to rapid firm internationalisation. Research into how firms internationalise rapidly has become increasingly dominant in the internationalisation literature (Hashai, 2011). Since McKinsey & Company (1993) explored the concept of rapid internationalisation within the Australian market, rapidly internationalising firms have been considered to be small, mobile firms that enter multiple international markets virtually from inception (Knight & Cavusgil, 2005). Investigations into rapidly internationalising firms have investigated internal and organisational factors (e.g. Bell et al., 2003; Chandra, Styles & Wilkinson, 2012; Chetty & Campbell-Hunt, 2003, 2004; Kalinic & Forza, 2012; Moen, 2002; Moen & Servais, 2002; Mort, Weerawardena & Liesch, 2012) as well as the linking of these factors to international entrepreneurship, network theory and learning effects (DeClerq et al., 2012; Rialp, Rialp & Knight, 2005). Currently, investigations into rapidly internationalising firms cannot provide a linear path for their internationalisation (Trudgen & Freeman, 2014). The homogeneity associated with the development and speed of their internationalisation process may be a factor as the literature has yet to explain fully their internationalisation decisions (Casillas & Acedo, 2013).

A broader examination of rapidly internationalising firms is warranted as academic enquiry may benefit from increased examination of firm characteristics (Keen & Etemad, 2012; Kuivalainen, Saarenketo & Puumalainen, 2012). There has been an emerging focus on rapidly internationalising firms from diverse industries but much of the academic inquiry is sector specific, with a longstanding emphasis on industries such as biotechnology and computer software (Aspelund, Madsen & Moen, 2007; Ripolles Melia, Perez & Dobon, 2010). Research has begun to examine rapidly internationalising firms from a more holistic perspective with a significant growth in the body of research on these types of firms from diverse industries (Gabrielsson et al., 2008; Gerschewski, Rose & Lindsay, 2014; Jorgensen, 2014; Taylor & Jack, 2013; Thai & Chong, 2008; Trudgen & Freeman, 2014).

As part of a broader approach to the rapid internationalisation literature, several studies include firms from multiple industries, including PSFs (see Deprey, Lloyd-Reason & Ibeh, 2012; Freeman, Edwards & Schroder, 2006; Kalinic & Forza, 2012; Knight & Cavusgil, 2005; Rasmussan, Madsen & Evangelista, 2001; Rialp et al., 2005a; Rialp et al., 2005b; Scott-Kennel & von Batenburg, 2012). However, the research into the rapid internationalisation of PSFs has not fully investigated why or how these firms internationalise rapidly. Manufacturing firms are seen to be fundamentally different to service firms in both their product and internationalisation strategies and yet their rapid internationalisation strategies are assumed to be almost identical. This has extended to several rapid internationalisation models that have assumed similar internationalisation of service and manufacturing firms. These models have included service firms but have not specifically investigated them as part of their analysis (Bell et al., 2003; Fernhaber, McDougall & Oviatt, 2007; Rialp et al., 2005a).

Although prior research has examined firms that rely on intangible assets (Delios & Beamish, 2001; Meyer et al., 2009) and other studies have used knowledge and learning through the Uppsala model to examine the rapid internationalisation of firms (Andersson & Wictor, 2003; Weerawardena, Mort & Liesch, 2007), the role of knowledge as a firms key product remains unexplored. We know very little about the degree to which the firm's speed of internationalisation, choice of markets and choice of market commitment is affected by the intangible and inseparable nature of a firm's service. By drawing on the PSF and rapid internationalisation literature this study will add to existing rapid internationalisation theory knowledge and explore how and why rapidly internationalising PSFs internationalise.

1.1.1 Research framework

There are three key internationalisation dimensions that require attention (Cesinger et al., 2012). Studies from both the rapid internationalisation and service firm literature suggest a focus towards the speed and drivers of their internationalisation (Kuivalainen et al., 2012; Olejnik & Swoboda, 2012; Oviatt & McDougall, 2005), their choice of markets (Kuivalainen et al., 2012; Shrader, Oviatt & McDougall, 2000), and their choice of entry mode (Burgel & Murray, 2000; Olejnik & Swoboda, 2012).

In order to examine the rapid internationalisation of PSFs, the current study develops a research framework. This is derived from commonalities within the rapid internationalisation and PSF literatures. The framework separates three key elements of the internationalisation process as follows:

- The drivers of rapid internationalisation
- The choice of foreign markets
- The choice of market commitment

The most important aspect of a rapidly internationalising firm's early development is considered the speed with which it internationalises (Trudgen & Freeman, 2014). However, the internationalisation process of rapidly internationalising firms should extend beyond their pace of internationalisation and should also consider the scope and extent of their operations (Hashai, 2011). This provides us with a complete view of a firms' internationalisation process. For this reason, the internationalisation process needs to consider other key factors, particularly a firm's choice of markets and choice of market commitment to examine firms from different contexts.

1.2 The research questions

The aim of this research is to address a gap in the extant literature by exploring the following research question through an in-depth, qualitative study:

Why and how do rapidly internationalising professional service firms enter foreign markets?

The following subsidiary research questions have been developed to support the research question and assist in the gathering and analysis of the primary data. These questions are based around previous research which has identified the speed and drivers of their internationalisation (Kuivalainen et al., 2012; Olejnik & Swoboda, 2012; Oviatt & McDougall, 2005), their choice of markets (Kuivalainen et al., 2012; Shrader, Oviatt & McDougall, 2000), and their choice of entry mode (Burgel & Murray, 2000; Olejnik & Swoboda, 2012) as key elements of the internationalisation process.

Subsidiary research question 1:

Why is a rapidly internationalising professional service firm (PSF) motivated to internationalise?

Subsidiary research question 2:

How does the speed of internationalisation influence rapidly internationalising professional service firms (PSFs) in their choice of markets?

Subsidiary research question 3:

How does the speed of internationalisation influence rapidly internationalising professional service firms (PSFs) in their choice of entry mode?

The subsidiary research questions are designed to support the research question by highlighting key dimensions of rapidly internationalising PSFs' internationalisation processes and their influence on their internationalisation strategy.

1.3 Methodology of the thesis

This study will explore the nature of rapidly internationalising PSFs using a qualitative research approach. Qualitative research is considered to be appropriate when the study is exploratory with the aim to discover new relationships or situations of complex phenomena such as the internationalisation processes of rapidly internationalising PSFs (Daniels & Cannice, 2004: Stake, 2013). A multiple case study methodology, comprising seven Australian-based rapidly internationalising PSFs, is adopted. The focal unit of analysis was the internationalisation history of the firms specifically, their motivations to internationalise, the firms' choice of markets and choice of market commitment. An examination of the firm and its early development is necessary to examine its internationalisation processes. By exploring multiple cases in-depth the research analysis strengthens and provides robustness for any theoretical insights gained (Tellis, 1997; Vissak, 2010a). Given that the study focuses on international business research, specifically the complex internationalisation of rapidly internationalising PSFs, a qualitative case study approach is an appropriate methodology (Welch et al., 2011). This study's cases were chosen using purposive sampling. This is where cases are chosen to meet a predetermined set of criteria rather than be random or not related (Gomm, Hammersley & Foster, 2000; Patton, 2005). Firms that were selected as part of the study were determined by their applicability to the research question: they needed to conform to both rapid internationalisation definitions as well as be considered a professional service firm. With the aim of improving results and providing robust findings, seven rapidly internationalising PSFs were selected as appropriate case study firms.

In order to initiate relationships with each firm an introductory, unstructured interview was held with the founder of each firm. These less formal interviews enabled the researcher to develop a rapport with the interviewees (Daniels & Cannice, 2004). A formal, in-depth, semi-structured interview was then arranged with the founder of each firm. Interviews were designed to gather information about each firm's approach to internationalisation; the reasons behind a firm's decision to internationalise rapidly; the foreign markets it currently and formerly operated in; its choice of market commitment; and the nature of its service. Face to face interviews enabled the researcher to interpret the interviewee's thoughts on these issues, and provided essential insight into the phenomenon being investigated (Cooper & Schindler, 2008). Further interviews with founders and senior management asked similar questions seeking greater detail in key areas of their internationalisation as well as more information regarding how they deliver their service, the level of interaction with the client and how this impacted on the firm's internationalisation strategy. Repeating similar interview questions for each interview, as well as following up interviews with any questions or queries that the researcher required clarification on, improved the rigour of the content analysis.

To assist in the data gathered each interview was recorded, transcribed and 'member checked' by the interviewee (Flick, 2008). Further verification of the data was obtained by examining business websites, brochures and other literature. This method of data collection and cross-checking delivered superior construct validity as data was triangulated to help ensure well-rounded analysis and minimise misinterpretation (Stake, 2013).

Each interview was transcribed and analysed using both manual and software analysis to help avoid possible interpretation errors (Flick, 2008). Initially, each interview transcript was manually coded by the researcher. To aid in the management of the large quantities of data, NVivo software was adopted to help determine and categorise themes that emerged from the data. However, the researcher remained the key tool in the analysis and interpretation of data (Morse et al., 2008).

1.4 Research Objectives

The objective of this thesis is to provide theoretical, managerial and applied contributions with relevance to the research questions. This includes an understanding of why rapidly internationalising PSFs internationalise and an understanding of their internationalisation processes.

Scott-Kennel and von Batenburg (2012) outline that there is a distinct lack of empirical research to understand the strategies of PSFs in the early stages of their internationalisation. This study aims to make a contribution to the rapid internationalisation and PSF literature by examining the internationalisation processes of rapidly internationalising PSFs. This should aid in the understanding of the early stages of PSF rapid internationalisation. The framework developed for this study will include elements from researchers who have investigated rapidly internationalising firms (such as Bell et al., 2003; Fernhaber et al., 2007; Rialp et al., 2005a) and will also extend this earlier work. It will address the call by several researchers (such as Kuivalainen et al., 2012; Olejnik & Swoboda, 2012 and Taylor & Jack 2013) to extend existing rapid internationalisation theory by studying industries and sectors that have not been the focus of earlier research. Thus, the framework developed in this study will provide a tool to examine and analyse the strategies of rapidly internationalising PSFs. The framework should also offer opportunities to explain the factors influencing the firms' internationalisation strategies.

In addition to the contribution to the rapid internationalisation and PSF literatures, the results of the research should also be of significance to managers and policy-makers in the professional service industry. Managers and policy-makers will benefit by understanding that rapidly internationalising PSFs internationalise differently to other types of firms. They have unique drivers of internationalisation, choice of markets and choice of market commitment. By considering the nature of a PSF, both managers and policy-makers will aid rapidly internationalising PSFs through the facilitation and development of appropriate strategies that help successful early internationalisation.

1.5 Organisation of the thesis

This chapter has described the research background, the research framework and the thesis methodology. The following section provides a brief outline for each chapter. Figure 1 illustrates the structure of this thesis which consists of six chapters:

Figure 1 – Structure and organisation of the thesis

Chapter 1	-	Introduction
Chapter 2	-	Review of the literature
Chapter 3	-	Methodology and data collection
Chapter 4	-	Case study firms
Chapter 5	-	Cross case analysis
Chapter 6	-	Key findings, implications and future research

1.5.1 Chapter Two

Chapter Two will provide an overview of the extant literature relevant to the research. It will be organised around two objectives considered crucial for the study. The first objective will be to analyse PSFs and their internationalisation processes. This will include a focus on PSFs development within the literature as well as an overview of their unique internationalisation strategies. The second objective is to explain the nature and development of rapidly internationalising firms within the literature. As part of the review major theories developed to explain the internationalisation process of firms will be introduced, examined and critiqued. This section will focus on the relevance of these theories to rapidly internationalising and PSFs. To conclude the chapter, the research question and subsidiary research questions, which are derived from the literature, will be introduced and justified.

1.5.2 Chapter Three

This chapter will outline and justify the research methodology and data collection. This research employs a qualitative case study approach, which emphasises the ‘how’ and ‘why’ dimensions of the research question. As part of this focus semi-structured interview questions emphasised key topic areas, specifically the drive to internationalise rapidly, the choice of foreign markets, the choice of market commitment and the nature of the firms’ professional service. Seven Australian-based rapidly internationalising PSFs participated in the research. This research approach allowed for comprehensive and comparative analysis of firms within the internationalisation framework. Founders and senior staff were interviewed over a two-year period. An overview of how each firm was contacted and how the interviews were organised, conducted and analysed is included in this chapter.

1.5.3 Chapter Four

This chapter analyses the data collected from the seven case study firms. Each case analysis begins with an overview of the firm and its background. The nature of the professional service characteristics is then presented. This includes a detailed examination of the firm's professional services relevant to service categorisations. This is followed by an overview of the firm's internationalisation activities relevant to the research framework, specifically these are the drivers of rapid internationalisation, the choice of foreign markets and the choice of market commitment. The relationship between the composition of the firm's professional service and its internationalisation process is then discussed. In particular, each case analysis highlights the influence of PSF characteristics on the firm's approach to rapid internationalisation.

1.5.4 Chapter Five

Chapter Five presents a discussion based on the research findings and analysis of the seven case study firms. A comparative analysis of the research findings is presented in respect to the literature overviewed in Chapter 2 as well as the research question and the subsidiary research questions. Key findings are that the influence of the entrepreneur, the role of client followership and the desire of founders to establish an international presence to build credibility and legitimacy encourage the firm to internationalise in ways that are different to other types of rapidly internationalising firms. Finally, a conceptual framework is presented highlighting the influences of rapidly internationalising PSFs and their internationalisation across the key internationalisation dimensions.

1.5.5 Chapter Six

The final chapter provides an overview of the thesis, addresses the research question, and presents the implications of the research for academics, managers, policy-makers, and future research directions. Insights into how rapidly internationalising PSFs influence their internationalisation process are given. Based on the case study findings and comparative analysis, the research contributes to understanding the internationalisation of rapidly internationalising firms and PSFs. The use of a broad internationalisation framework progresses the research on rapidly internationalising firms by emphasising that rapidly internationalising PSF managers must consider more than just their desire to internationalise when motivated to enter foreign markets and that, in the early process of internationalisation, the drive to internationalise, the choice of markets and the choice of market commitment are related. Chapter six concludes the thesis by providing six propositions for future research as well as a discussion of the limitations and implications of this thesis' research findings.

Chapter Two

Review of the Literature

2.1 Introduction

This chapter reviews the extant literature on the research topic. The literature review begins with an overview of early professional service research. This will provide an outline of the historical context of professional services in the research that highlights its importance. The characteristics of professional service firms are then introduced and explained. These are explored with an overview of how researchers have examined professional service firms within the service context. The continued evolution and delineation of PSFs from other types of service firms is addressed, including how they vary in their nature and characteristics. Critical analysis of the development of PSF definitions will provide a more robust platform for understanding the nature of PSFs.

The chapter will then provide an analysis of firm internationalisation. Incremental models of internationalisation are introduced and explained, including an examination of their key criticisms regarding professional service firms and rapidly internationalising firms' internationalisation processes. The research will then explore two firm categories that have yet to be sufficiently explored within the internationalisation literature: professional service firms and rapidly internationalising firms. Both categories and their internationalisation processes will be examined by overviewing their drivers of internationalisation, their choice of markets and choice of entry mode. Some researchers emphasise how these firms' characteristics restrict their internationalisation pathways across these internationalisation dimensions.

Finally, the research question will be presented. This will be based on the nature of professional service firms and rapidly internationalising firms as well as their internationalisation processes. The conceptual model is then presented. To further identify the research issues, three subsidiary research questions are presented and are justified by the research detailed in the chapter.

2.2 Professional Service Firms

2.2.1 The early development of professional service firm definitions

In an early effort to accurately define services, Levitt (1972) proposed that service firms should be seen in a humanistic way, where the deed of one individual is performed personally for another. This was a way to identify service industries more clearly. In early research the definitions of service-oriented firms continued to highlight services as being based around personal interaction, particularly between the service provider and the user of the service (Hill, 1977; Hirsch, 1989; Regan, 1963). Fisk, Brown and Bitner (1993) referred to the period up until 1980 as an early evolution or 'crawling out' stage of service definitions. This is where the definitions of services focused on being fundamentally different to other types of industries, particularly those focused around manufactured goods. Previous definitions successfully described what a 'good' is but only saw services as anything that does not fall within this definitional boundary.

As part of the early evolution of service firm definitions, a focus towards identifying different types of services began. This included early attempts by researchers to identify, define and categorise different types of service firms. This included firms that dealt with professional services and can be seen in an overview by Gummesson (1978). Gummesson (1978, p.89) proposed that professional service firms could not be analysed using existing models or broad service definitions, especially those attributed to 'goods':

> *For professional services it may be inhibiting to start with theories and models for the marketing of goods, one can become so committed to those theories and models as to be unable to venture outside their limits.*

Gummesson (1978) suggested that professional services can instead be defined by eight components that are seen to cover the general application of services. These were across three elements of the service process:

- The required input: specialist know-how, experience and methods; individual professionals; other resources and attributes.
- The operation of the assignment: Diagnosis, problem and goal formulation as well as a way of operating an assignment.
- The end product: Solution to the problem, implementation of a solution and the result of the implemented solution.

Gummesson (1978) emphasised that PSFs are unique, and require their own definitional stipulations beyond basic service definitions.

In an early example that suggests professional services firms are unique, Hirsch (1989) emphasises the consultation industry and notes that it does not conform to other service definitions. The consultation industry has a high level of inseparability, and this should be considered when examining services (Kotler, 1982). Kotler (1982) suggests that it is the idea of inseparability that makes services firms different to other types of outputs:

> *A service is inseparable from the source that provides it. Its very act of being created requires the source, whether person or machine, to be present. In other words, production and consumption occur simultaneously.*

Hirsch (1989) argued that not all services were alike, and not all services are inseparable. He suggested that service firms from certain industries, such as consultation, may require greater levels of interaction with the client than other service industries. He posits that the degree of interaction within the service process can be classified as 'intensity'. This may aid in delineating between services and highlights how certain services are different from others. Hirsch (1989, p. 49) explains:

> *Interaction can vary in length, it may be continuous or it may be interrupted by one or more intervals. It may take place at the beginning or at the end of the process during which the service is being rendered.*

In the early 1990's a distinct body of literature emerged examining PSFs (Cooper et al., 1996; Greenwood, Hinings & Brown. 1990; Hinings, Brown & Greenwood, 1991; Maister, 1993; Winch & Schneider, 1993). In an effort to determine their unique characteristics, Maister (1993) recommends that PSFs should be considered different from other types of service firms. Due to the need for a high degree of customisation and the requirement of face to face interaction, these firms are unique. Both factors make traditional strategies such as standardisation of processes and services as well as supervision problematic. Maister (1993) focused on the unusual outputs of PSFs and found that outputs had a balance between three key characteristics: Procedural – where the solution/approach to meet the firm's needs are well known; Brain – where the solution/approach requires a lot of creativity; and Grey hair – where the right solution/approach is unique and requires strong experience from the professional.

Malos and Campion (1995) examined the importance of human resource inputs within PSFs. They saw distinctive patterns in career progression and employment within PSFs and believed that a key aspect of PSFs existed in the nature of their employees' knowledge and the need for high levels of mobility. They noted that PSFs are differentiated from other types of firms, including other kinds of service firms, because of the need for career mobility, particularly when it came to promotion. Malos & Campion (1995) defined PSFs with a focus on human resources:

> *Autonomous, self-owned organisations that have traditionally managed and developed human resources through a system of professional apprenticeship.*

Other researchers further outlined how PSFs were different from other types of service firms. Nachum (1999) viewed PSFs in terms of the firms' inputs and outputs. Nachum (1999) believed PSFs comprised of two broad characteristics. First, professional knowledge is their core resource and is both an input and an output in their production process. Second, PSF clients are other firms, organisations or governmental departments that use PSF outputs as an input in their production processes. Lowendahl (2005, p.34-35) examined the nature of PSFs and determined that these types of firms are unique, and that previous definitions had been too broad. He states that:

> *That professional service firms are "different" is not enough. In order to determine which theoretical concepts are applicable and which are not, it is important to identify these differences.*

Lowendahl (2005) found several common characteristics that made them distinct from other types of service firms. Building on the work of previous PSF research, he found that PSFs were highly knowledge intensive, delivered by highly educated employees, carried out by employees who are experts in the field, each service was highly customisable, service delivery required a high level of client interaction as well as discretion and personal judgements by the experts involved and thee service is constrained by professional norms of conduct. Lowendahl (2005) took these factors further and noted that common PSF characteristics bring focus to a key element of their nature, the individual nature of each service. As such, PSFs are seen simultaneously to require highly qualified individuals, distinctive client services and subjective quality assessment (Lowendahl, 2005). All three elements suggest that each service and interaction between the client and producer is wholly unique.

In an attempt to define PSFs more accurately and determine their characteristics the literature has investigated PSFs relevant to their outputs. Researchers have examined service firm frameworks that focus on service delivery to aid in PSF definitions. They emphasise that professional service firms are an extension of four key service firm characteristics that emerged in the service literature in the 1980's and 1990's (Amonini et al., 2010; Hitt et al., 2006; Lowendahl, 2005; von Nordenflycht, 2010, Zardkoohi et al., 2011). Zeithaml, Parasuraman, and Berry (1985) examined the key differences between service firms and concluded that four characteristics were integral to define services: intangibility, heterogeneity, perishability, and inseparability. These characteristics are explored in more detail:

- **Intangibility** – services may be intangible and lack the tactile quality of manufactured goods. Customers may not be able to experience, touch or see the service prior to the service being produced.
- **Heterogeneity** – when compared to manufactured goods, services are seen to be difficult to standardise. Services are delivered person to person and so the variable context means each service produced may be different because of the nature of each individual participant as well as the time of the service delivery.
- **Perishability** – refers to the relative inability to store services so that they may be used or sold at a later point in time. Service delivery is time dependent and so the time in which the consumer chooses to use the service is crucial to its successful delivery.
- **Inseparability** – unlike manufactured products, the production and consumption of a service tend to be simultaneous. Where manufactured goods are produced, purchased and consumed at different points in time, services tend to be produced as they are consumed.

These four key characteristics became quickly and widely accepted within the literature as identifiers between serviced and manufactured goods (Berthon et al., 1999; Coviello & Martin, 1999; Gabbot & Hogg, 1994; Gronroos, 2000; Patterson & Cicic, 1995; Roberts, 1999). Groonroos (2000, p60) noted that these four characteristics are considered to be the defining characteristics of services as they are '*repeated in almost every context without any discussion of the undermining logic'*.

Lovelock and Gummesson (2004) believed that of the four characteristics particular emphasis has been given to intangibility within the service firm literature. Despite this focus, they believe that elements of the four key characteristics (which for simplicity they referred to as IHIP) oversimplified services and the nature of their service delivery.

PSFs were seen to share several characteristics with the IHIP framework but with a much larger emphasis on knowledge intensity and interaction (Hitt et al., 2006; Lowendahl, 2005; von Nordenflycht, 2010, Zardkoohi et al., 2011). In this sense, PSFs represent 'extreme' characteristics within the service literature. As a category of service firm PSFs adhere to the broad IHIP framework. When related to the four key characteristics of service firms they can be seen to have a high degree of all four characteristics. They are seen to require a high degree of intangibility as they rely on complex knowledge from highly qualified individuals (Broschak, 2004; Hitt et al., 2006). They show a high level of heterogeneity as the reliance on working closely with different individuals within different contexts ensures that each service is unique (Malhotra & Morris, 2009). The service itself is highly perishable as there is no single way to store or capture the totality of the service, regardless of improvements in technologies (Moeller, 2010). This emphasises the need to form relationships with the client so that better interaction can take place (Brentani & Ragot, 1996). Finally, the inseparability between the client and the producer of the service is considered paramount to the successful delivery of the service (Fosstenlokken et al., 2003; Malhotra & Morris, 2009).

Other researchers have noted that PSFs are more complex than the broad services characteristics allow. PSF definitions required greater specificity as they are more dependent on the client, as well as requiring intangible complex knowledge for their success than other service firms. Greenwood et al. (2005) saw that PSFs were dependent on the interrelationships between key factors. These factors were a professional workforce, intangible outputs and complex knowledge. Greenwood et al.'s (2005 p. 661) definition highlighted these dependencies to differentiate PSFs from other types of firms:

> *PSFs are those whose primary assets are a highly educated (professional) workforce and whose outputs are intangible services encoded with complex knowledge. From this definition arise two critical dependencies. First, an asymmetry of information between the firm and its clients makes the latter dependent on the former; and second, the high mobility of the firms human assets make it dependent on a professionalised workforce.*

The emphasis on knowledge has been further reflected in the literature. As a key defining characteristic, PSFs are most commonly associated with high levels of knowledge intensity (Brentani & Ragot, 1996; Empson, 2007; Gardner, Anand & Morris, 2008; Greenwood et al., 2005; Greenwood & Suddaby 2006; Maister, 1993). Von Nordenflycht (2010, p.155) explains that PSFs are seen as 'extreme' examples of firm knowledge intensity and that this is perhaps the most fundamentally distinctive characteristic of PSFs. The knowledge embedded within individuals, particularly to satisfy the unique demands of clients is a necessity for PSF success (Robertson, Scarbrough & Swan, 2003). The intangible nature of professional services combined with the need for expert knowledge requires that effective communication is essential to PSFs. This extends to the client as well as the service firm as both must have an intimate knowledge of each other's needs, capabilities and processes (Brentani & Ragot, 1996).

Von Nordenflycht (2010, p.155) explains that PSFs are seen as 'extreme' examples of service firms and suggests that knowledge intensity is perhaps the most fundamentally distinctive characteristic of PSFs. In his review of PSF definitions, von Nordenflycht (2010) proposes that PSFs can be categorised based on three central, distinctive characteristics – knowledge intensity, low capital intensity and a professionalised workforce. Knowledge intensity is seen to be common amongst all types of PSFs, but low capital intensity, and workforce professionalisation can vary. Combinations of knowledge intensity, as well as low capital intensity and/or a professionalised workforce, are considered essential characteristics to defining PSFs.

One of the issues with traditional definitions of PSFs is that they are seen to fail to adequately incorporate even those PSF industries that are seen as canonical (e.g. law firms) within their definitions (Zardkoohi et al., 2011). By incorporating these three elements von Nordenflycht's (2010) definition includes PSF industries that were commonly considered to be PSFs, but did not adhere to prior academic PSF definitions. The introduction of von Nordenflycht's definition has helped account for the recent shift in the literature towards other PSF industries such as hospitals, management consultancies and advertising agencies.

Table 2.1: Overview of key definitions and criteria for PSFs

	Definition	Key criteria
Gummesson (1978)	N/A	The work of the professional leads to some kind of solution to the client's problem The professionals are often involved in the implementation of the solutions they suggest The output is the impact of the professionals work on the economic situation of their clients
Maister (1993)	N/A	Outputs are intangible and customised for each client
Malos & Campion (1995)	Autonomous, self-owned organisations that have traditionally managed and developed human resources through a system of professional apprenticeship	N/A
Nachum (1999)	N/A	Professional knowledge is their core resource and is both an input and an output in their production process. PSF clients are other firms, organisations or governmental departments that use PSF outputs as an input in their production processes. PSF clients are other firms, organisations or governmental departments that use PSF outputs as an input in their production processes.
Greenwood et al., (2005)	PSFs are those whose primary assets are a highly educated (professional) workforce and whose outputs are intangible services encoded with complex knowledge.	Intangible applications of complex knowledge, highly professionalised workforce, highly mobile workforce
Lowendahl (2005)	N/A	Service is highly knowledge intensive services are based on expert, professional assessment each service is customised to the client high degree of interaction between the client and firm Individuals are constrained by professional norms of conduct Individuals are typically trained in a standardised body of knowledge, common to professionals in that sector
von Nordenflycht (2010)	N/A	Must have high levels of knowledge intensity and either low capital intensity and/or professionalised workforce

The development of PSF definitions and characteristics surveyed in Table 2.1 emphasises that PSFs have been difficult to define (Zardkoohi et al., 2011). Broad service characteristics are not seen to acutely separate PSFs from other types of service firms. This makes the division between PSFs and other types of service firms less distinct. Researchers have acknowledged that PSFs are more complex and display other factors that need to be accounted for. Knowledge intensity, a professionalised workforce and low capital intensity are seen to be integral factors when accurately defining PSFs (von Nordenflycht, 2010).

2.3 Internationalisation theory

The previous section explained that PSFs have key defining characteristics that are not shared by other types of firms. PSFs are viewed as a category of service firm that is wholly unique in that they depend upon high levels of complex knowledge, a highly professionalised workforce and/or low capital intensity. The consequence is that the successful delivery of a service is very complex. This has particular relevance when firms deliver their professional services internationally. As PSF definitions and knowledge developed and evolved, so has the internationalisation theory that tries to explain their foreign market strategies. Korsakiene & Tvaronaviciene (2012) believe this evolution will ensure that internationalisation research continues to be an important area. To help understand the internationalisation literature, Ruzzier, Hisrich & Antoncic (2006) believe we should consider internationalisation definitions and theory and examine their development.

2.3.1 Defining internationalisation

The definition of internationalisation has been extensively researched within the business literature (Chetty, 1999; Korsakiene & Tvaronaviciene, 2012; Ruzzier, et al., 2006). As it has been explored within different settings, the result is multiple definitions that operate across different contexts. It is the opinion of several academics that a single universal definition for internationalisation from a single perspective remains elusive (Eberhard & Craig, 2013; Merino, Monreal-Perez & Sanchez-Marin, 2014). Chetty & Campbell-Hunt (2004) believed that internationalisation is best explained by taking an integrated approach. Merino et al., (2014) explain that each firm’s internationalisation process can be unique, making the ability to apply broad definitions to specific industries or firms – such as the service industry – very difficult. Some of the different definitions of internationalisation and their focus are presented in Table 2.2.

Table 2.2: Internationalisation definitions

Author/s	Definitions of internationalisation	Focus
Welch & Luostarinen (1988, p.156)	*"a process of increasing involvement in international operations"*	Process, firm's operations
Beamish (1990, p.77)	*"process where firms start by increasing their awareness of the direct and indirect influences of international transactions on their future, before moving on to establish and conduct transactions with other countries"*	Process, firm's operations
Johanson and Vahlne (1990)	*"the process evolves in an interplay between the development of knowledge and commitment of resources"*	Process, firm's operations
Calof & Beamish (1995, p.116)	*"the process of adapting the firms operations (strategy, structure, resources, etc.) to international environments"*	Process, firm's operations
Andersen (1997, p.27-42)	*"the process of adapting an exchange transaction to international markets"*	Economic relationships
Naidu, Cavusgil, Murthy & Sharkar (1997, p.115)	*"internationalisation is a gradual process whereby a firm develops a network of global trade relationships"*	Process, firm's operations
Lehtinen and Pentitinen (1999)	*"the relationships between the firm and its international environment, from the development and utilization process of the personnel's cognitive and attitudinal readiness and is concretely manifested in the development and utilization process of different international activities, primarily inward, outward and cooperative operations"*	Networks, relationships
Ahokangas (1998)	*"the process of mobilising, accumulating and developing resource stocks for international activities"*	Resources, process
Javalgi, Griffifth & White (2003, p. 186)	*"internationalisation is considered to be the process through which a firm moves from operating solely in its domestic marketplace to international markets"*	Process, firm's operations
Jones & Coviello (2005, p.7)	*"internationalization behaviour takes place over time, manifest in a time sequence in which events occur"*	Process, firm's operations

Matthews & Zander (2007, p.395)	*"entrepreneurial process of the firm's becoming integrated in international economic activities"*	Process, firm's operations
Johanson & Vahlne (2009, p.1411)	*"markets are networks of relationships in which firms are linked to each other in various, complex, and, to a considerable extent, invisible patterns. Hence insidership in relevant networks is necessary for successful internationalisation"*	Networks, relationships Process, firm's operations
Kamakura, Ramon-Jeronimo & Gravel (2012, p. 248)	*"the company evolves across different statesdepending on its market knowledge, its commitment and its different activities in the international arena"*	Process, firm's operations

Source: Adapted from Ruzzier et al. (2005)

As Table 2.2 outlines, existing research on internationalisation has emphasised the firms' processes of internationalisation including their development of international activities or operations. This includes definitions focusing on incorporating product, operation and market analyses or network analyses. The emphasis of defining internationalisation has led many authors to view the process of internationalisation as evolutionary. Welch and Luostarinen (1988) analysed the evolution of the internationalisation concept and concluded that it is not a uniformly defined concept. A similar viewpoint is that internationalisation is an ongoing stage driven process where the firm increases its international commitment based on gaining knowledge and increasing market commitment (Johanson & Vahlne, 1977; 1990). Lehtinen and Penttinen (1999) attempted to summarise the internationalisation process based on evolutionary perspectives. Their definition of internationalisation also applied to two key concepts: international orientation and international commitment. Both concepts enabled internationalisation to be more easily evaluated as orientation referred to a firm's general attitude while commitment could be easily assessed somewhere between no involvement (domestic firm) and full commitment (high levels of market commitment).

Another perspective focuses on economic and behavioural views of internationalisation (Beamish, 1990). Calof & Beamish (1995) took a dynamic approach to internationalisation and viewed it as constantly changing and adjustable. They emphasised how a firm adapted and shifted its operations to its international environment. Internationalisation was refocused in the services marketing literature whereby internationalisation concerns were considered not just about venturing overseas but also by embracing foreign culture (Javalgi, Griffifth & White, 2003). This extended Calof &

Beamish's (1995) dynamic approach and emphasised that internationalisation was more than simply venturing into foreign markets.

Rapid internationalisation research and models have influenced internationalisation and how it may be defined. Firms that were previously expected to internationalise slowly over a number of years as part of their internationalisation process have now been found to internationalise from their birth (Chetty & Campbell-Hunt, 2003). Internationalisation for these firms is not process driven but instead is rapid and seen as nearly simultaneous within multiple national markets.

Many authors have shifted their focus from internationalisation definitions and analysis to the importance of resources and how firms require them for internationalisation (Ruzzier et al., 2006). Researchers suggest that earlier internationalisation definitions are too limiting and fail to take resources into account. These include knowledge, social capital, environmental resources and networks (e.g. Johanson & Vahlne, 2009; Kuivalainen et al., 2012; Saarenketo et al., 2004; Prashantham, 2005). Despite the increased focus on resources in internationalisation definitions, the role of process and the firm's operations remain key features in internationalisation designations.

2.3.2 Incremental internationalisation models

The study of firm internationalisation has traditionally focused on large, mature corporations (Aspelund et al., 2007; Johanson & Vahlne, 1990; Oviatt and McDougall, 1994). These multinational enterprises (MNEs) evolved from firms that have established themselves within their domestic markets. The international business literature attempts to explain the internationalisation processes of these firms through different theoretical models (Johanson & Vahlne, 1977; Cavusgil, 1980). From this perspective, internationalisation processes posit that firms move from domestic markets into international markets through incremental stages.

The two major models of internationalisation remain the Uppsala internationalisation model, introduced by Johanson and Vahlne (1977), and the innovation-related internationalisation model introduced by Cavusgil (1980). Both models are based on the internationalisation process involving a number of incremental steps, and both have general acceptance within the literature (Andersen, 1993). Because of this pattern-based approach, they are often referred to as 'stage models' (Hadjikhani, 1997). However, despite apparent similarities, these models are very different. The Uppsala model provided a process-based approach, building explanations from observed patterns. The innovation related model took a variance based approach that focuses on relationships among dependent and independent variables (Welch & Paavilainen-Mantymaki, 2014). These two models are discussed further in the next section.

2.3.2.1 Innovation related models

Based on the research by Bilkey & Tesar (1977), Bilkey (1978) and Cavusgil (1980), the innovation-related models (I-models) emphasise innovation by drawing upon the behavioural perspective (Andersen, 1993). These models emphasise that each stage of internationalisation is seen as an innovation for the firm (Andersen, 1993; Gankema, Snuif & Zwart, 2000; Melin, 1992; Morgan & Katsikeas, 1997; Ruzzier et al., 2006; Welch & Paavilainen-Mantymaki, 2014). The development of each stage is based on the attitudinal changes of managers as well as shifts in their perceptions and beliefs (Bilkey & Tesar, 1977; Cavusgil, 1980; Coviello & Martin, 1999; Coviello & McAuley, 1999; Czinkota, 1982; Reid, 1981). Being behaviourally oriented, these models consider individual learning and senior managers as important when attempting to understand a firm's international behaviour (Andersen, 2000; Ruzzier et al., 2006).

Cavusgil's (1980) innovation related model highlighted a series of stages that a firm experiences as it furthers its international market commitment. Like other innovation-related models, the movement from one stage to the next is gradual and enables the firm to adapt to any market changes (Wickramasekera & Oczkowski, 2006). Unlike the Uppsala model, Cavusgil's (1980) model includes more advanced entry modes for internationalisation. The final stage of the model (committed involvement) requires the firm to enter markets through higher levels of commitment such as licensing and FDI, rather than relying on exporting alone (Gankema et al., 2000; Leonidou & Katsikeas, 1996; Uner et al., 2013) and brings greater focus to firm-specific factors as well as managerial characteristics as the most influential factors in a firm's internationalisation process. The stages of Bilkey & Tesar's (1977), Cavusgil's (1980), Czinkota's (1982) and Reid's (1981) models are outlined in Table 2.3.

A common feature amongst the I-models is their reliance on incremental stages. Although models differ in the name, number, nature and content of stages, several key commonalities remain (Andersen, 1993; Morgan & Katsikeas, 1997). First, the models propose that firms experience an incremental approach to internationalisation. Second, across the models three broad stages can be identified: the pre-export stage, the initial export stage and the advanced export stage (Clark, Pugh & Mallory, 1997; Leonidou & Katsikeas, 1996; Ruzzier et al., 2006). The sequence of these changes is also reflected in managers' attitudes towards foreign markets (Cuervo-Cazurra, 2011). Suarez-Ortega (2003) noted that as firms become more committed to a foreign market the perception of the barriers of entry diminish. The innovation-related models emphasise that as managers learn about foreign markets and a firm increases sales in the overseas country, the managers shift from inactively dealing with foreign clients to actively pursuing overseas expansion.

Table 2.3: A selection of I-Models

Bilkey & Tesar (1977)	**Cavusgil (1980)**	**Czinkota (1982)**	**Reid (1981)**
Stage 1 Management is not interested in exporting	**Stage 1** Domestic marketing: The firm sells only to the home market	**Stage 1** The completely uninterested firm	**Stage 1** Export awareness: Problem of opportunity, recognition, arousal of need
Stage 2 Management is willing to fill unsolicited orders, but makes no effort to the feasibility of active exporting	**Stage 2** Pre-export stage: The firm searches for information and evaluated the feasibility of undertaking exporting	**Stage 2** The partially interested firm	**Stage 2** Export intention: Motivation, attitude, beliefs, and expectancy about export
Stage three Management actively explores the feasibility of active exporting	**Stage three** Experimental involvement: The firm starts exporting on a limited basis to some psychologically close country	**Stage three** The exporting firm	**Stage three** Export Trial: Personal experience from limited exporting
Stage 4 The firm exports on an experimental basis to some psychologically close country	**Stage 4** Active involvement: Exporting to more new countries - direct exporting - increase in sales volume	**Stage 4** The experimental firm	**Stage 4** Export evaluation: Results from engaging in exporting
Stage 5 The firm is an experienced exporter	**Stage 5** Committed involvement: Management constantly makes choices in allocating limited resources between domestic and foreign markets	**Stage 5** The experienced small exporter	**Stage 5** Export acceptance: Adoption of exporting/rejection of exporting

Stage 6 Management explores the feasibility of exporting to other more psychologically distant countries		**Stage 6** The experienced large exporter	

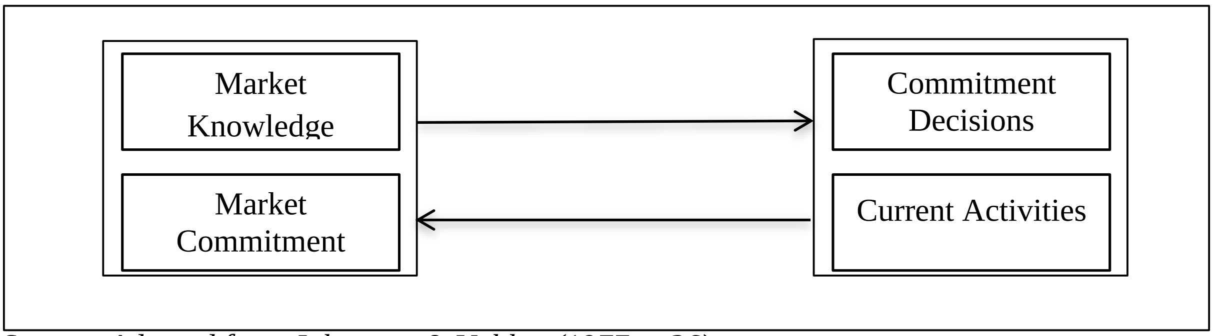
Source: Andersen (1993, p.213)

2.3.2.2 Uppsala internationalisation model

The Uppsala model (U-Model) was first initiated in the mid 1970’s by Johanson and Wiedersheim-Paul (1975) before the model was developed by Johanson & Vahlne (1977; 1990) and further refined by Johanson & Vahlne, (2009).

The basic conceptual process of the model concerns firms’ internationalising through four distinct stages. Each stage is driven by an increase in managerial learning and knowledge from the previous stage. In this sense, a firm’s international commitment is derived from knowledge gained from previous market commitment. Initially, the firm begins with low risk, indirectly exporting to ‘psychically’ similar or culturally close markets. This allows the firm to reduce risk by incrementally increasing commitment to markets that are psychically distant based on increased market knowledge. The U-model formulated by Johanson & Vahlne (1977) is shown in Figure 2.

Figure 2 – State and Change Aspects of Internationalisation



Source: Adopted from Johanson & Vahlne (1977, p.26)

The model highlights that the internationalisation process consists of state and change with four key concepts: market knowledge, market commitment (state aspects) and current activities and commitment decisions (change aspects). The state aspects influence the change aspects and vice versa. Based around these states is the internationalisation process. Although not specifically part of the model, the Uppsala model is associated with sequential, incremental, stage driven internationalisation that is based on four key stages (Johanson & Vahlne, 2009; Welch & Paavilainen-Mantymaki, 2014). These are:

Stage One: No regular export activities

Stage Two: export via independent representatives

Stage Three: establishment of an overseas sales subsidiary

Stage Four: overseas production/manufacturing

The Uppsala model assumes that firms will focus on the domestic market initially because this builds experience for the firm and concurrently reduces the risk involved with exporting and internationalising (Johanson & Vahlne, 1977). Before a firm is able to expand internationally it must gain business experience from its current business activities. This helps to reduce risk when expanding. This process recognises that gaining knowledge about foreign markets can be difficult and is dependent on the firm learning while remaining path dependent. Johanson & Vahlne (1977, p.28) argued that '*market specific knowledge can be gained mainly through experience in the market'*.

A key element that underpins the Uppsala model is the role of psychic distance. By entering new markets successively, the firm is able to incrementally enter markets that are more psychically distant. This is an important factor when considering the internationalisation processes of firms (Andersen, 1993; Hollensen, 2001; Johanson & Vahlne, 1990; Moen & Servais, 2002). Based on the stage model approach of Johanson & Weidersheim-Paul (1975), this suggests that firms initially enter markets that are more culturally similar to the home market before expanding into more culturally dissimilar markets (Freeman et al., 2012).

According to Brewer (2007), psychic distance refers to the factors disturbing the flow in information between suppliers and customers. The key assumption when related to the U-model is that firms are more likely to initially enter psychically similar markets. The essence of psychic distance relevant to internationalisation models that firms who share greater levels of cultural similarities (i.e. low psychic distance) with other countries will be more encouraged and more likely to operate there (Moen & Servais, 2002). Cultural distance and psychic distance are regarded as two concepts that overlap with one another (Sousa & Bradley, 2006). Psychic distance refers to the differences from the home country and a market. These are based upon culture, and business difficulties such as language, political systems, business practices and educational systems (Freeman et al., 2012; Johanson &

Vahlne, 1977). The international business literature shows that psychic distance is more highly associated with distances between nations, particularly cultural and linguistic differences, than with psychic elements (Kontinen & Ojala, 2010; Nebus & Chai, 2014).

Johanson & Vahlne (1990) argue exceptions to their original incremental model. In refining the model they believe that firms could leapfrog stages (i.e. skip a stage) if they had access to greater resources, if they had access to market knowledge other than through experience, and if market knowledge can be generalised to other similar markets. Johanson & Vahlne (2009) revisited their model and argue that the liability of foreignness or market knowledge could be seen instead as the liability of outsidership. They acknowledge (p. 1416) that *'the general internationalization knowledge ... is probably more than we assumed back in 1977'*.

Key proponents of Johanson & Vahlne's (1977) original model are still in place in their updated model (Johanson & Vahlne, 2009). These are that the models theoretical underpinning their original theory are largely the same. The dynamic aspect of transition between states, the state and change aspect remains unchanged. Other aspects of the model such as that a firm's internationalisation process is determined by knowledge, especially 'experiential knowledge' and uncertainty with regard to how, when and where the firm will internationalise have shifted. The original model is one of risk reduction through experiential learning. The Uppsala model initially assumed that the knowledge required to internationalise was largely achieved by having foreign operations (Johanson & Vahlne, 1977, 1990). Johanson and Vahlne (2009) continue to emphasise market knowledge acquisition and that market knowledge accumulates with increased commitment. The most recent model recognises the criticality of network relationships in internationalisation, suggesting that without sufficient networks, firms may suffer from the liability of outsidership. The original models key basis – the importance of experiential learning – still exists in the updated model but other elements are seen to be more important than first thought, specifically the importance of opportunity seeking and the role of globalisation. Consequently, it can be seen that foreign markets may be psychically distant from the home environment but managerial knowledge and relationships with a host environment may matter more than home-host country differences to successful internationalisation (Hutzschenreuter, Voll & Verbeke, 2011). This suggests new strategic approaches to internationalisation are required, and the need for innovative business models is emphasised.

A key extension of Johanson & Vahlne's (1977) model is that businesses can be outsiders when entering foreign markets. Business outsidership means that firms are unable to gain access to the same amount of knowledge as those firms that have domestic market ties (Johanson & Vahlne, 2009). By having strong relationships and business partners within and around a market, firms are able to collect, absorb and interpret information on foreign markets. This is something that foreign firms may find more difficult but can mitigate through business relationships. Johanson and Vahlne (2009) do not consider this a replacement of the importance of experiential learning in foreign markets. They still (p. 1417) *'conclude that there is good reason to retain experiential learning as a basic mechanism in the business network view of the internationalisation process.'*

This highlights the importance of building market knowledge and local network membership for removing barriers to entry. The firm is embedded in a web of relationships within its external and internal environments. This constrains and enables business opportunities as direct and indirect relationships form the source for much of the firm's information. Becoming an insider to local networks can now be viewed as a key challenge to international expansion and an aspect of the model (Hutzschenreuter et al., 2011). This results in firms needing to strategically pursue and detect potential opportunities that emerge from relational interactions to build their commitment to the market (Malhotra & Hinings, 2010).

2.3.4 Critical views of the internationalisation process models

Since their inception, the stage models have remained highly influential and popular within internationalisation research (Welch & Paavilainen-Mantymaki, 2014). Other studies have examined the gradual and incremental internationalisation of firms with contrasting results. Empirical support for stage models and their applicability has been found in many papers (e.g. Bodur & Madsen, 1993; Chetty & Hamilton, 1996; Fina & Rugman, 1996; Fletcher, 2008; Gankema et al., 2000; Hutzschenreuter et al., 2009; Yip, Biscarri & Monti, 2000; Welch & Luostarinen, 1988).

Despite the support, an appraisal of the criticism of stage models reveals several issues within the research. The first is that the stage models are theoretical and conceptual in nature (Andersen, 1993; 1997). The U-model was first investigated by examining four Scandinavian industrial firms internationalising into similar geographic markets. Stage models have been criticised for oversimplifying a complex process (Batonda & Perry, 2003; Dicht, Leibol, Koglmayer and Muller, 1984; Mtigwe, 2006; Ramaswamy, Kroeck & Renforth, 1996). This stems from the methodological limitations of the original research that was based on a small number of firms from a single nation. The study did not account for nation-specific factors such as government programmes aimed at aiding internationalising firms, levels of industrial competition and/or levels of market demand. All three factors could have a significant influence on the internationalisation process (Mtigwe, 2006; Sullivan, 1994).

The importance of business contexts and strategic choices has also emerged within the literature (Andersson, 2000; Buckley & Chapman, 1997; Leonidou & Katsikeas, 1996; Melin, 1992; Nummela, Loane & Bell, 2006). Internationalisation does not have to involve the entire firm. Instead, particular products, divisions, teams, departments or some combination thereof may internationalise. This may impact further study as researchers examine internationalisation as a series of parts, rather than a single whole (Buckley & Chapman, 1997).

Other empirical researchers have found mixed support for the stage models (Andersen, 1993; 1997; Gankema, Snuit & Van Dijken, 1997). Andersen (1993) found that there were several issues with them, most notably their limited delineation between the stages. Based on the models, he found it difficult to determine accurately when a firm had progressed from one stage to the next. Andersen (1997) and Lamb & Liesch (2002) argued that the stage models are too deterministic. The models are rigid with the firm moving from one stage to the next without full consideration given to strategic entry mode decisions. Firms have been found not to follow a strict, immovable path when they enter foreign markets (Nummela et al., 2006; Vissak, 2010b). Research may need to view internationalisation more holistically as environmental contexts can have significant impacts on the internationalisation process. Both McGaughey (2007) and Nummela et al., (2006) discuss radical changes during the internationalisation process and identify these impacts on firms.

Welch & Welch (2009) examined the de-internationalisation and re-internationalisation of firms into markets. The findings suggest that internationalisation theories may need to incorporate withdrawal and re-entry into markets so that they may be more comprehensive and better reflect business strategies within dynamic environmental contexts. This suggests the literature may also benefit from an emphasis that is moved away from early internationalisation to later stages of internationalisation to better explain a firm's internationalisation process (Welch & Paavilainen-Mantymaki, 2014).

The extensive literature on the internationalisation models illustrates that the stage models are not able to explain fully all of a firm's internationalisation processes. Pertinent to this research is the inability of the stage models to explain fully the rapid internationalisation of firms from inception or the internationalisation process of service firms (Bell, 1995; Chandra, Styles & Wilkinson, 2009; 2012; Crick & Jones, 2000; Freeman et al., 2010; Lommelen & Matthyssens, 2005). The empirical research on the stage models is focused on manufacturing firms and fails to account for or explain the internationalisation processes in other sectors such as the service industry or those firms that rapidly internationalise.

Within the service industry the process of internationalisation has shifted based on increased use of information technologies and improvements in international communication methods (Sanchez & Pla-Barber, 2006). Considerable differences emerge with patterns of internationalisation when compared with internationalisation models focused on the manufacturing sector. Indeed, a drawback of the original stage models is that they do not fully account for the wider array of firms that are now entering foreign markets (Pla-Barber & Ghauri, 2012). These organisations are uniquely different in terms of their products and technologies and so an understanding of the organisation is a critical element in understanding their internationalisation process (Malhotra & Hinings, 2010). This has led the internationalisation service literature to focus more on models that include key elements of service firms that are not included in manufacturing-based stage models. These factors include firm-level resources, management characteristics, firm characteristics, and host country factors not included in traditional empirical models such as the Uppsala model (Javalgi & Grossman, 2014).

The theorisation of internationalisation through the stage models was that firms would follow a gradual approach (Cavusgil, 1980; Johanson & Vahlne, 1977). Since the beginning of the 1990's firms have been found to be able to internationalise rapidly (Bell et al., 2003; Oviatt & McDougall, 1994). Rather than follow the stages suggested by the process models, these rapidly internationalising firms are skipping stages, entering markets where they have little to no knowledge and experience, and are doing it shortly after inception (Bell et al., 2003). The major criticisms of the internationalisation process models concerned with service firm and rapid internationalisation of the firm will be discussed further in 2.4 and 2.5.

2.4 Rapidly internationalising firms

2.4.1 Non-traditional path of internationalisation

Rapid internationalisation models emerged in the early 1990's as firms were found to ignore incremental patterns of internationalisation and instead enter international markets almost directly from inception (McKinsey & Co, 1993; Oviatt & McDougall, 1994). These rapidly internationalising firms were found to 'leapfrog' certain stages, rather than incrementally increase market commitment (Welch & Luostarinen, 1988). In the early 1990's it was found that certain firms did not follow an incremental internationalisation process and instead entered international markets virtually from their inception (McKinsey & Co, 1993; Oviatt & McDougall, 1994). These rapidly internationalising firms were termed 'born globals' and 'international new ventures' (INVs) and were seen to internationalise soon after inception (Knight & Cavusgil, 1996). Both types of firms rapidly internationalise shortly after inception and are seen to enter multiple international markets almost simultaneously. Although different definitions and classifications have been used in the INV and born global literature, their internationalisation patterns are very similar and the terms to describe both types of firms have been used interchangeably (Jones, Coviello & Tang, 2011; Madsen, 2013). A common term that is often to describe born global and INV firms is as a 'rapidly internationalising' firm (e.g. Arenius, Sasi & Gabriellsson, 2006; Cavusgil & Knight, 2015; Cesinger, Danko & Bouncken, 2012; Loane & Bell, 2006). These firms were found to challenge the validity of the stage models, in particular, the U-model (Bell et al., 2004; Bell, McNaughton & Young, 2001; Crick & Jones, 2000; Knight & Cavusgil, 1996; Moen, 2002).

Since McKinsey & Co's Australian-based research in 1993, the existing literature on born global and INVs has greatly expanded. The increase in the incidence of firms internationalising shortly after inception within the literature is a reflection that these types of firms are becoming increasingly widespread in the business world (Knight & Cavusgil, 1996; Madsen & Servais, 1997; McDougall, Oviatt & Shrader, 2003; Preece, Miles, & Baetz, 1999; Rialp et al., 2005a). The speed with which these firms rapidly internationalise directly opposes the stage models which views internationalisation as an incremental process where firms follow a gradual, incremental path increasing their commitment based on experiential knowledge. Johanson & Vahlne (1990, 2003) updated their original model to include exceptions to the incremental process within it. However, their attempt to modernise the U-model still does not explain the rapid internationalisation of born globals and INVs as these are firms that are often small in size that operate in dynamic environments (Knight & Cavusgil, 1996), have little prior knowledge before entering foreign markets (Moen, 2002), and do not gain or rely on knowledge as larger firms might (Freeman et al., 2010). A further update to the model in 2009 (Johanson & Vahlne, 2009 p.1424) increasingly aligned it with network theory although '*the basic structure of the model is the same*'. They suggested that the liability of outsidership, i.e. not being part of a network, influences the internationalisation process. This has been found to be more conducive to elements of rapid internationalisation including dynamic capabilities and knowledge opportunities, but this still does not fully explain rapid internationalisation (Eriksson, Nummela and Saarenketo, 2014; Gabrielsson & Gabrielsson, 2013).

2.4.2 Rapidly internationalising firms definitions

Despite the expanded academic focus on rapidly internationalising firms there is currently no universal definition that is used consistently throughout the literature (Gabrielsson et al., 2008; Karra, Phillips & Tracy, 2008; Rialp et al., 2005a; Svensson, 2006). This has led to a number of definitions for firms that internationalise shortly after inception. ‘Born Global’ (McKinsey & Co, 1993) and ‘International New Ventures’ (Oviatt & McDougall, 1994) remain the most widespread of the terms used to describe rapidly internationalising firms, while ‘Born-again global’ (Bell et al., 2001), ‘Early Internationalising firms’ (Rialp et al., 2005a), ‘Born glocals’ (Svensson, 2006) and ‘Born Globals’ (Gabrielsson et al., 2008) have been used interchangeably since the inception of the research field (See Table 2.4).

Table 2.4: Overview of rapidly internationalising firm definitions and industry focus

Term	Source	Definition	Industry Focus
Born Global	e.g. McKinsey & Co (1993), Knight & Cavusgil (1996), Bell & McNaughton (2000), Rasmussen et al., (2001), Moen & Servais (2002), Andersson and Wictor (2003)	small and usually technology oriented firms that expand into international markets, virtually from their inception	Outlines an overall industry focus but remains largely high-tech, manufacturing firms
International new ventures	e.g. Oviatt and McDougall (1994, 1997, 2005), McDougall & Oviatt (1996)	a business organisation that, from inception, seeks to derive significant competitive advantages through the use of resources and the sale of outputs in multiple countries	High tech focus, emphasising manufacturing firms

Born-again global firms	e.g. Bell et al., (2001)	firms that have been well established in their domestic markets, with apparently no great motivation to internationalise, but which have suddenly embraced rapid and dedicated internationalisation	Overall industry focus
Early Internationalising firms	Rialp et al., (2005a)	an umbrella term to collectively refer to born globals, INV's and rapid internationalisers	Overall industry focus
Born Glocals	Svensson (2006)	firms that are born locally but strive towards global coverage in the marketplace in a very short period of time	Not specified
Born Globals	Gabrielsson, Manek Kirpalani, Dimitratos, Solberg & Zucchella (2008)	Firms must have from inception, a global vision, a global product and accelerated internationalisation capability	Overall industry focus

Key authors acknowledge that the definitions share the same concept of rapid firm internationalisation but they are also aware of the apparent differences between the definitions (Andersson & Wictor, 2003; Rialp et al., 2005a; Oviatt & McDougall, 2005; Svensson, 2006; Svensson & Payan, 2009). In his review of born global and INV classifications, Madsen (2013) finds that although a common definition of INVs and born globals does not exist, there are key commonalities between the two concepts. He summarised that both classifications include speed as a key determinant. Commonly, a born global firm is understood within the literature to refer to a firm that has internationalised within three years of inception and has a share of foreign sales of at least 25% into multiple international markets. The common definition for a born global firm is that they are '*entrepreneurial start-ups that, from or near founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets'* (Knight & Cavusgil, 2004, p.126). Born global definitions tend to focus on the extent of internationalisation i.e., the percentage of sales from foreign markets, whereas INV definitions do not characterise the extent of international activity in the same way and instead rely on the number of foreign markets (Madsen, 2013). The INV classification is most commonly associated with Oviatt & McDougall's (1994, p.49) definition '… a business organisation that, from inception, seeks to derive significant advantage from the use of resources and the sale of outputs in multiple countries'.

European studies have brought into question whether the researcher is able to identify true born global firms rather than born internationals in a culturally divergent but geographically similar context (Kuivalainen, Sundqvist & Servais, 2007). Similar research has asked whether targeted firms for born global research can actually be defined as born global firms as they fail to meet more rigorous definitional criteria (Crick, 2009; Gabrielsson et al., 2008; Sui & Yu, 2010). Crick (2009) has found that many born global firms are actually INVs. Although they share definitional similarities, INVs appear to have a more regionally-based internationalisation strategy. This definitional issue is highly salient to European-based rapid internationalisation studies that often unknowingly include born regionals (Sui & Yu, 2010). Madsen (2013) suggests that definitions are quite diverse, but strong similarities in the definitional criteria have led the literature to show very similar internationalisation patterns. Madsen (2013) concludes that the value in future research would be enhanced if a common set of criteria such as speed, extent and scope of internationalisation (Zahra & George, 2002) was adopted.

One of the largest definitional issues within the literature is that the focus on rapidly internationalising firms remains largely devoted to 'high-tech start-up' and manufacturing firms rather than an industry-wide focus (Rialp et al., 2005a). Since born global and INV firms were originally defined, a number of studies have found these types of firms originating from a variety of different industries (Bell et al., 2003; Knight & Cavusgil, 2005; Liesch et al., 2007; McDougall et al., 2003; Moen, 2002; Rialp et al., 2005a). This indicates that rapidly internationalising firms are not necessarily a highly industry-specific phenomenon. As shown in Table 2.4, more recent definitions of rapidly internationalising firms, particularly those by Rialp et al. (2005a) and Gabrielsson et al. (2008), have incorporated a wider industry focus in their descriptions of early internationalising firms, acknowledging that these types of firms can be found in multiple industries.

Other studies have explored the importance of the entrepreneur. Cavusgil & Knight (2015) note that international entrepreneurship has emerged as a key area of the rapid internationalisation literature as rapidly internationalising firms exhibit a high degree of entrepreneurial prowess. Entrepreneurial founders of firms that internationalise shortly after inception have been found to support the firm's capabilities and resources (Weerawardena et al., 2007). Entrepreneurs are considered a critical part of internationalisation because they are able to identify and exploit opportunities in markets that may otherwise not have been captured (Cavusgil & Knight, 2015; Harms & Schiele, 2012; Zahra, Korri & Yu, 2005).

Zahra et al (2005) outline that international entrepreneurship is about opportunity identification and exploiting these in foreign markets. They suggest that it is not always rational and instead may be emotionally as well as culturally influenced. Opportunity identification may come as a result of learning that entrepreneurs experience prior to the rapid internationalisation of their own firms (Chandra, Styles & Wilkinson, 2012). This leads to the accumulation of intangible resources such as critical networks and the accumulation of knowledge. By building intangible resources the firm is more ready to identify opportunities. As opportunities are explored, successful or otherwise it enables the firm a new source of learning and allows for further development and growth in knowledge, a key feature of entrepreneurial behaviour (Chandra et al., 2012).

The operational definition adopted for this study most closely resembles that by Knight & Cavusgil (2004). This definition outlines that rapidly internationalising firms are '*entrepreneurial start-ups that, from or near founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets*' (Knight & Cavusgil, 2004, p.126).

2.4.3 Rapid internationalisation models

Currently, very few studies have attempted to address the influence of firm characteristics on a firm's rapid internationalisation. Academic inquiry into rapid internationalisers has been mostly limited to internal and organisational factors to better explain their internationalisation processes (Bell et al., 2003; Chandra et al., 2012; Chetty & Campbell-Hunt, 2003, 2004; Kalinic & Forza, 2012; Moen, 2002; Moen & Servais, 2002; Mort et al., 2012; Oviatt & McDougall, 1994; Zahra, Ireland & Hitt, 2000). This has led to an increased interest in the linking of these firms to international entrepreneurship, network theory and learning effects (DeClerq et al., 2012; Rialp, et al., 2005a). Keen & Etemad (2012) and Kuivalainen et al. (2012) suggest that the literature may benefit from increased examination of firm characteristics.

Those studies that have investigated elements of firm characteristics have examined the strategies and/or characteristics of upper management teams (Acedo & Jones, 2007; Freeman & Cavusgil, 2007; Kalinic & Forza, 2012), operating characteristics (Gleason, Madura & Wiggenhorn, 2006), general characteristics such as firm size and firm age (Keen & Etemad, 2012; Lopez, Kundu & Ciravegna, 2009) or characteristics between specific types of rapid internationalisers such as born globals and born again globals (Kuivalainen et al., 2012). A key characteristic that has not yet been fully investigated with regard to rapid internationalisation remains industry characteristics, specifically in service industries. Most often these are included as part of the findings but their unique service firm characteristics are not fully recognised or investigated (e.g. Chandra et al., 2012; Deprey et al., 2012).

Presently, the diverse conceptual approaches existing in the current literature may explain the lack of a generally accepted, fully explanatory model of firms that rapidly internationalise (Rialp et al., 2005a). Similarly, the lack of homogeneity in the development process of these types of firms may also be a factor as the literature fails to provide a linear path of internationalisation (Aspelund et al., 2007; Sharma & Blomstermo, 2003). Studies that have introduced models to explain rapid internationalisation have not fully investigated rapidly internationalising service firms despite the fact that service firms are included in several models (Bell et al., 2003; Fernhaber et al., 2007; Rialp et al., 2005a).

Rapid internationalisation research has focused on stage models, particularly the relevance of the Uppsala model of internationalisation, the importance of networks, and the motivation of the entrepreneur (Aspelund et al., 2007; DeClercq et al., 2012; Rialp et al., 2005a). There are several key distinctions between rapidly internationalising firms and the incremental models of internationalisation. Most notably these differences include the motivations behind how these firms internationalise, their speed of internationalisation, their entrance into foreign markets, and their choice of entry modes. These features are outlined in Table 2.5.

Table 2.5: Incremental and rapidly internationalising models

Feature	Traditional	Rapidly internationalising firms
Motivation and founder's characteristics	Reactive	Proactive
	Adverse home market	Global 'niche' markets
	General commitment but not directly related to internationalisation	High and dedicated degree of management commitment
	Reluctant' management	Active search
	Cost of new production	Exploit new opportunities
	Processes force export initiation	'First-mover' advantage
	Firm survival/growth	Rapid penetration of global niches

	Gaining market share Irrelevant or low degree of previous experience in international issues	Protecting and exploiting proprietary knowledge Founder has extensive experience in relevant international markets
Speed of internationalisation	Gradual Slow internationalisation Single market at a time Adaptation of single offering	Rapid Speedy internationalisation Many markets at once Global product development
Choice of markets	Incremental Domestic expansion first Focus on 'psychic' markets Low-tech'/less sophisticated markets targeted Limited evidence of networks	Concurrent Near simultaneous domestic and export expansion (exporting may precede domestic market activity) Psychic distance irrelevant Some evidence of client followership Strong evidence of networks
Choice of entry modes	Conventional Use of agents/distributors Direct to customers	Flexible and networks Use of agents or distributors Also evidence of integration with client's channels, licencing, joint ventures, overseas production, etc.

Source: Adapted from Bell et al., (2003, p. 346-347), Chetty & Campbell-Hunt (2004, p. 66), Rialp et al., (2005a, p. 140-141) and Kalinic & Forza (2012, p.697)

Focusing on the differences between incremental stage models and rapidly internationalising firms has not helped the literature fully realise a blueprint for how or why these firms internationalise (Sharma & Blomstermo, 2003). Cesinger et al. (2012) as well as

Aspelund et al. (2007) in their review of over a decade’s worth of INV research suggest that for new perspectives on rapid internationalisation a more holistic perspective is required.

The contrast in paths between rapidly internationalising firms and traditional internationalisation stage models has led many authors to investigate behaviours exhibited by rapidly internationalising firms abroad. Most commonly this is within a specific setting, such as firms that have a highly technological focus and against other firms that have internationalised using traditional stage and process models of internationalisation (Aspelund & Moen, 2001; Kalinic & Forza, 2012). Multiple studies have led to a number of common factors being directly related to born global firms. These factors can be seen as the speed of the internationalisation process (Hagen & Zuchella, 2014; Trudgen & Freeman, 2014), the concentration on a few international markets or the spreading to many markets (Hashai, 2011), and the relationship of rapid internationalisation with entry modes (Burgel & Murray, 2000; Melen & Nordman, 2009). The examination of firms that rapidly internationalise and their driving factors (Bell et al., 2003, 2004; Chetty & Campbell-Hunt, 2003; Madsen, 2012; Oviatt & McDougall, 2005; Taylor & Jack, 2013; Weerawardena et al., 2007) has led this study to relate these key factors into three main areas, the drivers of foreign market entry, their choice of markets and their choice of entry mode.

2.4.3.1 Drivers of rapid internationalisation

The last decades have shown an increasing interest in firms that rapidly internationalise from inception. Although there are several labels for these types of firms (born global and INVs being the most common), the literature has focused on a single characteristic within the definition of these firms: the speed of their internationalisation. Studies have focused on how these firms internationalise, why they internationalise so quickly and even the definitional stipulations of the speed of internationalisation (Casillas & Acedo, 2013).

Rapid internationalisation is considered to be the key defining characteristic of an INV and born global (Kalinic & Forza, 2012; Oviatt & McDougall, 2005). However, the literature shows considerable differences of opinion regarding the time between firm inception and internationalisation. The defining characteristic of rapidly internationalising firms is seen to fall within two years from inception (McKinsey & Co. 1993), to three years (Knight & Cavusgil, 1996), to six years (Zahra et al., 2000), to seven years (Jolly, Alahuhta and Jeannet, 1992), and to eight years (McDougall, Shane, and Oviatt, 1994). The absence of a definitive pace of born global firms has led to a lack of fully-realised comparisons between studies within the literature (Madsen, 2013). This research will adopt the most common time period between inception and internationalisation within the literature as suggested by Knight (1997), which is three years after inception.

Overall, the pace of firm internationalisation has been linked to improvements regarding transportation technologies, communication, changes in production and the increased knowledge of human capital (Leonidou & Samiee, 2012; Madsen and Servais, 1997). One of the key drivers in the speed of born global firm internationalisation is the entrepreneur, as they embody the drive and vision of the firm, as well as delivering past experience and unique abilities (Autio et al., 2000; Gallego & Casillas, 2014; Jones et al., 2011; Knight and Cavusgil, 2004; Mort et al., 2012; Oviatt and McDougall, 2005). In particular their ability to identify, assess and act on opportunities, is considered vital (Oviatt and MacDougall, 2005). Linked to the influence of the entrepreneur is the development of an innovative culture considered unique – and essential – to rapidly internationalising firms developing. As Knight and Cavusgil (2005, p127) explain, these types of firms are inherently 'entrepreneurial and innovative' firms with a culture that facilitates the acquisition of knowledge and capabilities that engender early internationalisation.

In an attempt to link the entrepreneurial literature with the forces that influence the pace of firm internationalisation, Oviatt and McDougall (2005) propose that entrepreneurs act as interpreters to both the enabling and motivating forces of accelerated internationalisation. Enabling forces are embodied in faster and more efficient shipping and airline routes, as well as improvements in digital technology, which enable firms to have enhanced forms of communication and increased transportation efficiencies for their products. Indeed, the role of the entrepreneur is prevalent in the rapid internationalisation literature (Covin & Miller, 2014; Jones et al., 2011). Motivating forces encourage entrepreneurs to enter markets quickly either to capitalise on technological opportunities or react to the presence, or potential presence, of competitors. Entrepreneurial decisions based on these forces influence the speed of internationalisation by interpreting these enabling and motivating forces and acting upon them. The desire of founders to be international market leaders appears to be universal, as similar entrepreneurial characteristics have been found in multiple countries, including studies between Australia and Sweden (Andersson & Evangelista, 2006).

The size of the home market has been shown to have an impact on the frequency of born globals within specific geographic markets. Researchers have explained that a higher prevalence of rapid internationalisers appears to occur where the size of the domestic market is insufficient (Bell, Crick & Young, 2004; Crick & Jones, 2000; Moen 2002; Sigfusson & Harris, 2013; Taylor & Jack, 2013; Thai & Chong, 2008). Early born global research revealed that born global firms often have a weak domestic base from which to launch their international efforts (McKinsey & Co., 1993). In studies from countries with a small consumer base the size of the domestic markets has also been a key factor as the local markets are unable to sustain the growth or survival needs of the firm (Cannone & Ughetto, 2014; Evangelista, 2005; Fan & Phan, 2007; McNaughton, 2003). Cannone & Ughetto (2014) conclude that a small home market has a positive effect on the probability of a firm to choose to go international at inception. Research by Ibeh (2004) found that if small firms possess an entrepreneurial orientation, as is common with born globals and INVs (Efrat & Shoham, 2012), they are more likely to enter international markets sooner when faced with a hostile domestic industry.

If the domestic market is hostile and highly competitive, then firms may be forced to internationalise as they attempt to avoid intense or direct competition (Evangelista, 2005; Santos & Garcia, 2011). In an Australian-based study regarding rapidly internationalising software firms, Evangelista (2005) found that a hostile domestic market can be an influencing factor in the pace of foreign entry. If the domestic market is small, mature and/or highly competitive, a firm can be lead to enter into larger, more attractive foreign markets. This may be because the industry within the domestic market is well established or growing to such an extent that firms increase their pace of internationalisation in order to survive (Madsen & Servais, 1997; Prange & Verdier, 2011).

A strategy associated with driving rapid internationalisation is the reliance on a firm's network (Chetty & Soderqvist, 2013). International exposure from key formal and informal networks has been found to be a key driver for firms that rapidly internationalise (Fernhaber & Li, 2013). Through networks, firms are more able to make connections with others and more easily identify opportunities (Manolova, Manev, & Gyoshev, 2010). The knowledge of opportunities and reliance on relationships can help offset the risks related to entering markets that are culturally dissimilar to the home market as well as provide access to opportunities that may otherwise not have existed (Fernahber & Li, 2013). Networks are significant in rapid internationalisation because they allow the entrepreneur to more easily identify international opportunities (Casillas et al., 2009).

In their assessment of over ten years' worth of research into the internationalisation strategies of international new ventures, Aspelund et al. (2007) note that industry factors influence the need and opportunity for a strategy enabling rapid internationalisation. Most often these are attributed to high technology industries as several technology-related factors encourage firms to internationalise more rapidly, namely, the threat of imitation (Autio et al., 2000), the need to leverage quickly the innovation advantage of their product (Mort et al., 2012) and the mobility of knowledge and technology across borders (Baum, Schwens & Kabst, 2011).

These factors, brought about by increasingly homogenised customers, should not however be limited to high technology industries (Aspelund et al., 2007; Cesinger, 2012; Oviatt & McDougall, 1997; Rialp et al., 2005a, 2005b). Studies into high-tech born global firms also revealed that international expansion can be fostered by competitors and industry pressures, such as the industry's level of internationalisation (McDougall et al., 2003; Thai & Chong, 2008). A study by Freeman et al. (2010) found that increased internationalisation can be the result of strong links to suppliers, buyers and competitors who are themselves internationalising. Research has also suggested that the experiences and abilities of the entrepreneur (Knight and Cavusgil, 2005; Mort et al., 2012; Oviatt & McDougall, 2005), and the commitment of management (Hashai, 2011) can have an impact on the speed of internationalisation of rapidly internationalising firms.

2.4.1.2 Choice of markets

The definitional outline for rapidly internationalising firms has extended beyond the rapid internationalisation criteria. Much of the research on rapidly internationalising firms has focused on why these firms choose particular markets as well as what exactly meets the definitional boundaries of a born global or INV firm. The scale of internationalisation is considered important in many investigations (Crick, 2009; Gabrielsson et al., 2008; Hashai, 2011; Knight & Cavusgil, 2005; Kuivalainen et al., 2007; Madsen, 2013). The scale of internationalisation relates to the extent of firms' international operations. Many of the studies focusing on rapidly internationalising firms measure this by the amount of turnover derived from international markets. This criterion has often been 25% of the total turnover of a firm (Efrat & Shoham, 2012; Knight & Cavusgil, 2005; Madsen, 2013; Moen, 2002). Although this criterion is widely accepted within the field, Knight & Cavusgil (2005, p. 133) note that their original 25 percent cut-off ratio for exports was 'somewhat arbitrary'. Kandasaami and Huang (2000) define 'born-globals' as firms that derive at least 10% of their total sales from international activities within the first three years of start-up. In small countries, particularly in Europe, the definitional stipulation of 25% is seen as too small as many firms have international business activities with geographically close neighbours. Madsen (2013) suggests the proportion of sales outside of a firm's continent, i.e. for a European firm, sales outside Europe, as a more accurate definitional criterion.

The scale of a firm's internationalisation can also be measured by the number of markets that it enters into (Crick, 2009; Kuivalainen et al., 2007). Within both the born global and international new venture literature there is no specific definitional stipulation for the number of markets that a firm must serve. More recent studies that focus on more accurately defining born global and INV firms (see Crick, 2009; Gabrielsson et al., 2008; Kuivalainen et al., 2007; Madsen, 2013; Rialp et al., 2005a), do not significantly extend McKinsey & Co's (1993) or Oviatt & McDougall's (1994) original definitions that describe the need for rapidly internationalising firms to enter multiple countries.

Traditional incremental internationalisation methods assume that the number of geographic markets that a firm serves is related to the age and size of the firm (Bilkey & Tesar, 1977; Johanson & Vahlne, 1977, 1990). Rapidly internationalising firms contradict this assumption by internationalising virtually from inception into a number of foreign markets (McKinsey & Co, 1993; Rialp et al., 2005a). Autio et al. (2000) and McNaughton (2003) wished to determine if age of entry influenced the number of markets entered for born global firms. Autio et al. (2000) found that a negative relationship existed between the age at foreign market entry and growth in international sales, while McNaughton (2003) proposed that a negative relationship existed between the number of markets entered into and the time lag between inception and first international entry. In his study of rapid internationalisers and their degree and scope of internationalisation, Hashai (2011) utilised the rapid internationalisation literature to examine the underlying relationships between geographic scope as reflected by the number, spread and diversity of foreign markets. The study determined that the number of foreign markets that a rapidly internationalising firm enters is related to the degree of entry mode commitment. Rapidly internationalising firms find it riskier to expand their number of markets and market commitment simultaneously and instead tend to follow a single path to reduce risk.

In contrast to the traditional internationalisation approaches, rapidly internationalising firms also appear to minimise the relevance of psychic distance in strategic decisions of entry to markets (Freeman et al., 2012). The traditional approach assumes that new firms will enter markets closest to that which the firm has already experienced (Johanson & Vahlne, 1977). However, in their Australian- and New Zealand-based research, Freeman et al. (2012) found that a key component of born global firms was their ability to ignore psychic distance in the choice of international markets. Instead, they strategically focus on markets that are ready to adopt their technologies, and are more willing than other types of firms to move into culturally non-proximate markets very quickly. A possible explanation for the ability of born global and INV firms to ignore the familiarity of psychically close markets is that they are often found to be involved in advanced, niche technologies or knowledge intensive industries (Efrat & Shoham, 2012; Gabrielsson & Gabrielsson, 2011; Knight & Cavusgil, 2005; Rialp-Criado, Galvan-Sanchez & Suarez-Ortega, 2010). The specialisation required for their niche, technology driven products overcomes the cultural distance that can hinder firms following incremental stage-driven paths of internationalisation (Fan & Phan, 2007, Hashai, 2011). Indeed, technological experience is seen to mitigate psychic distance (Freeman et al., 2012; Nordman & Melen, 2008). Preble and Hoffman (2006) found that to decrease cultural distance as an entry barrier franchise firms would enter a 'platform' market that presents an easier market entry within that region and then use that as a springboard to enter neighbouring, more culturally dissimilar markets.

A possible explanation for the capacity of born global firms to discount the familiarity of psychically close markets is that they often possess innovative corporate cultures and exist in knowledge intensive industries which allow them to prevail over cultural distance (Hashai, 2011; Knight and Cavusgil, 2004). Within these specialist industries, senior managers are able to use their established networks to connect to 'lead' markets. This enables their access to key foreign customers and suppliers and to seek partners who complement their own competencies to be involved in large orders from inception (Freeman et al., 2012; Weerawardena et al., 2007). This suggests that for rapidly internationalising firms the cultural distance, and/or the geographic proximity of the market, is less important because the firm needs to commercialise its main product in key markets first.

2.4.1.3 Choice of entry mode

According to several authors (Ahsan & Musteen, 2011; Ripolles, Blesa & Monferrer, 2012), one of the key strategic decisions in connection with a firm's internationalisation is its choice of entry mode. Entry mode is seen as a key factor in the internationalisation processes of traditional paths of internationalisation but little attention has been paid in the internationalisation literature to the mode of entry for rapidly internationalising firms (Aspelund et al., 2007; Burgel & Murray, 2000; Ripolles et al., 2012). Rialp et al. (2005a) note that, as exporting born global firms are seen to be more common, many case studies emphasise exporting. This is because of previous research and to increase the generalisability of their results. Efrat & Shoham (2012) believe the emphasis on exporting for these types of firms is because they are seen as unlikely to involve themselves in an additional risk such as establishing foreign subsidiaries.

Contributing factors to these types of market entry decisions have also been shown to be influenced by the level of resources that a firm has available to it (Efrat & Shoham, 2012; Fan & Phan, 2007). Compared with multi-national enterprises, young resource-poor firms such as born globals tend to favour exporting as their primary entry mode because of the high degree of international business flexibility that it offers (Knight & Cavusgil, 2004). By employing resource-lean entry modes, the firm has the option to enter many markets with lower levels of risk. For example, exporting allows firms to be more strategically flexible in the number of markets they enter (Rialp & Rialp, 2007). These firms have an increased ability to change systems and approaches quickly and cost effectively which are both considered critical considerations in evolving foreign markets (Andersson, 2011).

Despite the assumption that rapidly internationalising firms prefer to export initially, there is evidence that new ventures with international operations usually outperform those without them (McDougall & Oviatt, 1996). As Table 2.6 suggests, research into rapidly internationalising firms does consider multiple entry modes despite assumptions that these types of firms use limited entry modes.

Table 2.6: Internationalisation modes used by rapidly internationalising firms

Author	Type of firms	Initial internationalisation modes used	Continued internationalisation modes used
Shrader et al. (2000)	International new ventures	Multiple and different modes used; including both low and high commitment entry modes	Not analysed
Andersson & Wictor (2003)	Born Globals	Multiple and different modes used; including both low and high commitment entry modes	Not analysed
McDougall et al. (2003)	International new ventures	Multiple modes used	Not analysed
Sharma & Blomstermo (2003)	Born Globals	Multiple and different modes used	Incremental investments made in high commitment modes
Freeman, Edwards & Schroder (2006)	Born Globals	Multiple and different modes used	Increased commitment and developed relationships through high commitment entry modes such as strategic alliances
Ripolles, Blesa & Monferrer (2012)	International new ventures	Multiple and different modes used	High commitment entry modes are positively related to international market orientation and entrepreneurial orientation

Source: Adapted from Melen & Nordman (2009)

To help develop knowledge about how and why firms such as born globals internationalise, we need to know more regarding their continued internationalisation (Liesch et al., 2007). Melen & Nordman (2009) investigated the initial entry modes of born global firms and noted that research needs to move beyond the assumption that these sorts of firms export immediately. They found that initial entry modes pursued predominantly low commitment modes like exports. Their investigation included firms who initially entered markets through high commitment entry modes such as establishing a foreign subsidiary as well as those firms that shifted levels of commitment shortly after internationalising. They found and termed three types of entry mode internationalisation patterns:

- **'low committers'** – these are firms that begin internationalisation via low commitment entry modes and do not engage in high commitment entry modes for any further or subsequent engagement
- **'incremental committers'** – these firms begin their internationalisation through low commitment entry modes but change their level of commitment in some markets by establishing relationships with foreign business partners
- **'high committers'** – these are firms that use high commitment entry modes in their most important foreign markets and low commitment in less important foreign markets

Other studies examining the entry mode choices of rapidly internationalising firms have found that they are characterised by human and organisational characteristics (Rialp and Rialp, 2007; Gleason and Wiggenhorn, 2007). Gleason & Wiggenhorn (2007) found that born global firms who employ international joint ventures or international acquisitions do so because of the characteristics of the management team, firm specific characteristics and cultural similarity of markets. Efrat & Shoham (2012) show that rapidly internationalising firms do consider the host market when evaluating market commitment decisions and can choose higher commitment entry modes based on the opportunities present in the market.

2.5 Internationalisation of professional service firms

The significance of international trade and investment in the service sector has grown in the last twenty years (Javalgi & Grossman, 2014). This has helped foster a need for research in the ways service firms internationalise (Hitt et al. et al., 2006; Javalgi et al., 2003; Malhotra & Morris, 2009). The growing significance in the literature reflects shifts in economies from being manufacturing dominant towards becoming increasingly service oriented, as service firms have become an integral part of global economies. According to the United Nations (2013), services are the fastest growing sector. They account for two-thirds of all global output, one-third of global employment, and almost 20% of global trade (UN ESCAP, 2013).

The uniqueness of service characteristics and their implications for firm internationalisation is often studied in the context of a single sector or industry category. These include retailing (Guy, 2001; Gripsrud & Benito, 2005; Hutchison et al., 2007; Molla-

Descals, Frasquet-Deltoro & Ruiz-Molina, 2011), banking and financial (Cardone-Riportella & Cazorla-Papis, 2001; Mariscal, Zhang & Pascual, 2012), hotels (Brookes & Roper, 2010; Dunning & Kundu, 1995; Pla-Barber, Leon-Darder & Villar, 2011 and computer software (Bell, 1995; Ibeh &Kasem, 2011).

Certain industries that have also been given focus within the service literature, such as consulting (Coviello & Martin, 1999; Krull, Smith & Ge, 2012) and legal (Beaverstock, 2004; Hitt et al., 2006), have aided in the focus of professional service firms within the literature. Other studies of service firm internationalisation have aimed to examine PSFs across firms and industries (Abdelzaher, 2012; Brock 2012; Cort, Griffifth & White, 2007; Freeman & Sandwell, 2008; Greenwood, Suddaby & McDougald, 2006; Lowendahl, 2005; Malhotra & Morris, 2009; Reihlen & Apel, 2007). This research is more recent and acknowledges the limited focus or earlier research on single sectors within narrowly defined service industries.

A consistent theme across all PSF related research is that PSFs are unique. Their specific characteristics have made these firms difficult to examine without differentiating them from manufacturing firms or other types of service firms. The examination of PSFs is often achieved by focusing on particular industries or sectors that are not emphasised in the large amount of empirical research on the internationalisation processes of manufacturing firms (Edwards & Buckley, 1998; Ford & Leonidou, 2013; Kamakura, Ramon-Jeronimo & Gravel, 2012). A significant issue in the applicability of internationalisation models is that PSFs are associated with high levels of inseparability and are assumed to be location bound in their choice of entry modes. The firm then has little option but to choose another internationalisation pathway not detailed within the stages models. The need to be present in the market to successfully deliver a service forces the firm to establish subsidiaries overseas (Leo & Phillippe, 2001). Rugman and Verbeke (2008, p.403) noted that '*service firms again as compared to manufacturing firms are constrained in their location choices*'. A common assessment for these types of firms is that they are more likely to internationalise by having a physical presence in the market (Blomstermo & Sharma, 2006; Brouthers & Brouthers, 2003; Ekeledo & Sivakumar, 2004; Roberts, 1999).

Maister (1993, p.16) believed that PSFs were so distinctive that they should be examined as an 'extreme' organisational form to the extent that other theories designed for other types of organisations are '*not only inapplicable … but may be dangerously wrong'*. The unique nature of PSFs may account for the lack of empirical research focusing on the early stages of their internationalisation (Brock & Alon, 2009; Coviello & Martin, 1999;

Freeman & Sandwell, 2008; Roberts, 1999). The examination of PSFs appears to fit within two extremes, firms that are considered to be very small with very few employees or large professional firms that focus on large corporate or governmental clients (Brock, 2012). Small to medium sized PSFs are assumed to have the most difficulty in internationalising as they have few resources, face high barriers to entry as they enter established markets and have potentially greater risk of failure (Scott-Kennel & von Batenburg, 2012).

The distinctive characteristics of PSFs: knowledge intensity, low capital intensity and a professionalised workforce (von Nordenflycht, 2010) are associated with dependencies that heighten managerial and internationalisation challenges (Greenwood et al., 2005). These challenges are seen to permeate throughout the internationalisation process and include the drivers of internationalisation, their choice of entry modes and choice of markets. The vast majority of PSF internationalisation research is focused on these factors, including the investigation into general PSF internationalisation and globalisation (Nachum, 1998; 1999; Lowendahl, 2005; Reihlen & Apel, 2007; Segal-Horn & Dean, 2011), how these firms choose entry modes (Ball et al., 2008; Malhotra, 2003), their performance (Contractor, et al., 2003; Hitt et al., 2006), their strategy (Aharoni, 1996; Beaverstock, 2004; Faulconbridge, 2006; Rugman & Verbeke, 2008), the importance of reputation (Canavan et al., 2013; Greenwood et al., 2007) and the importance of knowledge (Reihlen & Apel, 2007; Scott-Kennel & von Batenburg, 2012).

2.5.1 Drivers of internationalisation

There has been particularly scant analysis of PSFs and their ability to internationalise rapidly. Like service firms and other types of organisations, PSFs are seen to become international primarily to take advantage of business opportunities. In many service dominant industries, including those that include PSFs, internationalisation has been predominantly demand led. Clients of PSFs seek to do business with one firm across the markets in which they have a formal presence (Segal-Horn & Dean, 2009). PSFs have begun to aim to cater to their global clients by operating in multiple international markets. In their analysis of the internationalisation of PSFs, Brock & Alon (2009) describe that firms are encouraged to venture into international markets by following domestic clients into new markets, diversifying the firms products and markets to help protect themselves from competitors, and needing specialised services in global markets, or some combination of these factors. Although not as dominant, the supply side has also encouraged PSFs to venture into foreign markets as greater competition has developed, together with the recruitment and retention of professionalised staff as well as high cost pressures (Hitt et al., 2006). The internationalisation of PSFs is consequently both supply and demand led.

Knowledge intensity is considered within the literature to be a critical factor in identifying PSFs (Faulconbridge, 2006; Lowendahl, 2005; Scott-Kennel & von Batenburg, 2012). Von Nordenflycht (2010) in his review of PSF definitions considered knowledge intensity the critical factor and argues that a PSF must have a high level of knowledge intensity to be characterised as a PSF. His other two factors – low capital intensity and a professionalised workforce – were not considered as important in the categorisation of a PSF. As examples he suggested that hospitals display PSF characteristics (i.e. knowledge intensity and a professional workforce) but do not exhibit low capital intensity, while management consultancy firms have knowledge intensity and low capital intensity but do not generally have a professionalised workforce. Both types of firms should, however, be considered a PSF.

Scott-Kennel & von Batenburg (2012) in their examination of PSF internationalisation found that knowledge intensity had an impact on a firm's internationalisation process. They found that the firm only entered foreign markets when they had the required resources and contacts to build on their existing knowledge. The knowledge of PSFs is embodied in their people. This has led to the human capital within PSFs to be considered critical and described as '*their most important resource'* (Hitt et al., 2006 p.15). The focus on professional staff with expert knowledge has helped the firm to build a competitive advantage but may also have hindered the firm's ability to internationalise more quickly. Freeman et al., (2008) suggest that with detailed pre-planning PSFs may be able to overcome foreign liabilities and more efficiently enter culturally distant markets

For PSFs, reputation is also a key factor in their strategic internationalisation (Hall et al., 2009). Providing client-facing services requires a high level of professionalism and can be a critical influence in the internationalisation process for PSFs (Canavan et al., 2013). Canavan et al.'s (2013) internationalisation research outlines that project-oriented PSFs can be influenced by the need for reputational capital when venturing overseas. This is achieved through the firm embedding itself in knowledge intensive networks and the institutional structure of the new market. By building strong relational networks, the firm is able to establish superior reputation and create legitimacy within its own market (Reihlen & Apel, 2007). By gaining feedback directly through its network and business partners, a firm is able to remain dynamic and flexible in its changing environment, as well as relative to client wants and needs.

Greenwood, Deephouse & Li (2007) view the firm's ability to maintain a high reputation as critical in gaining new clients. To evaluate the comparative merits of PSFs, firms often resort to social signals, including a firm's reputation and/or status to help measure competence and trustworthiness. Reputation may, therefore, overshadow the need for relationships as reputation is a critical factor in building further business opportunities. As such, firms may internationalise to develop and maintain their reputation within that industry. This may be a driving force for internationalisation and encourage firms to internationalise more quickly.

Abdelzaher (2012) suggests that the internationalisation process of PSFs, like the incremental models of internationalisation, may be relatively slow. PSFs are more likely to internationalise cautiously due to the difficulty in the transfer of knowledge, the reliance on clients moving into foreign markets and the inseparability of PSF activities. Abdelzaher (2012) posits that PSFs initially lag in the internationalisation process because they need to protect their knowledge-based assets, remain geographically close to clients, and enter psychically similar countries for internationalisation gains to be realised.

Other authors suggest that although they are seen to be relatively more complex, PSFs may also have greater opportunities to internationalise more quickly than other types of firms (Scott-Kennel & von Batenberg, 2012). Because PSFs are more likely to be involved in following clients into overseas markets, they may be able to internationalise more quickly than other firms as well as exploit learning opportunities which could increase the speed of subsequent internationalisation. Based on internationalisation research concerning rapidly internationalising firms, it appears that PSFs are able to internationalise quickly but it is unclear how this impacts on their internationalisation processes (Ripolles Melia et al., 2010). This includes how they enter markets and how they determine their entry modes.

2.5.2 Choice of markets

PSFs dependence on expert knowledge, linked with their human capital, has also been linked with other areas of their internationalisation process, including the markets they choose to enter (Greenwood et al., 2005; Hitt et al., 2006; Scott-Kennel & von Batenburg, 2012; Shukla & Dow, 2010). Abdelzaher (2012) suggests that expert knowledge within people might hinder the internationalisation process. As PSFs require close proximity with their clients to maintain competitive advantage, the human resources required to internationalise may be slower to accumulate, inhibiting a firm's ability to internationalise more quickly. Due to the heterogeneity of their service and each client being unique, the PSF needs to be aware of the environmental context of each client, something that is difficult to do from a centralised foreign location (Lowendahl, 2005). The context-specific knowledge may inhibit choice of markets as the knowledge may be very explicit to a region or country, leading to internationalisation being restricted to host countries that are similar in context (Abdelzaher, 2012).

Freeman & Sandwell (2008) examined Australian PSFs internationalising into the culturally divergent Asian market. Their findings are consistent with Lowendahl (2005) and Abdelzaher (2012) as they find the context within the host market to be crucial to successful internationalisation. They find there are four main barriers facing PSFs entering foreign markets: the need for face to face communication; language barriers' understanding of cultural differences; and government policy and regulations.

The cost of face to face communication is considered an important barrier for PSFs when they internationalise (Abecassis-Moedas et al., 2012). This is particularly important when entering emerging markets where the native language is different (Freeman & Sandwell, 2008). PSFs require direct client interaction to aid in knowledge sharing and to avoid cultural and language misunderstandings that can emerge from other forms of communication (Noorderhaven & Harzing, 2009). A barrier inherent in this need is the cost of travel both in terms of time and money between the host and home markets. Linked with the notion of psychic distance, a direct market presence aids firms in understanding cultural differences (Brock & Alon, 2009). The understanding of cultural work habits and environments is seen to affect the strategic decision-making process (Scott-Kennel & von Batenburg, 2012). Freeman & Sandwell (2008) also consider government policy and regulations to be a minor barrier when internationalising as a considerable amount of thought and planning must be devoted to how these barriers may be overcome.

Brock (2012) considers that entry into markets that are more diverse from the home markets may be less attractive as Brock found that the greater the initial cost of foreign investment for small PSFs entering overseas markets, the greater the impact on a firm's profitability. The findings suggest that entry into unfamiliar markets for PSFs may be more costly, take longer and be more resource intensive (Abdelzaher, 2012; Freeman & Sandwell, 2008; Lowendahl, 2005).

Li & Guisinger (1992) note that service firms are driven to enter markets based on their ability to serve a larger market and by following a domestic client into a foreign market.

Client followership is a common factor in the service literature for outlining how and why service firms initially enter foreign markets, as well as their choice of markets (Patterson & Cicic, 1995). PSFs exhibit similar internationalisation decisions as they have also been found to follow clients internationally (Contractor et al., 2003; Hitt et al., 2006). By working with clients in the domestic market, firms are able to gain experiential knowledge through continuous interaction (Morris, 2001). Firms are also able to overcome deficiencies in knowledge in the new market by following clients overseas. When a firm gains new knowledge and is able to build upon existing knowledge, it exploits the learning curve as part of the internationalisation process (Cort et al., 2007). Social networks are considered a strong link in the internationalisation process as they enable PSFs to overcome barriers to entry into a foreign market (Freeman & Sandwell, 2008). This provides PSFs with an advantage in the early phases of internationalisation compared with firms that enter a foreign market with a less developed network (Brock, 2012).

The nature of PSFs and their reliance on expert knowledge, as well as their customisation of services, present additional challenges for managers when internationalising (Lowendahl, 2005). PSFs exhibit a reliance on knowledge and its direct delivery to the client. The high level of inseparability between the producer and consumer is paramount to PSF success. As such, the ability to deliver services is dependent on a firm's human capital. A PSF's reliance on human capital is considered critical and has been described as inhibiting the internationalisation process as it does not allow the organisation to gain from economies of scale. Standardisation of products and processes across markets for manufacturing firms enables them to take advantage of economies of scale and scope, something that is not seen to be possible for PSFs. This places greater emphasis on limited, careful and considered international expansion. Abdelzaher (2012, p.1726) uses the example of a consulting firm to illustrate the issue of inseparability between consumer and producer relative to the value chain:

> *[PSFs] build their competitive edge on the accumulated learning of their professionals, and this is more difficult to achieve when the learning process is cut into pieces and across different locations. For PSFs to add value … they must closely interact with the client from the stages of problem diagnosis to solution delivery and throughout the activities of the value chain.*

The greater the cognitive and geographical distance between the client and the service producer the more difficult successful PSF international expansion is considered to be. Building relationships and networks may help overcome barriers for entry into particular markets, but these may inhibit a firm's ability to enter markets more quickly (Abdelzaher, 2012).

2.5.3 Internationalisation entry modes

Rugman and Verbeke (2008, p.403) noted that '*service firms again as compared to manufacturing firms are constrained in their location choices*'. A common assessment for service firms is that they are more likely to internationalise by having a physical presence in the market (Blomstermo & Sharma, 2006; Brouthers & Brouthers, 2003; Ekeledo & Sivakumar, 2004; Roberts, 1999). The emphasis on service firms requiring high control modes of entry is also reflected in PSF research (Cort et al., 2007; Coviello & Martin, 1999; Freeman & Sandwell, 2008; Malhotra, 2003; Scott-Kennel & von Batenburg, 2012).

In an effort to diversify assumptions regarding service entry modes, Gronroos (1999) examined the internationalisation entry mode options available to service firms and emphasised that even those firms that are seen to have a highly inseparable service (e.g. consulting firms) can be involved in a form of direct exporting. This is similar to 'transhuman' exports where the producer of the service is physically exported to the location of the consumer (Roberts, 1999). It is suggested that in service sectors where inseparability is high, forms of electronic transmission such as wired exports are less popular methods of exportation than those that incorporate face to face contact.

Many researchers have linked service entry mode with service characteristics (Blomstermo et al., 2006; Cardone- Riportella & Cazorla-Papos, 2001; Coviello & Martin, 1999; Ekeledo & Sivakumar, 2004; Gronroos, 1999; Styles, Patterson & La, 2005). The entry mode chosen by service firms has been most closely linked with the level of inseparability of the service, and the level of intangibility of the service. This suggests that the greater the need for firms to have client interaction (inseparability), the greater the likelihood that a firm is involved in an entry mode that requires a direct market presence. Similarly, the greater the inability for the firm to transfer the service through tangible methods such as software or other physical products, the greater the likelihood that the firm will be involved in a high commitment entry mode such as establishing a foreign subsidiary.

Gronroos (1999) when outlining the entry mode options for service firms highlights that they do not necessarily follow any sequence. Ball et al. (2008) also sought to challenge early assumptions regarding the nature of service firm entry mode options. They noted that many theoretical market entry frameworks focus on manufacturing firms and assume that firms increase their level of market commitment in an incremental pattern. Ball et al. (2008) challenged this notion and examined service firms that are seen to have a high level of inseparability and are information intensive. They outline several low commitment entry modes by separating the production processes of services from the 'back room' to the 'front room' of service delivery. The sequential elements of the process are order taking, input information, production processes, output information and delivery process. They suggest that the process for service firms is different from manufacturing because services consist of a collection of functions as opposed to just physical activities. These elements of the service process can be separated so as to provide service firms with greater flexibility when venturing into foreign markets.

Table 2.7 gives an overview of the options for service entry modes by Gronroos (1999) and Ball et al. (2008).

Table 2.7: Service firm entry mode options

Gronroos (1999) Service firms - Entry mode options	Ball et al. (2008) Soft service firm - Entry mode options
Direct export - For example a consulting firm based in the domestic market then moves resources, when required, to a client in an external market. No step by step learning can take place, as the service has to be produced immediately.	**Embodied object exports** - the output of soft services can often be embodied in some physical form (e.g. reports, constructions plans or DVD's).
Systems export - is a joint effort by two or more firms whose solutions complement each other. A service firm may support a goods-exporting firm or another service firm. This gives the service firm an opportunity to expand their markets abroad.	**Embodied channel exporting** - the output of soft services can be embodied in a visual or audio communication channel such as a teleconferencing link
	Embodied people exports (Full transformation chain) - the practice of sending staff to host markets on short term assignments, to deliver and produce soft services. Employees can handle most or all of the functions in the value chain to the host market, effectively replicating the necessary parts of the company.
Direct entry means that the service firm establishes a service producing organisation of its own in the foreign market. For a manufacturing firm, as a start of the learning process, a sales office might be set up. For a service firm, a local organisation normally has to be able to produce and deliver the service from the beginning. The time for learning becomes short, and the alternative is to acquire a local firm.	**Embodied people exports (Partial transformation chain)** - the practice of sending staff to host markets on short term assignments, to deliver and produce soft services. Only those functions in the transformation chain that require a local presence at a given time are sent to the host market.
	Domestically located exports - By bringing the consumer to the producer's home country. A firm that

Indirect entry happens when the service firm wants to avoid establishing a local operation that is wholly or partly owned by it. Nevertheless, the firm wants to establish a permanent operation in the market. For example, a consulting firm licences its business to a local provider. As far as building market knowledge is concerned this is the least risky option but as is the case with this type of entry mode, the control level is low.	provides output to foreign clients in the domestic market is effectively exporting.
	Using host market network partners - firms can leverage intra-industry networks to supplement a local presence in foreign locations. Network partners undertake some functions e.g. information gathering while the production functions remain in the home market or invest in a fully co-operative relationship with them sharing functions within the value chain.
Electronic marketing - in this entry mode the service firm extends accessibility of the service. Therefore, the firm is not bound by any particular situation.	**Client following through embodied people exporting** - the ability to serve an existing client upon entry into an overseas market.
	Contracting to another firm with international activities - firms leverage the international activities of other firms by providing inputs into production systems that generate output sold overseas. This is viewed as a 'piggybacking' approach
	Contact to local firm with international activities: Joint involvement in the market - a domestic partner firm may initiate some international activity. The contracted firm may assume a more active role rather than just passively servicing the firm from the domestic market.

The research by both Gronroos (1999) and Ball et al. (2008) provide an interesting, comparison to early research into professional service firms' entry modes that focus on highly resource intensive entry modes (e.g. Blomstermo et al., 2006). Both offer alternative perspectives on the internationalisation of highly inseparable service firms that indicates that these firms have much greater opportunities to enter foreign markets than previously thought. It is supportive of the idea that PSFs have a greater range of entry mode options when entering foreign markets. It also suggests that less resource intensive entry to build on and transfer existing knowledge may impact a firm's internationalisation process and enable the firm to enter markets more quickly (Scott-Kennel & von Batenburg, 2012).

In summary, a professional service firm's decision to internationalise is both demand and supply led. Their decisions regarding how they internationalise – their choice of markets and entry mode – appears either to encourage or inhibit a firm's ability to enter foreign markets more rapidly. Their choice of foreign markets can be driven by the need for face to face interaction as part of their service. The transfer of expert knowledge may actually hinder internationalisation. Consequently, to overcome barriers to entry and enter markets more quickly, they follow clients into new markets and enter markets that are culturally and geographically proximate. The nature of their service is also seen to impact their choice of entry mode as these firms have unique, complex, intangible knowledge to be delivered directly to clients. This may restrict their entry mode choice as other entry modes may not enable the firm to transfer knowledge or build client relationships in the same way.

2.6 Research Framework

The following section will present the research questions and the framework developed for the research. First, an internationalisation model is proposed which arranges the processes of internationalisation into categories for analysis. This proposal includes an argument for the applicability of this model for rapidly internationalising PSFs. The chosen processes for analysis are based on an overview of the extant literature. The research question and subsidiary research questions are introduced and explained. Finally, a conceptual model is developed bringing together two streams of research: rapidly internationalising firms and PSF internationalisation.

2.6.1 Research background

PSFs represent a unique category of service firm. They follow distinguishing characteristics of service firms – inseparability, heterogeneity, intangibility and perishability – that are not shared by their manufacturing counterparts. PSFs are also defined by distinctive characteristics that are not shared by other types of service firms – a high level of knowledge intensity, low capital intensity and a professionalised workforce (von Nordenflycht, 2010). PSFs are the fastest growing segment of mature market economies, driven by changes in technology, mutual trade agreements, and trends towards offshoring and outsourcing (Canavan et al., 2013). Their unique characteristics mean they are associated with dependencies that heighten managerial and internationalisation challenges (Greenwood et al., 2005).

In particular, the requirements that PSFs necessitate frequent direct interaction between the user and provider of a service, the use and transfer of complex knowledge, the reliance on networks as well as the importance of human capital and knowledge resources have been considered barriers to internationalisation (Hitt et al., 2006; Rivera, 2012; Scott-Kennel & von Batenburg, 2012). These internationalisation challenges have required PSFs to customise their foreign market strategies in their choices of markets and choices of entry mode in ways that other types of firms do not need to (Freeman & Sandwell, 2008). PSFs have been found to internationalise differently to other types of firms because of their dependence on clients, the critical nature of their knowledge and their executives' motivations (Abdelzaher, 2012). Despite calls in the literature for a greater understanding of PSFs and their internationalisation processes (Aharoni, 1996; Ball et al., 2008; Beaverstock, 2004; Contractor et al., 2003; Faulconbridge, 2006; Hitt et al., 2006; Malhotra, 2003; Rugman & Verbeke, 2008), it is still unclear how and why PSFs internationalise (Muzio & Faulconbridge, 2013). This extends to why and how these firms may internationalise differently within a rapid internationalisation context (Deprey et al., 2012).

Given that the internationalisation processes of rapidly internationalising firms and PSFs are considered unique, this study aims to explore the internationalisation processes of rapidly internationalising PSFs. Our knowledge is lacking on how and why PSFs rapidly internationalise. Indeed, it is their unique characteristics that may account for our deficiency of knowledge when examining their early stages of internationalisation (Brock & Alon, 2009; Coviello & Martin, 1999; Freeman & Sandwell, 2008; Roberts, 1999). Increasingly, research has begun to examine born global and INV firms from a more holistic perspective with a significant growth in the body of research on rapid internationalisers from diverse industries and contexts (Cesinger et al., 2012; Gabrielsson et al., 2008; Liesch et al., 2007; Taylor & Jack, 2013; Thai & Chong, 2008).

In the development of a framework from which to examine early internationalisers that fit within PSF criteria, three distinct areas of emphasis require attention (Cesinger et al., 2012). In particular, studies from both the rapidly internationalising and service firm literatures suggest a focus towards the speed and drivers of their internationalisation (Kuivalainen et al., 2012; Olejnik & Swoboda, 2012; Oviatt & McDougall, 2005), their choice of markets (Kuivalainen et al., 2012; Shrader et al., 2000), and their choice of entry mode which is suggested to be either high or low commitment (Burgel & Murray, 2000; Olejnik & Swoboda, 2012). The key dimension of rapidly internationalising firms is considered to be the speed with which they internationalise (Oviatt & McDougall, 2005). However, the internationalisation process of these types of firms is not wholly explained by their drive to internationalise rapidly. Therefore, the internationalisation process needs to consider other key factors, particularly the firm's choice of markets and choice of entry mode.

2.6.2 Research questions

Based on an examination of the relevant literature, the following research question has been formed:

How and why do rapidly internationalising professional service firms enter foreign markets?

The various models of firm internationalisation have emphasised and explained several factors affecting internationalisation processes amongst a range of different types of firms. One such type of firm – PSFs – are considered '*under researched*' (Malos & Campion, 2000, p. 749) and '*largely invisible … unseen and unexplored*' (Lorsch and Tierney, 2002, p. 13). Although the literature has stressed the need for a greater understanding of PSFs and their internationalisation processes (Hitt et al., 2006), there has been scant analysis of PSFs conceptualising their internationalisation within a rapid internationalisation context. While several studies examine how PSFs emphasise knowledge and learning (Scott-Kennel & von Batenburg, 2012), network relationships (Freeman & Sandwell, 2008), and use their human capital (Hitt et al., 2006) research has only alluded to how these types of firms may rapidly internationalise (Deprey et al., 2012).

In particular, the requirement for high levels of frequent and direct interaction between user and provider of professional services has been considered a critical component in determining their internationalisation process (Abdelzaher, 2012; Brock, 2012; Cort et al., 2007). As in other service industries, pressure may be placed on firms to internationalise more quickly as they are asked to follow client's overseas (Bell et al., 2003; Majkgard & Sharma, 1998). Research has shown that such firms are also more restricted in their choice of markets. They are likely to enter markets with similar cultural and business backgrounds to maintain the integrity of the service (Coviello and Martin, 1999). For such services to be delivered successfully PSFs may need to enter markets through high commitment entry modes, such as establishing a physical presence in the market (Cort et al., 2007; Coviello & Martin, 1999; Freeman & Sandwell, 2008; Malhotra, 2003; Scott-Kennel & von Batenburg, 2012).

The limited research focused on, or around, rapidly internationalising service firms (see Deprey et al., 2012; Ripolles Melia et al., 2010) suggest that these firms do internationalise differently. Calls within the rapid internationalisers literature (Kuivalainen et al., 2012; Olejnik & Swoboda, 2012; Taylor & Jack, 2013) to not only examine firms from non-manufacturing industries but also to examine three key characteristics of internationalisation – the drivers of rapid internationalisation, the choice of markets and choice of entry mode – lead us to consider rapidly internationalising PSFs and their internationalisation processes. Consequently, the research question aims to explore the rapid internationalisation of PSFs.

2.6.3 Subsidiary Research questions

The following subsidiary research questions have been designed to support the primary research question.

2.6.3.1 Subsidiary research question one

The key feature of a rapidly internationalising firm is the speed with which the firm internationalises from inception (Gabrielsson et al., 2008; Knight & Cavusgil, 1996; Oviatt & McDougall, 1994; Svensson, 2006). Previous research has helped explain the drivers of this rapid internationalisation, although this has largely been based around manufacturing rather than service industries (Aspelund et al., 2007; Fan & Phan, 2007; Oviatt & McDougall, 2005; Thai & Chong, 2008). Less focus has been given to the speed of internationalisation for PSFs as researchers have assumed that these types of firms internationalise more slowly (Brock, 2012; Coviello & Martin, 1999; Freeman & Sandwell, 2008).

The implication for internationalisation of PSFs is that the nature of their service characteristics inhibits their ability to internationalise rapidly. The literature review explained that a PSFs reliance on low levels of capital intensity and networks may constrain its rapid internationalisation (Scott-Kennel & von Batenburg, 2011). The establishment of a strong domestic network is considered crucial for these types of firms to enter markets as they are able to follow domestic clients into foreign markets, overcoming barriers to entry (Brock & Alon, 2009; Lowendahl, 2005). The development of internationalisation process models that are based on manufacturing firms are still reflected in this research. Although it appears as if

PSFs are able to internationalise rapidly, more recent research has only alluded to why these firms may undertake early internationalisation (Deprey et al., 2012).

Hence, subsidiary research question 1 is framed as follows:

Why is a rapidly internationalising professional service firm (PSF) motivated to internationalise?

2.6.3.2 Subsidiary research question two

The literature review outlined that the service characteristics are critical factors in the choice of markets (Contractor et al., 2003; Freeman & Sandwell, 2008; Hitt et al., 2006). The inseparability of production and consumption combined with PSFs' reliance on expert knowledge through their human capital has been found to impact the internationalisation process (Abdelzaher, 2012; Greenwood et al., 2005; Hitt et al., 2006; Scott-Kennel & von Batenburg, 2012; Shukla & Dow, 2010). The requirement of high levels of personal interaction between clients and producers creates a need for an environment that is similar to the home market. Accordingly, a PSF is more likely to choose a market that is more psychically similar to its domestic market as it has greater critical market knowledge (Lowendahl, 2005). Similar markets may aid in more rapid and successful internationalisation as a firm requires fewer resources, lowering the cost and complexity of internationalisation (Abdelzaher, 2012; Freeman & Sandwell, 2008; Lowendahl, 2005).

In contrast, the born global literature considers that these types of firms focus on markets that provide the greatest opportunity rather than those that are the most culturally similar (Autio et al., 2000; Bell et al., 2004; Madsen & Servais, 1997). Rapidly internationalising firms are not typically associated with the need to be so geographically and cognitively close to their clients and so place less importance on entering culturally similar markets (Abdelzaher, 2012). PSFs may be able to overcome the liability of newness that is commonly associated with service firms entering dissimilar markets by engaging in client followership (Contractor et al., 2003; Hitt et al., 2006). Weerawardena et al. (2007) emphasise that born global firms may be able to overcome similar liabilities by developing and relying on strong networks. Such an internationalisation strategy would enable a firm to enter markets more quickly and hence capitalise on current market opportunities.

Based on the above discussion, subsidiary research question 2 has been framed as below:

How does the speed of internationalisation influence rapidly internationalising professional service firms (PSFs) in their choice of markets?

2.6.3.3 Subsidiary research question three

The literature review highlighted that rapidly internationalising firms are not commonly seen to choose high commitment entry modes (Efrat & Shoham, 2012; Kuivalainen et al., 2007; Melen & Nordman, 2009). Instead, exporting is considered more popular as firms are interested in entering markets through low-risk entry modes. This allows firms to enter markets more quickly and be more strategically flexible as well as to reduce the commitment of valuable resources (Andersson, 2011; Rialp & Rialp, 2007). Much of the literature has focused on firms with tangible products rather than from service industries where the level of separability may influence entry mode decisions.

Due to the necessity of greater levels of client/firm interaction, service firm internationalisation is more commonly associated with entry modes that require greater levels of resource commitment (Ball et al., 2008; Scott-Kennel & von Batenburg, 2012). These types of entry modes have been primarily linked with service firms because they offer the highest level of control and help build relationships with clients, particularly if the firm is involved in ‘client followership’ by following clients into new international markets (Bell et al., 2008; Kuivalainen et al., 2012). These firms are also seen to engage in high commitment entry modes and follow clients to overseas markets (Freeman & Sandwell, 2008; Rosenbaum & Madsen, 2012).

PSF research acknowledges that although it may be more difficult for firms which require high levels of client interaction and are knowledge intensive to enter through low commitment entry modes, this remains a viable entry mode strategy (Ball et al., 2008; Gronroos, 1999). Less resource intensive entry modes adopted by PSFs may enable a firm to achieve the same level of knowledge transfer and enable it to enter markets more quickly (Scott-Kennel & von Batenburg, 2012). Rapidly internationalising PSFs may, therefore, find that the nature of PSFs, particularly the high level of need for frequent and consistent client interaction, could influence the entry mode choice they adopt.

Therefore based on this discussion, subsidiary research question 3 has been framed as follows:

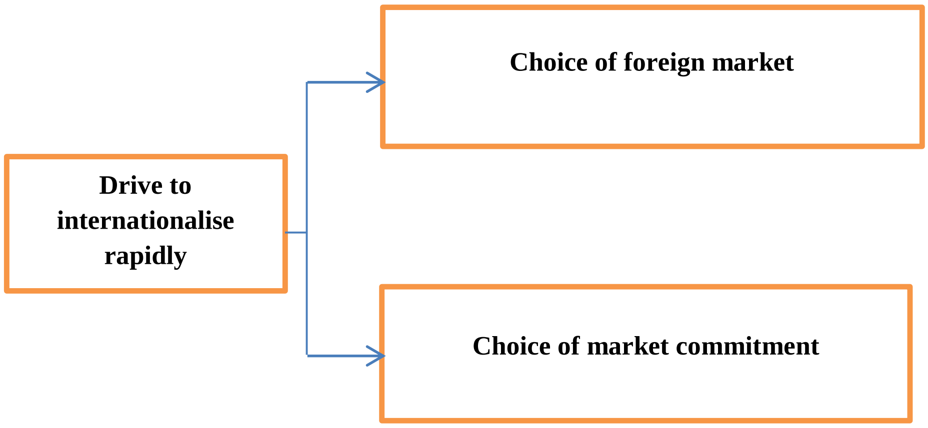
How does the speed of internationalisation influence rapidly internationalising professional service firms (PSFs) in their choice of entry mode?

2.6.3 Integrated framework for this study

The structure of the internationalisation framework is designed to support the primary and subsidiary research questions, which highlight the relationship between why firms internationalise rapidly (drivers of internationalisation) and how they do it (the choice of markets and the choice of entry mode). By examining these key areas of internationalisation, a more meaningful analysis of the impact of the characteristics of rapidly internationalising PSFs can be attempted. Additionally, the subsidiary research questions support the rapidly internationalising PSF framework. Subsidiary research question 1 is applicable to drivers of internationalisation; subsidiary research question 2 is applicable to the choice of markets; and subsidiary research question 3 applies to the choice of entry mode.

Figure 3 illustrates that the drive to internationalise is enabled by the choice of market and choice of entry mode. This internationalisation process leads the firms to be classified as a rapidly internationalising PSF.

Figure 3 – Rapidly internationalising PSF model



The framework drawn from the literature review is relevant for seeking in-depth knowledge about how rapidly internationalising PSFs enter foreign markets and for understanding the involvement in their internationalisation activities. Because this integrated approach has not been previously researched within a PSF context, this study adopts a broad internationalisation framework to explore the how and why of rapidly internationalising PSFs. This framework will aid in the identification of key factors and processes in the internationalisation process. This will enable common themes and constructs to be examined more closely.

2.7 Chapter Summary

A review of the extant literature emphasises that two bodies of research regarding services and rapid internationalisation have emerged. First, analysis of service firms has developed around the perceived differences between goods and services. Four characteristics of service firms are often shown to highlight these differences. These are the intangibility, heterogeneity, perishability and inseparability of the service. Seen to be among the most extreme examples of these are PSFs which areassociated with high levels of all four dimensions.

The inability for researchers to agree on a definition of PSFs has contributed to the lack of investigation into their internationalisation processes. Researchers concentrating on their internationalisation pathways have focused on the inseparability of the producer and consumer. This has led to studies concluding that PSFs are constrained in their internationalisation decisions. These firms enter markets more slowly to build up domestic networks, rely on client relationships when entering new markets, choose culturally similar markets and choose a high commitment entry mode such as establishing a subsidiary.

Academic enquiry into rapidly internationalising firms has explained that these types of firms differ in their internationalisation approaches to other types of firms. The stage models of internationalisation emphasise building market knowledge and reducing risk when entering new markets. This is achieved by increasing market knowledge with each subsequent, incremental stage of internationalisation. Rapidly internationalising firms are different and leapfrog several stages of the incremental models. Rapidly internationalising firms are interested in taking advantage of opportunities in other markets as quickly as possible. They are seen as firms that internationalise rapidly into foreign markets at inception. They choose markets regardless of psychic distance and instead enter markets with the greatest opportunities regardless of higher levels of risk. Their choice of entry mode is commonly associated with exporting as it provides an opportunity to enter markets more quickly and is less resource intensive than other entry mode options.

The research questions proposed have been based on the literature review which addresses the internationalisation processes of rapid internationalisers and PSFs. The research will attempt to analyse PSFs that internationalise rapidly. The investigation is interested in how the rapid internationalisation of these types of firms influences their internationalisation processes. The development of the conceptual model across three key dimensions of internationalisation (drivers of initial internationalisation, choice of markets and choice of entry mode) and subsidiary research questions attempt to highlight the key influences in their internationalisation processes.

Chapter Three

Methodology and Data Collection Procedures

The purpose of this chapter is to outline the research methodology employed to examine the research questions. The outline of this chapter is as follows. First, the proposed research methodology is described and justified. This includes an overview of the key qualitative characteristics employed in internationalisation research as well as how the characteristics of qualitative research relate to the research questions. A multiple case study research approach is then introduced, explained and justified from the perspective of its application to the research questions. Research focusing on service internationalisation and rapidly internationalising firms is used as a basis for rationalising the case study research strategy presented. The selection of the case study firms is outlined, justified, and briefly introduced. The final sections provide an overview of the data collection process which was informed by the literature to yield rich insights. This includes the use of in-depth semi-structured interviews, their coding and analysis. Triangulation, reliability, and ethical issues are also presented. The chapter concludes with a summary in Section 3.4.

3.1 Research Design and Methods

3.1.1 Selecting research methods

The research question, introduced in the previous chapter is as follows:

How and why do rapidly internationalising professional service firms enter foreign markets?

The subsidiary questions, introduced in the previous chapter are as follows:

SRQ1: Why is a rapidly internationalising professional service firm (PSF) motivated to internationalise?

SRQ2: How does the speed of internationalisation influence rapidly internationalising professional service firms (PSFs) in their choice of markets?

SRQ3: How does the speed of internationalisation influence rapidly internationalising professional service firms (PSFs) in their choice of entry mode?

The purpose of the research question and the subsidiary research questions is to build and extend previous theory and research. As identified in Chapter Two, a considerable body of research examines rapidly internationalising firms and PSF internationalisation. It is the objective of this study to build on this research and examine the unique characteristics of PSFs within a rapid internationalisation context. Despite the unique internationalisation strategies employed by PSFs due to their characteristics. very few studies have investigated PSFs rapidly internationalising (Abdelzaher, 2012; Deprey et al., 2012; Freeman & Sandwell, 2008). Consistent with this purpose, the research takes a qualitative approach. An exploratory, theory-building approach is appropriate to examine the internationalisation process of PSFs that rapidly internationalise as the aim is to build on existing knowledge within a new context (Sinkovics & Ghauri, 2008). The research questions attempt to expose patterns or trends between the professional service activities that firms are involved in and the nature of their internationalisation strategies. Consequently, the aim is to generate new insights rather than replicate previous findings.

Research designs are most commonly classified into two distinct areas: qualitative and quantitative research. Qualitative research aims to explore, describe, explain and understand a phenomenon (Coviello, 2005). Through the gathering of contextual information the objective is to analyse and interpret its contents and meanings to generate comprehensive explanations (Curran and Blackburn, 2000; Mason, 2006). A qualitative approach was particularly applicable to this research for a number of reasons.

First, Denzin & Lincoln (2008) and Stake (2013) explain that a key difference between the quantitative and qualitative methods is that a qualitative approach is involved in the searching for causes by attempting to understand complex interrelationships whereas quantitative approaches seek to determine what is happening through explanation and control. Qualitative researchers look for understanding of complex interrelationships within dynamic environments. As Leavy (1994:107) outlines:

The focus for (qualitative) study tends to be on processes rather than on structures, and on dynamic rather than static phenomena. The emphasis tends to be on description and explanation rather than on prescription and prediction.

The dynamic environment is a critical aspect when understanding complex relationships within their own context. Rapidly internationalising firms are seen to operate within complex, dynamic environments with a great need for operational flexibility. It is these conditions that help make them so unique (Efrat & Shoham, 2012; Weerawardena et al., 2007). The qualitative method is viewed as appropriate when examining phenomena, particularly when there is a need for flexibility and adaption to new circumstances (Maxwell, 2012). Daniels & Cannice (2004, p.186) highlight that qualitative approaches may be particularly relevant 'to discover new relationships or situations not previously conceived'. To explore these kinds of issues as well as to investigate complex phenomena and relationships between processes where interpretation is important, a qualitative approach is appropriate (Stake, 2013).

Second, given that the research questions are interested in the nature of a phenomenon – specifically, the early internationalisation processes of PSFs – and not its frequency, qualitative rather than quantitative methods were appropriate. A qualitative approach encourages an open and flexible investigation to be conducted with the aim of developing new insights into firm internationalisation. Yin (2010) outlines that the aim of qualitative research is to build on existing knowledge and to interpret information within a real life context. Importantly, the researcher should be not be bound by any preconceived expectations from the beginning of the research. Accordingly, a qualitative research method provides the researcher with the ability to observe a phenomenon directly and may create the first-hand experience necessary to explain a scenario. A qualitative approach enables the researcher to interact, empathise and interpret the individual viewpoint of respondents (Bryman & Burgess, 2002). In order to gain a deeper understanding of the internationalisation process of PSFs ie why and how they venture rapidly into foreign markets, the researcher must be within the context, exploring and seeking to understand why these firms chose their internationalisation pathways. This is consistent with other investigations into PSFs which have adopted similar qualitative approaches (e.g. Amonini et al., 2010; Brivot, 2011; Lawrence, Malhotra & Morris, 2012; Jensen, Poulfelt & Kraus, 2010).

Third, in their critical analysis of international entrepreneurship, Peiris, Akoorie and Sinha (2012) outline that the focus of research has been toward high technology and manufacturing industries. Their investigation of 291 articles published in peer-reviewed journals over the period 1993-2012 revealed only five studies that focused on services. The relatively small appearance of such studies in prestigious journals suggests that this area is relatively unexplored, and new investigations may provide unique insights. The current investigation seeks to examine rapidly internationalising firms from the service sector, specifically PSFs. In their review of the rapid internationalisation literature, Aspelund, et al. (2007), Keupp & Gassman (2009), and Rialp et al. (2005a) outline that an insightful application of the qualitative approach is warranted to advance the research field. They propose that to improve theory and help further explain rapid internationalisation, a qualitative approach should be used to help understand internationalisation processes. This studys aim is to build on existing rapid and PSF internationalisation theory to examine the how and why PSFs rapidly internationalise. PSFs are associated with dependencies that increase managerial challenges when entering foreign markets (Greenwood et al., 2005). Our knowledge concerning the rapid internationalisation of PSFs is lacking, and a greater understanding of PSFs and their internationalisation process is warranted (Muzio & Faulconbridge, 2013).

Rialp-Criado et al. (2010) believe that a more holistic approach to rapid internationalisation is warranted and that a qualitative approach may be required to advance the field. Much of the early and subsequent rapidly internationalising literature focuses on the importance of entrepreneurs and their influence on a firm's early internationalisation process as well as the importance of the qualitative approach (Aspelund et al., 2007; Knight & Cavusgil, 1996; Kuepp & Gassman, 2009; Oviatt & McDougall, 2005; Rialp et al., 2005a). Hashai (2011) argues that internationalisation processes and strategies are not individual components or parts of a firm but instead represent the firm's overall operations. This is not to suggest that entrepreneurs have little influence but rather the internationalisation process needs to be examined with reference to a firm's overall operations, including entrepreneurial behaviour. More recent research looking to broadly extend and develop rapid internationalisation theory has also followed a qualitative approach (e.g. Fletcher & Prashantham, 2011; Hewerdine & Welch, 2013; Kalinic & Forza, 2012; Laurell, Andersson & Achtenhagen, 2013; Taylor & Jack, 2013). This has been particularly prevalent when taking a more holistic approach to the investigation of rapid internationalisation.

Fourth, a qualitative approach can make a substantial contribution to theory in multiple ways (Doz, 2011). Qualitative research stresses the aim of becoming saturated with information on the topic while considering issues that are meaningful to the people they affect (Bowen, 2005). Qualitative investigation enables the researcher to come closer to the participant's perspectives through detailed investigation and observation. Birkinshaw, Brannen & Tung (2011) note that the interaction with respondents and the ability to generate and build on theory rather than test it is what makes a qualitative approach applicable to new research areas. Quantitative approaches have to rely more on remote, empirically driven material; they are seldom able to capture the subject's perspective. This suggests that gaining the participant's perspective is important in early internationalisation research where the entrepreneur may have a pivotal role in determining a firm's early internationalisation decisions.

Cavana et al. (2001) believe that a qualitative methodology enables the researcher to explore their feelings, attitudes, values and beliefs about the research topic. Similarly, Stake (2013) explains that qualitative research tries to establish an empathetic understanding for the reader. The experience of gaining valuable information is attempted to be conveyed to the reader through key descriptors. Researchers have emphasised that the most distinctive characteristic of qualitative enquiry is its emphasis on interpretation (Stake, 2013; Yin, 2010). Qualitative researchers are able to capture the subject's perspective, and emphasise a socially constructed nature of reality. This can be particularly important when research is attempting to answer a 'why' question. This highlights the relationship between the researcher, the research itself, and the contextual implications associated with it. Qualitative work acquires richer insights by stressing the situational contexts of an investigation (Denzin & Lincoln, 1994). By focusing on founders and the entrepreneurs of the case study firm the qualitative research method is able to explore the motivations behind key decisions in the internationalisation process. By securing rich descriptions and capturing the individual's point of view, qualitative research is distinct from quantitative research methodologies. By interpreting the environmental context of the firm and the individuals, it is able to reflect on subject matter that is meaningful to the people affected by it. In this sense a qualitative approach can make a substantive contribution to international business theory by providing rich, detailed accounts of real phenomena within their own contexts helping us to answer why questions (Birkinshaw et al., 2011; Buckley & Lessard, 2005; Doz, 2011).

3.1.2 Multiple case study method

Erikson & Kovalainen (2008, p. 117) outline that case study research is:

> *the emphasis on the production of detailed and holistic knowledge, which is based on the analysis of multiple empirical sources rich in context.*

The key concept for the case study is that it allows a specific phenomenon to be investigated within its real-life context. This allows for much greater depth of understanding (Eisenhardt, 1989). Denscombe (1998:32) outlines that case studies focus on:

> *a particular phenomenon with a view to providing an in-depth account of events, relationships, experiences or processes occurring in that particular instance.*

Case study research can be viewed as an all-encompassing research strategy as it incorporates specific approaches to data collection and to data analysis (Yin, 2010). It also allows for greater focus and insights into specific areas of interest. Qualitative case study methodologies have an established place in qualitative international business research due to their in-depth investigative nature and theoretical insights (Welch et al., 2011). In a review of four key international business journals over a 10-year period, case studies have been found to be the most popular of the qualitative methods (Piekkari, Welch & Paavilainen, 2009). The prevalence of case studies in prestigious journals suggests that this approach has significant value to international business research, particularly with regard to exploratory investigations such as this one that is interested in building and developing theory.

Case studies can investigate single cases, or researchers may adopt a multiple case study approach. Each case study allows the use of multiple sources, methods and types of data in the investigation (Creswell, 2012; Denscombe, 1998). This provides a study with the ability to generate a holistic understanding of the topic (Gummesson, 2000). A multiple case study method enables a researcher to garner comprehensive information on many different aspects of the one topic area. These are then able to be examined against one another and allow any existing relationships to be observed. A multiple case study approach captures real life phenomena in-depth, accumulating rich descriptions and data across several firms (Yin, 2010). By observing this across multiple cases the generalisability of results are strengthened, and this provides further robustness to any theoretical insights (Tellis, 1997). Welch et al. (2011) note that a key area where case study research is underutilised is its ability to propose linkages and relationships. A multiple case study approach allows data from several cases to be examined in a process which constantly compares theory and case data to seek a close fit between the two. Comparisons across case studies enable the researcher to identify and explain any potential patterns, trends or linkages that may exist (Hammel, Dufour & Fortin, 1993). To aid in the identification of relationships across internationalisation processes a case study approach is warranted (Bell et al., 2004). This is apt for the current research which seeks an understanding of the internationalisation processes of rapidly internationalising PSFs.

The data collected for each case study should originate from different sources, such as business papers, journals, annual reports, case companies' home pages, brochures (Dubois & Gadde, 2002; Ghauri, 2004; Tellis, 1997; Yin, 2010). Using multiple sources can improve the quality of the research as it allows for triangulation of information (Vissak, 2010a). Triangulation can occur with data, investigators, theories, and methodologies. In cases where the phenomenon is complex and/or interactive, the triangulation of data may provide additional information, increase the robustness and validity of the findings as well as reveal new insights and questions for future research (Gilmore & Carson, 1996; Eisenhardt & Graebner, 2007; Ghauri, 2004). This can be important when the research is exploratory in nature (Myers, 2013). Within a case study research method, the use of triangulation helps reduce the misinterpretation of data and aids in the building of theory and linkages.

Multiple case studies provide flexibility and enable the researcher to get a richer, deeper understanding of the phenomena at play (Chetty, 1996). This is particularly important when there is little established literature or few available prior empirical findings (Eisenhardt, 1989; Halinen and Tornroos, 2005). This is the case with the current research focus on the rapid internationalisation processes of PSFs (Deprey et al., 2012). Consequently, the aim of the multiple case study approach is to gain insights and help develop theory regarding the rapid internationalisation process across the industries with which the firms are associated. To achieve this goal, comparative cases that are likely to extend or replicate emergent theory should be chosen.

3.2 Data Collection and Analysis

3.2.1 Case selection and firm access

Ghauri (2004) outlines that as part of robust, qualitative, multiple case study analysis, case selection is a critical component. The selection of case studies is complex; there are numerous sampling strategies present in the literature and also confusion as to how each can be best employed as part of case study research (Fletcher & Plakoyiannaki, 2011). Eisenhardt & Grabner (2007) suggest that a flawed assumption of some case study research is that cases should be representative of a population. Instead, the selection of companies should be based around theoretical rather than statistical sampling (Stake, 2013). Ghauri & Firth (2009) consider one of the most important elements in case study selection to be not only differences but similarities. They suggest that cases should share features that make them comparable. This is similar to the 'criterion sampling' method (Patton, 2005) or 'selective sampling'

(Fletcher & Plakoyiannaki, 2011). This technique involves selecting cases that meet a predetermined set of criteria that fit the research objectives. This research followed Patton's (2005) criterion sampling method. Consequently, the selection of cases was not random. Instead, it was purposeful and fitted the criteria of the study.

Comparative cases were chosen rather than selecting cases that may have been random or not related (Gomm, Hammersley & Foster, 2004). Corresponding with the objectives of this research, the following two key selection criteria are used:

- The cases must meet the definitional criteria of a PSF
- The cases must meet the definitional criteria of a rapidly internationalising firm

Purposive sampling involves selecting members of a sample that are chosen to represent key criterion such as the key selection criteria for this research (Patton, 2005). This enables the research to use cases that follow replication logic rather than a random sample (Eriksson & Kovalainen, 2008). Following the purposive sampling criterion in June 2010, the author reviewed the case study literature and communicated with representative bodies such as the Australian Trade Commission (Austrade) and the Australian Business Foundation. These organisations were contacted because of their knowledge of Australian firm internationalisation, firms' industries, and their previous assistance to other similar internationalisation studies (Matthews, Healy & Wickamasekera, 2012; Middleton, Liesch & Steen, 2011; Spowart & Wickamasekera, 2012). Both bodies were notified of the scope and requirements of the study, including the two key selection criteria, and suggested five potential case study firms. Two potential firms were identified using academic contacts, and a further twelve were identified through relevant academic literature, such as relevant journals and periodicals. Nineteen firms were identified as potentially meeting the criteria of the study and were selected as potential case study participants.

To ensure firms met the purposive sampling criteria, prospective case study firms were initially investigated by accessing company specific data. If the data revealed to the researcher that it did not fulfil either the potential of being a rapidly internationalising firm or a PSF, the firm was removed from the potential case study list. A detailed screening process is most applicable as part of case study business research and is considered a common and legitimate technique when the aim of the study is to build theory (Pratt, 2009). A thorough initial and subsequent screening process ensures eligibility of cases to aid in research outcomes (Yin, 2010).

Further screening was conducted by accessing any basic company information that was available on websites, through advertising materials such as brochures, as well as interviews and articles in business magazines. This enabled the researcher to gain initial information about the firm, its product and its internationalisation history. By following the key selection criteria, any potential bias in the selection of firms was removed. Potential firms were then contacted through email to ask if the firm and its founders would be happy to be involved with the research project. Of the original nineteen pre-identified firms, seven responded positively to participating in the research. The remaining firms were again contacted through other means e.g. telephone, posted letters and reminder emails. Stake (2013) reveals that, given the limitations of multiple case study research, for firms to be included in any study they should be willing to participate. Introductory telephone conversations and email exchanges were then conducted with founders of each of the prospective case study firms. The conversations revealed that some firms were not willing to participate to the extent required for in-depth case study research and so were excluded from the study. This was considered to be a systematic and thorough approach to the screening process.

A key limitation of the screening approach was that it was time intensive. It also meant that a grounded theory approach was not possible as the firms had to meet strict definitional criteria and adhere to existing theory. Academics in the field were asked to overlook the screening process prior to the study commencing as well as at its results before a final number of firms were selected. By limiting the sample to firms which met the criteria and by including academics in the field, the sample was able to maintain validity and independent scrutiny (Ritchie et al., 2013). This was important as it ensured the firms' suitability to the rapid internationalisation and PSF criteria as well as the study overall.

Each prospective case study firm was contacted by the researcher to ascertain the name of the founder of the company and their appropriate title. Formal contact was firstly made by email, with an introductory letter to the CEO/Managing Director/Founder of the company asking for their interest in the study (Appendix One). An explanatory statement was emailed to individuals who responded positively (Appendix Two). The explanatory statement outlined the aim and nature of the research as well as how their firm had been selected to be a part of the study. The email and attached explanatory statement contained a formal request for an interview and asked for the potential interviewee to collaborate and assist in the study. As the methodology for the study was qualitative case study, it was also requested that further interviews and interviewees be made available to the researcher. It was made clear to the potential interviewee in the email correspondence as well as at the time of the interview (Appendix Three) that the interviews would be confidential and anonymous. Finally, the email stated that, for convenience sake, all interviews would take place at the offices of the respective interviewees.

To achieve the research objectives of the study, comparative cases that are likely to extend or replicate emergent theory should be chosen. The final number of cases chosen in case research is relative and depends on the purpose of the study (Dubois & Gadde, 2002). Ghauri & Firth (2009) note that there is no upper or lower limit when choosing the number of cases. Instead, the research problem and research objectives influence the number of cases to be studied. Because the research problem is based around two strict criteria: the firm's adherence to rapid internationalisation theory and the criteria of a PSF the number of potential firms to be studied is significantly reduced. Consequently, the potential number of case study firms was restricted and this impacted upon the final number of firms selected.

Although an ideal number of cases does not exist, Eisenhardt (1989) recommends between four and ten case studies. Similarly, Cooper & Schindler (2008) recommend a minimum of four cases with a maximum of fifteen for multiple case designs. Both sources recognise that having more than four case studies reduces the risk of reporting chance associations and increases a study's generalisability. Similar research investigating rapid internationalisers and PSFs has also used qualitative methods with a small number of case studies. These studies were designed to help understand the internationalisation process of rapid internationalisers and PSFs (e.g. Bell et al.,2001; Chetty & Campbell-Hunt, 2003; 2004; Deprey, et al., 2012; Freeman, Cray & Sandwell, 2007; Freeman & Sandwell, 2008; Kalinic & Forza, 2012; McDougall et al., 1994; Oviatt & McDougall, 1994; Rasmussen et al., 2001; Sharma & Blomstermo, 2003). A small number of cases was chosen because it was believed that the final number of cases represented the point of theoretical saturation. Theoretical saturation is reached when no additional learning is acquired from the examination of new case studies (Eisenhardt, 1989). With the aim of producing generalisable results and providing more robust findings, seven rapidly internationalising PSFs from different industries were chosen as appropriate case study firms. All seven firms offered rich data and provided opportunities for cross-case analysis. Examination of a higher number of firms was considered unnecessary as the point of theoretical saturation had been reached. Although further case studies met definitional criteria any additional findings were considered increasingly less relevant and so were excluded.

3.2.2 Final case study selection

An overview of the chosen case study firms including their industry, year of establishment, foreign market entry and number of employees is in Table 3.1.

Table 3.1: Overview of case study firms

	Industry	Main product	Establishment of firm	Number of employees at inception	Number of employees three years after inception
Firm 1	Health	Health process solutions	2003	2	60
Firm 2	Management Consulting	Business coaching	1999	8	20
Firm 3	Research Consultancy	Financial research data and dissemination	2006	1	30
Firm 4	Energy	Project management	2007	8	25
Firm 5	Financial	Analytical services	2009	1	10
Firm 6	Experiential Design	Brand design	2007	2	20
Firm 7	Financial	Financial advisory services	2003	1	4

Each of the firms met the key definitional criteria of the study. First, the cases must fit within the parameters of a PSF. Von Nordenflycht (2010) developed a typology that built further upon the IHIP service characteristic framework and focused on three distinct characteristics that define a PSF: knowledge intensity; low capital intensity; and a highly professionalised workforce. While PSFs can have all of these characteristics, this is not compulsory. Instead, PSFs must have high levels of knowledge intensity and either low capital intensity and a professionalised workforce, or all three. This restricted the selection of potential case study firms to those firms that exhibited these characteristics. To determine that each of these firms complied with Von Nordenflycht's (2010) typology, each firm was asked to assess where they believed their firm was relative to other types of firms on a spectrum from low to high across the three categories. This was followed by the researcher's assessment on whether they fulfilled the professional service firm criteria on each spectrum. This form of measurement and categorisation is suggested by Von Nordenflycht (2010). An outline of the case study firms, their product definitions and unique product characteristics can be seen in Table 3.2. Further details regarding each firm and the nature of their professional service characteristics can be found in Chapter Four.

Table 3.2: Case Study professional service outline

	The firms' product	**Outline of the firms' product**
Firm 1	Health process solutions	"We are a medical business that provides solutions to service delivery problems. We are able to do this across the globe in very regional parts of the world. We service the military, NGO's and government health service sectors" (Founder)
Firm 2	Business coaching	"We provide business coaching. Our clients are looking for us to provide some solutions, some training, some framework, some benefit of our experience as part of the engagement. We provide all of that for clients" (Founder)
Firm 3	Research data and dissemination	"We provide Australian research on the Australian financial market for Australian and foreign clients" (Founder)
Firm 4	Project management	"Legislation around energy providers meant they (our potential clients) have to meet carbon targets. We focus on a full range of consulting services from strategy to relationship management including end to end packages to get them there" (Founder)
Firm 5	Analytical consulting	"The key thing that we do is specialist analytical consulting. We are now broader and offer similar services in private equity, accounting and finance" (Founder)
Firm 6	Brand design	"It's actually brand design, so it's simply about seamless integration within a physical environment. So what we do is ensure that all of the communications, marketing messages, branding and signage are integrated." (Founder)
Firm 7	Financial advisory services	"Our services are focused on customised consulting and training solutions for financial services organisations" (Founder)

Second, firms were required to adhere to the characteristics associated with rapidly internationalising firms. Knight & Cavusgil (1996, p.11) refer to born global firms as '*small, technology-oriented companies that operate in international markets from the earliest days of their establishment*'. Several characteristics appear to be common amongst born global and INV studies regarding what constitutes a rapidly internationalising firm (Madsen, 2013). These are based around time between inception and internationalisation as well as the extent and scope of internationalisation. The exact speed of internationalisation from inception within the literature is inconclusive and ranges from two to eight years. Three years was selected as the definitional boundary as it is seen to be the most agreed upon time from inception to internationalisation between these two extremes (Madsen 2013; Gabrielsson et al., 2008). The quantity of foreign sales is equally diverse amongst investigations into rapid internationalisers. At least 25% of sales revenue originating from foreign markets was chosen as it was seen as the most common definitional boundary. Firms that did not meet the rapid internationalisation or PSF criteria were not included in the study. An outline of the case study firms and their applicability to rapidly internationalising firms and their characteristics can be seen in Table 3.3.

Table 3.3: Case study firms and rapidly internationalising firm characteristics

	Year of first foreign market entry	Time between inception and internationalisation	International market and year of entry	Percentage of sales in foreign markets
Firm 1	2003	<6mths	• UK (2003) • Solomon Islands (2004) • Indonesia (2005) • USA (2008)	70%
Firm 2	2002	<3yrs	• New Zealand (2002) • UK (2003) • USA (2003)	45%
Firm 3	2006	<6mths	• China (2006) • UK (2008) • Singapore (2010) • Hong Kong (2010)	25%
Firm 4	2007	<2mths	• UK (2007) • France (2008) • Spain (2008) • USA (2008) • Mexico (2008)	90%
Firm 5	2009	<3mths	• Vietnam (2009) • Denmark (2010) • UK (2010) • Singapore (2011)	50%
Firm 6	2007	<6mths	• UAE (2007) • Indonesia (2010) • India (2010) • Vietnam (2010) • Singapore (2010)	35%
Firm 7	2004	<2yrs	• New Zealand (2004) • Singapore (2006) • Hong Kong (2007)	80%

3.2.3 Conduct of individual case studies

The interviews were conducted in Australia from March 2011 until May 2012. The entire research fieldwork was completed in two phases during the periods of March-August

2011 and March-May 2012. Table 3.4 provides an overview of the interviews conducted with participants. This includes their position at the time of the interview, as well as the date and duration of the interview.

Table 3.4: Overview of conducted case study interviews

Code	Position of interviewee	Date of interview	Duration of interview (mins)	Location of interviewee
Firm 1 - Australian Health				
S1-1	Managing Director - founder	August, 2011	140	Canberra
S1-2	Managing Director - founder	March , 2012	120	Canberra
Firm 2 - Shinglers				
S2-1	Partner 1 - founder	March, 2011	70	Sydney
S2-2	Partner 2 - founder	August, 2011	80	Sydney
S2-3	Chairman - founder	April, 2012	60	Sydney
Firm 3 - JUP				
S3-1	Director - founder	Jun, 2011	90	Sydney
S3-2	Director - founder	May, 2012	80	Sydney
Firm 4 - Energy 4EVA				
S4-1	CEO - founder	July, 2011	80	Melbourne
S4-2	Board member - founder	March, 2012	70	Melbourne
Firm 5 - Garner				
S5-1	Managing director - founder	June, 2011	70	Sydney
S5-2	Managing director - founder	April, 2012	70	Sydney
Firm 6 - E-DESIGN				
S6-1	Managing director - founder	March, 2011	70	Sydney
S6-2	Managing director - founder	March, 2012	60	Sydney
S6-3	Managing director - founder	April, 2012	50	Sydney
Firm 7 - Canopy				
S7-1	Managing director - founder	June, 2011	90	Adelaide
S7-2	Managing director - founder	April, 2012	90	Adelaide

According to Eriksson & Kovalainen (2008), the types of interview questions should reflect the type of research question. The exploratory and inductive nature of the research question made a semi-structured approach for each interview appropriate (Merriam, 2002; Yin, 2010). This allowed the interviewer to be guided by a set of specific and open-ended questions, providing detail where necessary. The interview with the founder of each firm was arranged first. The nature of the research question and subsidiary research questions required detailed information from interviewees regarding their internationalisation process and the nature of their service/s.

Two sets of semi-structured interview guides (Appendix Four) were designed following the same framework. These were designed for CEO-level managers and functional level managers. The semi-structured interview questions based around internationalisation of the firm were split into four sections. Each section was structured around the research framework. First interviewees were asked for general demographic information about their company and its history from their own knowledge. Second, the respondents were asked to identify the motivations for their firms' internationalisation. Third, the firms' internationalisation goals relating to their choice of markets were discussed. Finally, respondents were asked about their firms' choice of market commitment and their motivation regarding their entry mode decisions. The questions were based on previous research on each of the three key internationalisation dimensions (Aspelund & Moen, 2001; Bell et al., 2003; 2004; Burgel & Murray, 2000; Chetty & Campbell-Hunt, 2004; Crick & Jones, 2000; Kuivalainen et al., 2012; Madsen, 2012; Melen & Nordman, 2009; McNaughton, 2000; 2003; Olejnik & Swoboda, 2012; Oviatt & McDougall, 2005; Shrader et al., 2000; Taylor & Jack, 2013; Weerawardena et al., 2007). Further questions based around the service orientation of the firm as well as the nature of professional service firms and their internationalisation was asked. These were based on previous research regarding service firms and PSFs (Bell et al., 2008; Greenwood et al., 2005; Hitt et al., 2006; von Nordenflycht, 2010). The questions and their structure provided the interviews with an organised framework. The sequence of questions was not always adhered to, and flexibility in the order of questions was considered important (Bryman, 2007). This enabled the interviewer to conduct the interview as a conversation so that detailed information and comments from respondents would be more freely provided (Bowen, 2005).

As the research explores real life phenomena, it was important to consult several sources in the data collection prior to the interviews. Using multiple sources concurrently for research is especially important for interview preparation as knowledge of a respondent's background, values and expectations can help a researcher better understand the context of the information provided (Ghauri, 2004). For specific interviews and organisations, information prior to the interview was gathered and used to propose open-ended questions. This provided the interviewer with a prompt for discussion as well as a focus on context-specific information. The use of multiple sources prior to interview also allowed the researcher to rely less on individual memory and help validate any information discussed. Multiple sources also encouraged the researcher to investigate converging lines of enquiry.

During the interview process, questions were delivered and rephrased to suit the respondents based on things said during the interview. When conducting further interviews within case study firms, additional questions were included. These were based on the data collected from previous interviews and were designed to elicit further information on specific areas related to the research question. Ghauri (2004) outlines that this is a key feature of building theory within case research as it allows specific cases to be explored in greater detail. This enables themes to emerge from the research and improves any resultant theory and/or conclusions.

The CEO or managing director was interviewed to outline the firm's historical development, its current professional service focus, how the firm has approached internationalisation and how the nature of being a PSF has played a role in that process. At the conclusion of each interview, the researcher requested interviews with other senior staff with a key role in the firm and its internationalisation history. It was explained that the people who would be nominated would be able to assist in the data collection process. When possible, recommended names were given to the researcher. This was followed by an email individually and independently of the founder/CEO/Managing Director requesting the person to participate in the interview process. It is assumed that any recommendations that were given for potential interviewees contained bias and constrained the researcher's ability to control the selection of employees. However, particularly given the small size of the firms investigated, this is considered to be one of the characteristics of case study research (Yin, 2010).

General and/or senior managers were interviewed to corroborate key facts, detail certain functions within the internationalisation process and outline how the firm's service offerings were delivered internationally. It can be difficult to obtain multiple interviews within a small company, particularly with key decision makers (Perry, 1998). Smaller firms generally have scant human resources, particularly in their early phases, and discussing the inception and early internationalisation of the firm is not always appropriate with employees who were not part of the process. Although interviews with multiple sources were conducted whenever possible and appropriate, some organisations were limited by their structure and number of employees. In these instances, multiple interviews with the founder were conducted exploring key themes of the research in greater detail.

The use of multiple interviews within each case study firm enhances the triangulation of the research by helping to achieve construct validity, ensure a well-rounded analysis and minimise misinterpretation. Sinkovics, & Ghauri (2008) consider the use of multiple interviews an important method of ensuring credibility. This includes the researcher observing the interview setting and taking notes regarding the interviewee's comments and initial observations. This aided the research as it provided the researcher with an idea of the relationship between founders, senior managers and other employees even before formal analysis of the interviewees took place.

Stake (2013) considers triangulation as a process of using multiple perspectives to clarify meaning, verifying the repeatability of an observation or interpretation. The triangulation of data was not limited to multiple interviews but included internal documentation provided by the company, company websites, product and firm brochures and press releases as well as any blogs authored by the founders of the firms. Other sources of data were helpful in contributing to specific times and dates that the interviewees had difficulty in recalling at the time of the interview. By cross checking information using different sources the content validity of the study is improved (Arino, 2003). Multiple sources of data are also considered useful as they provide a stronger substantiation of a study's overall conclusions as well as improve the study's construct validity (Eisenhardt, 1989; Yin, 2009).

3.2.4 Conduct of interviews

Interviews conducted provided essential information for the investigation of the case study firms. Face to face interviews provide greater levels of depth and are the most practical means for dealing with complex phenomena such as the internationalisation of PSFs. They allow greater awareness of respondents' perceptions, opinions, experiences, attitudes and views. The interview enabled the researcher to develop a strong rapport with each respondent (Daniels & Cannice, 2004). This enabled the researcher to interpret the interviewee's thoughts on issues, and provided essential insight into the phenomena being investigated (Hesse-Biber, 2010). Interviews provide the capacity for the researcher to extract greater insights and to guide the interview in a way which provides greater depth of knowledge and understanding with complex and sensitive topics. The interviews revealed patterns of responses from both within and between case study firms. The data yielded from each interview was viewed as a pattern. When interview responses were examined holistically, greater patterns emerged. This represents a significant strength of the selected method of theory building.

Erikkson & Kovalainen (2008) highlight that interviewees can be subject to personal bias as well as inaccurate and/or poor recall. To help minimise this possibility, several procedures were followed. First, each interviewee was made aware of and assured of confidentiality in the data collection process. This was made clear from the first contact of the researcher and reiterated in each interview through an informed consent form (Appendix Three). Second, the in-depth nature of the interviews allowed for the opportunity to seek further clarification and elaboration on the answers given. This was helped by the use of open-ended questions and the passive role adopted by the researcher for each interview (see Appendices Four and Five). If any information specific information or clarification was required by the researcher, an opportunity arose as multiple interviews took place at each firm. Using multiple sources of data supports the triangulation of data and provides improved credibility and validity for the information obtained (Flick, 2008; Stake, 2013).

Third, an effort was made to arrange each interview at the interviewee’s place of employment. Yeung (1995) notes that interviewees are more likely to give greater detail in their answers and speak more openly on the research area when they are more relaxed. Interviewing each candidate in an environment familiar to them provided them with convenience as well as making them more comfortable. As the interview respondents hold important positions in their firms and are regarded as key personnel, this was considered important. It also encouraged the cooperation and willingness to explore key themes of the research such as internationalisation strategy.

Fourth, for all of the case studies a founding member of the firm was interviewed first. This offered the researcher important insights into the internationalisation history of the firm and emphasised the relevance of information to the primary and subsidiary research questions. This allowed further interviews with other members and founders of the firm to have greater focus and relevance. Finally, each interviewee was provided with a full transcript of the interview within two weeks of the interview taking place. This was given so that respondents could verify the facts and statements made within the interview and as a copy for their own records. Flick (2008) describes this process as ‘member checking’ and highlights that it increases the credibility and dependability of the data by avoiding possible interpretation errors. It was made clear to the respondents prior to the interview that the interview would be recorded and that they would be given a transcript of the interview to check for accuracy as well as for their own reference. All interviewees indicated they were happy to participate and did not object to this process.

3.2.5 Data analysis

Once each interview was completed, a transcript was prepared by the researcher. Patton (2005) believes that by typing and preparing each transcription the researcher is able to immerse themselves in the data which helps to produce emergent insights. Each interview yielded a transcript between 8000 and 15000 words. Once the transcript was completed, it was proofread and emailed as an attachment to each interviewee. This normally occurred within one week of the interview. The interviewees were requested to check the document for accuracy. They were also advised that the attached transcript was for their own records and information. Only one interviewee returned the transcript with any alterations. These changes were not significant and concerned grammar and sentence structure as well as minor adjustments to timelines such as adding the exact date of internationalisation. The core components and themes within the interview remained unchanged. Any suggested changes such as grammatical and phrasing issues were incorporated. An updated transcript was then sent to the interviewee so that any further cross checks could be made. This process helped avoid possible interpretation errors (Flick, 2008).

When completed and compiled, the transcripts resulted in around 400 pages of typed A4 case study notes. A major challenge for qualitative researchers remains the large amount of data which they need to analyse. Sorting data according to themes and concepts or ‘coding’ is a common strategy for qualitative researchers to assist with an abundance of detailed data. Coding can be done either manually or by specialised software packages such as NVivo.

Once the transcripts for each case study firm were completed, each was read and initially coded manually by the researcher. They provided the researcher with control over the analytical process and enabled them to conceptualise key themes and commonalities from both within and between the case study firms. This aided in extracting overall impressions and tentative themes from each interview and case study. To help further sort, organise, store and manage the large quantities of data involved in the study NVivo software was adopted. As part of the coding process, the research question and subsidiary research questions were referred to so as to more easily decipher and categorise themes. NVivo was found to be a useful tool for linking the data with emerging concepts and themes. However, the use of specialised qualitative software does not replace the researcher or their role in the analysis or interpretation of data (Morse et al., 2008).

Once both manual- and software-based coding had been completed, a detailed report was written for each case study firm. According to Leavy (1994), many of the insights and contributions of qualitative research are achieved during the writing process. This aided the researcher to become familiar with each individual case study firm. The detailed nature of each report ensured that the unique patterns of each case were highlighted more clearly than if they were studied together (Eisenhardt, 1989; Stake, 2013). These case study reports formed the basis of the individual and comparative case analysis detailed in Chapters 4 and 5. The research questions and literature review provided the foundation from which each case was initially studied. Cross case analysis was conducted following individual case analysis and was based on the themes identified from each case. Each case was compared and contrasted so that similarities and differences between the firms could be identified. Patterns between the firms verified the findings from each case study. Relevant explanations for the findings were offered, and the theoretical framework was developed from this process.

3.3 Chapter Summary

This chapter has described, outlined and justified the qualitative method adopted for the study. As the study aims to explore the internationalisation process of rapidly internationalising PSFs, a qualitative multiple case study approach was employed. An analysis of qualitative methodology has explained the multiple case study approach and why it was suitable for the objectives of the research. The researcher requires a deep understanding of each firm’s internationalisation process as well as the nature of each firm’s service characteristics. This called for the study to focus on the exploration and explanation of the topic as well as investigating the topic within its own context.

Theoretical sampling aided in the case study selections. Because of the need for comparative analysis, the selection of each case study firm was determined by fulfilling both rapid internationalisation and PSF criteria. Unlike previous research into the internationalisation processes of firms, the case studies were not restricted to a specific industry; instead, a diverse range of industries are incorporated. The multiple case study approach allows the findings from each case to be compared to theory with the aim of bridging the gap between theory and data. The number of interviews within each case and the range of case study related documents ensured that triangulation of the data collection process was achieved.

The process of conducting interviews gave the researcher a more complete understanding of the context of each firm as well as the interviewer's responses. Recognising and understanding the context of each firm and interviewee aided in the researcher being able to interpret and analyse qualitative data. Secondary data sources were employed to prepare for interviews as well as supplement interview data. It is suggested that this use of multiple sources enables the researcher to check for consistency, ensures that triangulation of data collection is achieved and provides a consistent understanding of each firm (Eisenhardt & Graebner, 2007; Ghauri, 2004; Vissak, 2010a; Yin, 2010).

Chapter Four

Case Study Firms

4.1 Introduction

Chapter Three discussed the preferred research methodology, research design and data collection instruments. As explained in that chapter, this research adopted a qualitative case study approach. Consequently, the aim of this chapter is to present a detailed analysis of the firms participating in the research. Analysis of each firm will be developed around the following sections: the company's historical development; its service composition; why it rapidly internationalised; and how it internationalised through market and entry mode decisions.

As the case study outlines the background and nature of service characteristics, the dimensions of internationalisation will be identified and examined. Accordingly, the cases will be evaluated around the following sub-headings:

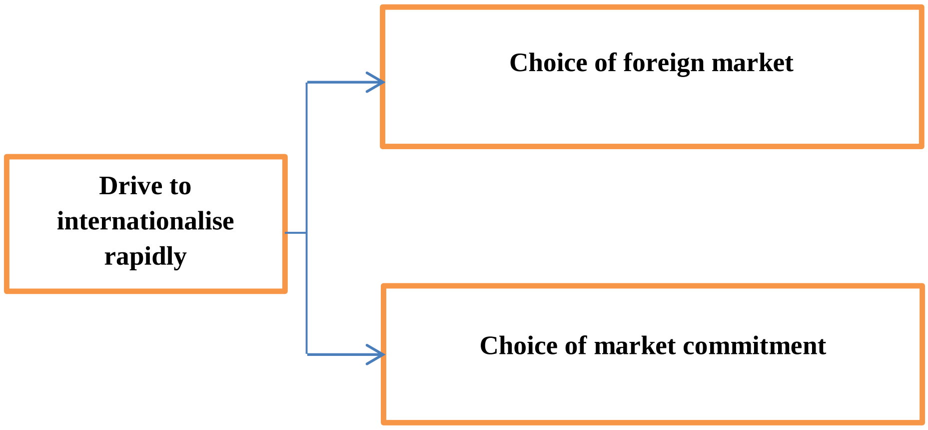
- Background
- Nature of service characteristics
- Drivers of rapid internationalisation
- Choice of foreign markets
- Choice of market commitment

Section 1 will describe the historical development of each firm in its initial years of establishment. This brief overview will focus on the firm's initial development within the Australian market. Section 2 will examine how the firm fits within professional service firm definitions. This includes a focus on four critical service firm dimensions: intangibility, heterogeneity, perishability and inseparability. Included in this section are further categorisations of PSFs along further dimensions: knowledge intensity, low capital intensity and the need for a professional workforce (von Nordenflycht, 2010).

Section 3 will outline each firm's initial strategy and detail how and why it chose to internationalise quickly. This comprises the key drivers of their internationalisation and a brief overview of why they did not focus solely on the domestic market. Section 4 explains each firm's choice of foreign market and details their reasons for these decisions. Section 5 explores how each firm entered foreign markets and if the level of market commitment this developed further as they continued internationalisation. Finally, an overview of each case and its contribution to answering the research question is presented. Included in this section is a model of each firm's internationalisation process along three key dimensions: their drivers of internationalisation; their choice of markets; and their choice of market commitment.

The model is an adaptation of the conceptual model explained in Chapter Two and contains the following components:

Figure 4 – Rapidly internationalising PSF model



4.2 Australian Health

4.2.1 Background

Australian Health is a company with broad expertise and extensive experience in the delivery of healthcare solutions. They are a global leader in healthcare consulting, tailoring for any client's needs in any setting. The firm was established in 2003 by its two founders who identified an opportunity to provide new and innovative healthcare delivery solutions. The founders were high school friends who left strong careers in professional services industries in the belief that their collaborated experience and expertise would help create and develop a successful organisation. One founder had a respectable governmental background in management consulting while the other had a strong medical background and operated his own firm in the medical industry. The founders remain in key strategic positions within the organisation and continue to help shape the business's strategic direction as the firm continues to grow.

The firm originated from a unique opportunity that was created due to the Blair government taking power in the UK and a proposed shift within the UK health care system. The British National Health Service (NHS) was seen to be incredibly inefficient at the time and any change to it would demand an increase in the volume of patients to help remove substantial waiting lists and to increase efficiencies. Although the founders recognised the risk of the venture, they also understood the opportunity for their firm. They believed they had a unique understanding of what was required and how to achieve efficiencies through their consulting in the healthcare industry.

From the beginning, the founders knew that they would internationalise quickly. They were determined to succeed as management consultants in the healthcare industry. The firm received its first role in the UK within six months of inception. The firm was employed by the National Health Service to review orthopaedic surgery. This included providing solutions to make the processes more efficient. The firm was able to manage patients more efficiently and reduce a backlog of waiting patients. The firm consulting is not about conducting surgeries but is based around improving process efficiencies. For this reason the firm employs people with medical backgrounds that understand the industry but outsource almost all of their medical staff for specific projects. The opportunity in the UK was seen to be high profile at the time and within another month the firm was able to leverage this corporate visibility into further opportunities in the UK as well as in the Solomon Islands. The business plan for the firm was flexible although the firm had no initial interest in the Australian market and instead focused almost exclusively on international opportunities.

Since their inception Australian Health has gone from strength to strength. They are now a multiple award winning healthcare consulting firm with aims to grow even further. The successful completion of multiple consulting projects early in the firm's gestation has allowed the founders to achieve strong growth rates. Originally employing only the founders, the firm now employs over 450 staff and is recognised as a global leader in healthcare solutions. The firm now operates in 9 markets across the world including Australia, UK, Solomon Islands, USA, Canada, UAE, Hawaii, Europe and Africa.

4.2.2 Nature of professional service characteristics

Australian Health is a professional service-based organisation whose product is primarily consulting. The firm does not utilise technology as part of its core business practices. Instead, the firm's focus is on health solutions and meeting a client's specific needs. Australian Health's goal is to provide the highest quality healthcare and to be the preferred provider of outsourced health services wherever it is needed. This is satisfied through a unique combination of extremely flexible teams of health practitioners, including paramedics, nurses and doctors, combined with mobile medical facilities and highly refined medical processes and procedures. The founder outlines his view of the firm:

> *We are a medical business that provides solutions to service delivery problems. We are able to do this across the globe in very regional parts of the world. We service the military, NGO's and government health care sectors.*

The firm's focus is to provide health solutions. Much of the firm's work is consulting and as such is project-based. While the firm provides health practitioners, the actual service – creating an efficient solution to a unique problem – is highly intangible. It relies on the experience and expertise of a number of Australian Health staff, from creating the solution to its delivery. Because of this the firm relies heavily on its people and the knowledge they provide. The nature of their service means that they are unable to simply train people. As the firm operates within the medical industry, it is bound by a professional ideology. As part of this, the firm's professional workforce has strong ethical codes of conduct, and the firm focuses on employing people with appropriate qualifications.

Australian Health acknowledges that the nature of their professional service means that they have a low capital intensity. The firm outsources its medical staff and equipment as part of specific jobs. The firm's initial capital outlay was relatively minor. Initially, the firm was only comprised of its two founders and their travel costs. Since expansion the firm's employees are considered relatively cost effective, are not easily replaced and are not just considered cogs in a machine. The firm understands that its employees need to be highly autonomous and so it provides them with that freedom. The drawback of this freedom is that an employee's performance is very difficult to evaluate. Although the firm has a broad process, it recognises that its employees are their greatest asset and believes they provide a critical element in providing high-quality service delivery. The founder reiterates the importance of expert knowledge within its employees:

> *If you've got the right people, and they all have the knowledge necessary it makes it so much easier. Getting the right people is really, really critical in this business. I think a lot of healthcare businesses go wrong because they try to skimp on paying their people so they can make more money or they're out buying 'Gucci' equipment that's not relevant to the job. We have prioritised employing great people with great knowledge, and so far we have been successful through a focus on high-quality service delivery.*

As part of the focus on high-quality service delivery, the interaction between the firm and the client is crucial. Although the firm serves patients and prides itself on their satisfaction, ultimately it considers its client to be the organisations that employ it. There is an ongoing relationship between both firms from when they first meet to when the project is delivered. Australian Health believes that they simply could not provide the same solution unless the firm works directly with the client. The firm engages directly with the client multiple times per week although it considers that even greater levels of client interaction would be optimal.

As health consultants, the service Australian Health provides is highly perishable. The firm is asked to achieve specific goals as part of large, complex projects but once the delivery of those projects is complete the service has finished. Each project comes with unique demands and constraints, and Australian Health's key role is to provide a unique solution that fits within those parameters. This means that the service that the firm provides cannot be replicated. The solution that Australian Health provides is put on paper to aid in the delivery of the service but the high level of heterogeneity of each client's project means that it is highly unlikely that the service is replicated fully. The firm's only non-perishable asset once a service is complete is the relationship that the firm has fostered with the client along with the experience and knowledge of working within certain conditions. Both of these factors are highly intangible but are crucial to Australian Health continuing to provide high levels of service quality for their international clients.

4.2.3 Drivers of rapid internationalisation

Australian Health first internationalised in 2003 less than six months from inception. The firm sought opportunities regardless of their location. The founders wished to take advantage of an emergent strategic opportunity in the UK and actively pursued it as their key market. They understood they needed to capitalise quickly on the changes in government and legislation that had taken place. As part of its campaign for office, the Blair government had promised large changes to the UK healthcare system. When they attained power, they allocated a significant proportion of the budget to help achieve this task. The founders saw this strategic opportunity, and it was this that led the firm to be created as well as what drove their rapid internationalisation. As one of the founder's notes:

> *The money [the UK government] was throwing around was just insane, they were trying to fix [the healthcare system]. You know they were adding five billion pounds a year, adding every year for eight years, so five, then ten, then fifty, so about end of it the health budget would be the 40 billion pounds, more than it was before it started. You do not need to get much of that, to have a business. I didn't want to get all of it, (laughing) just a couple of hundred million would be fine.*

Both of the founders positioned the firm to be successful in the UK market. More importantly they needed to succeed there for their new business venture to survive. They had limited capital resources available to them and invested their own private wealth into the firm. In its early stages, the firm was a large drain on those resources. This was particularly apparent because the firm initially focused on international markets that were seen to have greater costs associated with them. The founders were determined to be successful and consider the limited availability of capital to be a major driver of the firm's early success. It forced the firm to concentrate on its core values and create the most efficient solutions for both the firm and the client. It also meant that the founders were highly driven to succeed as quickly as possible before they no longer had any more capital to invest. This forced the firm to emphasise specific projects and tailored solutions. As one of the founder's notes:

> *If I had my time over again and we had money at the start, and you know [it] would have been lovely to have hired some guy and had the full time to go around*

and knock on everybody's door. But we didn't have a couple of hundred grand spare. We were emptying family accounts to be able to pay bills … I don't think it is a bad thing, I have thought about it a lot, it forces you to look for the most efficient way you can do business, [if] you got a lot of money, you don't have to be efficient, otherwise, if you are short of money like we were you have to be efficient. You know we established our business culture because of that. We sit down and look at cash flow. We sat down with customers at the start of our time and we plotted the cash flow for them. You just ask them [what they need], and you make your problem their problem. What it does is it causes you to be efficient. I come from a large corporate firm, so I had a big view, where you need a couple of hundred thousand dollar guy, but you don't need that at all. You do not need some high powered dude running around burning money.

In the firm's early stages, the founders did not have much interest in exploring the Australian market. The opportunities in foreign markets such as the UK, US and Solomon Islands presented superior prospects than in Australia. The domestic market for Australian Health was seen to be limited in demand with the domestic government having little need to outsource medical solutions. As the firm operated in a niche industry within a limited marketplace, the domestic market did not meet the firm's early growth needs. This remains true of the Australian health system today. Ultimately, when Australian Health began, it sought business regardless of location. The firm and its founders were simply seeking work, and there were greater opportunities in foreign markets, so it seemed obvious for the firm to focus on them. As one of the founders recalls:

No [it is not that we ignored the Australian market]. First of all, Australia is the easiest country in the world to do business. America is singularly the most painful country in the world to do business. It's unbelievable. It makes Ghana look like a cakewalk. America is a nightmare, the individual state registrations, the state taxing, the complex web, its insanity! But our practice was on work, so we were doing our thing anywhere. It is easy to market in Australia because you are already here, but we were doing business wherever we could. At the time, Australia just didn't have the market … It was the opportunity that existed overseas. I'm a big believer in if you have a look at a way in, why go through the hardest spot? Why not find a softer spot? There were better opportunities elsewhere.

In summary, the pace of internationalisation for Australian Health was driven by three key factors. First, the firm was created to take advantage of a unique circumstance in the UK health system. Such health care reforms were not present in the firm's home market, and so the consulting firm internationalised rapidly to take advantage of this opportunity. Second, the firm's founders believed that this unique gap in the market could be filled using their experience and knowledge. They were determined to succeed in this market and invested everything to help ensure that they would. In the early years of the firm, their dedication to winning new clients was paramount to their success. The lack of capital was also a crucial driving factor in their determination to succeed and helped shape the efficient culture of the firm. Third, the small size of the domestic market meant that Australian Health needed to invest resources overseas to help meet its growth and survival needs.

4.2.4 Choice of foreign markets

In the first six months from inception, Australian Health focused predominantly on the UK market. The firm explored the US market simultaneously but gained the most traction in the UK. The firm quickly achieved further business in the Solomon Islands and later in Indonesia. Opportunity combined with market knowledge was the biggest driver of what markets the firm entered. The firm moved into the UK market first because it provided the greatest level of opportunity due to legislative changes in the UK healthcare system. In the beginning, the firm sought any available work to help establish itself and gain valuable experience. This was the case for the firm's initial entry into all of their markets, particularly the UK and US. As one of the founder's notes:

> *Well, we started because of the opportunity in the UK. So that is how we started, and that was why we went and spent two weeks there and then a week in the US. But the bulk of the work we were chasing was the UK. It was the opportunity that cannot be understated. In the UK and US we followed that – so it was opportunity that we first targeted … There's no client we would turn away. The only reason we would not accept a contract is if it wasn't profitable. If it wasn't profitable, then we let someone who is too hungry take it and make a loss. Because that's just gonna drive them out of business. I will happily drive somebody to take a loss later, but I will not take it myself. We only take stuff at any time when somebody stands up and says they've got a gig, and assuming it's profitable we'll take it. That's our strategy.*

The firm also entered markets where the founders could utilise their previous experiences. In the UK, the founder who had an extensive international background in medical surgery understood how the NHS worked. The other founder had comprehensive knowledge and experience with government oriented programmes; this included medical programmes and contracts with international defence forces. Both founders understood their limitations and their strengths and attempted to enter markets by focusing on these previous experiences. This was particularly true for the UK where one of the founders had extensive knowledge but also the Solomon Islands and Indonesia where the other founder had governmental knowledge and strong contacts. As one of the founder's notes:

> *No, no, no [we had some knowledge of the markets we entered]. In the NHS stuff we had (the other founder) who was a big surgeon. He understood the NHS, so we drew on him for that. And for [the Solomon Islands and Indonesia] we got somebody who knew Defence. She actually worked for us in the first three months for nothing. She's an ex-army nurse, had deployed overseas. She understood international deployments, and she's clinical.*

The firms' entry into the Solomon Islands was an opportunity that was created through successful work that had been undertaken in the UK. At the time, Australian Health was seeking work wherever possible. Previously, the firm entered markets based on opportunity and, although this remained true, the first time the firm entered a market based around the client was the Solomon Islands. The Solomon Islands were an important choice of market for Australian Health because it was their first Government Defence contract. The outline of the project was unique, and both sides believed it had never been done anywhere in the world. The firm's previous experience working with governments and both founders' previous experience in Defence meant that they had a good understanding of what was required. As one of the founder's notes:

> *The Solomon Islands, they were a defence customer. It was the first time defence had ever done this. In actuality, they were the first defence force in the world who had a clue who we are. So understanding the defence I think was really critical. So I knew some but I think understanding the defence force was a pretty critical solution because we understood their language. We understood their lexicon. We knew what all their acronyms meant. We understood that. So when we talked, we were talking like we were all standing there wearing green.*

After successfully internationalising into the Solomon Islands, the firm entered the Australian market. The firm actively pursued the home market because they saw an opportunity with the Australian Defence Force. Again, this was due to the firm wishing to leverage their experience with the Solomon Islands, as well as one founder's knowledge and experience working with and within government bodies. The other key factor for the market was its geographical proximity. Proximity would be considered an obvious attribute for initial entry to most home markets but became the key reason for Australian Health to finally enter the home market. At the time, the firm was operating in multiple international markets but was primarily operating out of its Australian head office. This was a large drain on its resources as the firm had to export critical staff as well as communicate with its employees overseas. The domestic market was seen to be relatively low on resource consumption by comparison and with their newly found experience with the Defence Force in the Solomon Islands, the founders saw a new opportunity in the Australian market. The firm quickly found great success within the domestic market, although their focus remains on international markets. As one of the founder's outlines:

> *We worked in Australia because it's here, and it's close. We knew defence and all of that stuff. After defence then we targeted different defence areas. And then after defence we did the state health authorities and then we did the resource industry … We're doing quite a lot of work for the Australian Defence Force now. Also, we're now by dollar value the largest provider of health services to the oil and gas industry in Australia.*

Australian Health did not consider cultural similarities to be a factor in their choice of markets. Instead, the firm attempted to take advantage of opportunities wherever possible. First, there was a unique opportunity in the UK. The firm attempted to create similar opportunities in the US, but this was not as successful. Their success in the UK market led them to gain clients in the Solomon Islands, and this led the firm to leverage this experience to gain clients in the domestic market. Today, the firm operates in multiple international markets throughout the world. All of these markets have been entered by Australian Health because of unique opportunities. These include Australia, UK, US, Solomon Islands, Indonesia, Malaysia, Canada, UAE, Europe and Africa.

4.2.5 Choice of market commitment

Australian Health first entered the UK market in 2003 by exporting knowledge through its founders. This was followed by initially exporting to the US and Solomon Islands. This mode of entry was chosen because of the resource limitations the firm was experiencing in its early years as well as the availability of Australian Health's human capital. Initially, the firm only had its founders to sell, manage and fund the business. This meant that the firm was trying to maximise its available resources where possible. The nature of the service forced the firm to frequently export one of the founders so that they could tend to foreign clients as necessary. As that founder recalls:

> *We did an enormous amount of flying in and flying out. For the UK it was really about you couldn't do it over the phone, you had to sit in front of people to find what the opportunities were in the first place, and you know, it was whilst there were lots of opportunities, there was lots of competition and they were all locally based so you had to do that. We had some sort of unique advantages, we had some reasonably good sales, for some reason nearly every NHS official we went to have a meeting with had an Australian Secretary, so I could get meetings that the guys living in England could not get, so that was always good, to have that opportunity. Here, you know, you never really can ever secure a sale by just doing it right. You have just got to get in front of people and talk to them.*

Australian Health's limited resources were mainly derived from financial concerns. The founders had invested a large amount of their own capital into the firm but this was still considered to be relatively small. Because of this they were reliant on winning business to achieve cash flow and to re-invest further. For this reason, the firm was highly focused on cost efficiencies and remains so today. While it was not seen as an ideal way to handle overseas clients, the firm was limited to exporting because of financial limitations. As one of the founder's note:

> *We exported to the UK because of cost really. The biggest reason was cost. To set up an office and staff and trying to convince them of the culture and what we were doing and all that sort of stuff struck us as really, really hard for us to do, probably at a time where we didn't have it. It's wonderful to sit back and go, "Yeah, we should have someone over there." But we couldn't afford it.*

Australian Health's founders acknowledge that their initial entry into markets was a risk that could have been planned for better. The relationships and networks that the firm developed in foreign markets in the beginning were not as strong as when the firm enters a new market today. The founders believe this is due to their initial entry mode. The firm was not able to develop relationships and strong networks from which to leverage further clients because they did not initially have a physical presence in the market. As one of the founder's notes:

We went into early markets with no preplanning at all, and it was a mistake. So it's ticked along but throws us some money and business is not great. We went into the UK and the US without enough planning around the relationship with the individuals on the ground. So what we did was just, you know, did the reach from here over there to do the business and what we identified was, you know, it's been a hit and miss around that sort of stuff so we needed to change the model and that's why we now have set offices throughout the world and here, too.

As Australian Health grew, and their resources became greater, the firm was able to shift their form of market commitment and provide more resources to each market. Rather than enter the market by initially exporting, the firm established an office in Indonesia from the outset. The firm's founders did not have much experience in the US market but had over six years' experience in Indonesia with their previous work. Because of this the founders had a greater understanding of the market, including its significant cultural differences. The founders also had an established network from their previous dealings in the market and enlisted a business partner to help run the foreign operations. This gave them greater confidence to establish a foreign office. As one of the founder's outlines:

We went into the Indonesian market, we had people we knew there so, we had the opportunity out of a thing we found in America, so it was easier just to run it up there, and it is a completely different language and culture. What we needed was a local presence with the right accent, someone to be on the ground day to day. I had a lot of experience in Indonesia. I worked up there for six years before, so I knew Indonesia well, plus to be honest, setting up an office and putting in a staff member in Indonesia is quite a bit cheaper than in the US and UK. So there was overall good reasons to do that.

Around the same time, the firm began establishing offices in their other markets. The business saw that an established, physical presence in the market was needed to meet client needs and to compete against domestic competition. The firm would have liked to have directly invested in foreign markets sooner, but time and resource constraints were limiting factors. The biggest concern apart from cost was the ability to hire the right people. Australian Health believed this was important as it meant that the firm's culture and service could be integrated satisfactorily into a foreign office. It also meant that the firm would not be wasting valuable capital. The firm was very prudent regarding the investments it made and did not wish to establish offices in foreign markets without maximising the chance of significant returns.

There's only so many hours in the day to think about what you're going to do, and we just needed to get more people on to give us more flexibility. And we had to find the right people. You want to find the right people who understand your culture, who you can get on with and can, who can serve your message to get what we do ... you also need to be able to see the return out of everything you invest. People just don't think that way, so you know, I hate wasting money and so one of my things is, if we're going to spend the money it's going to be the most effective way we can do it. And when you're offshore, it's even worse because I don't see them every day, and you don't know what they're doing, so you really need to have the right people on board. The idea is how fast can you start paying for yourself and pay back the investment you've made.

The firm's desire to establish a physical presence in multiple international markets was driven to create a higher quality of service to clients and to help capture further clients within each market. Australian Health is a growing international firm that wishes to maintain its high level of growth. As the firm's focus is as a service firm that consults in the health industry, the emphasis is on creating and maintaining relationships. By launching foreign offices, client expectations can be better met as the level of service can be higher. If the firm wished to grow, it needed to maintain and develop its network of current clients and leverage these relationships into further business.

Part of the problem was just the demands from clients. If you really, really want to grow you have to leverage off everything. So we leverage off stuff we're doing in the States and in Canada, stuff in the UK out of Australia. And what I hate is getting a gig and then not capitalising off it to get five more. The only way to really capitalise on it is to have someone over there full time. It's through networks. So what you try to do is find a problem that they've got. You try to show similitude to a problem that you've got here that you fixed for someone else and say, "Right. Well, you've got that problem. I can fix that because I've already done that here", you know, what you've not thought of. Or you can even get introductions ... we learned the lesson that you can't really expect to get long-term sustainable business unless you're in-country. Now it's tempting to not want to open up in-country until you've got long-term sustainable business. You do need to take the risk and put an offer so they can and give it a run.

4.2.6 Discussion

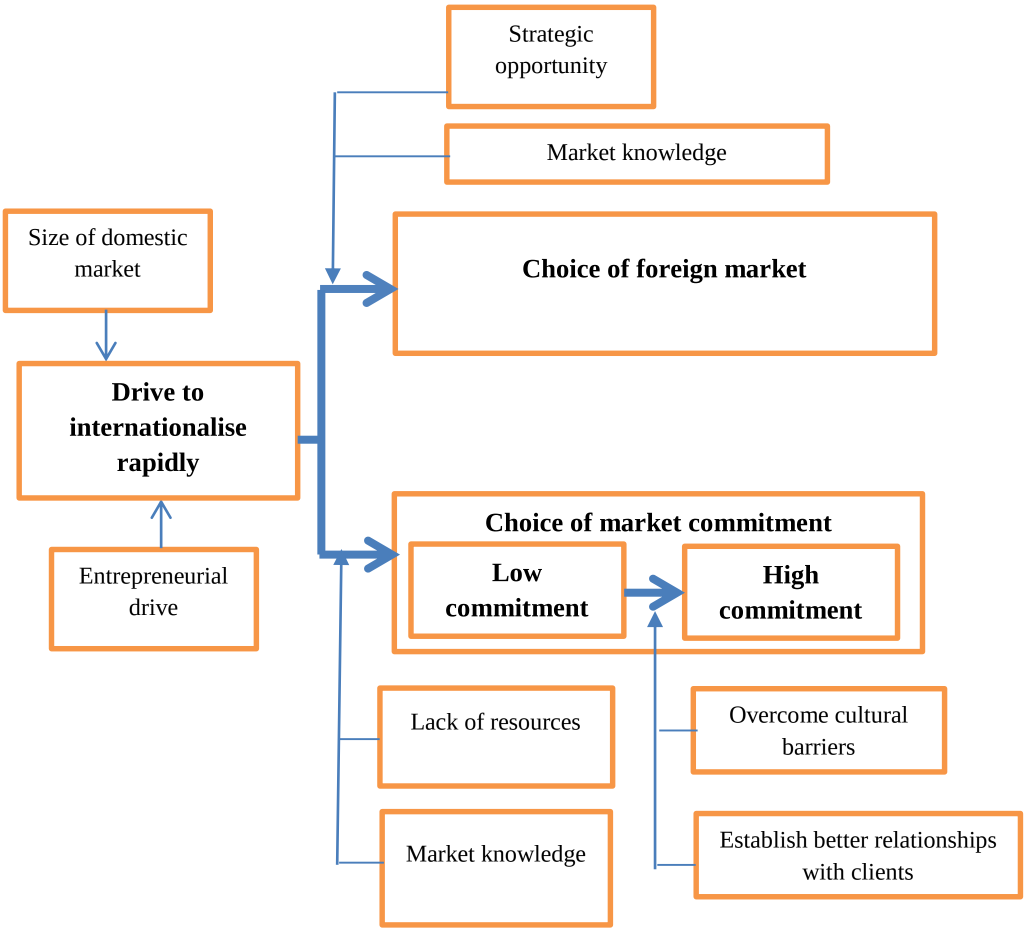
Australian Health is a professional service firm that has been a successful business since its establishment in 2003. The geographic spread of the firm's international markets is extensive and involves the firm operating in highly distant markets such as the UK and Indonesia. The firm initially focused on the UK market and soon relied heavily on foreign markets with international sales accounting for 70% of turnover.

The firm defines its professional service as being client led and considers its emphasis on reaching high-quality client outcomes as one of its core goals. As part of this, the firm relies on a high level of knowledge from its founders and employees. The interviewees consistently discussed the importance of capitalising on opportunities and creating further opportunities based on previous successful business. This required the firm to transfer key elements of knowledge successfully as part of their solution for the firm. In turn this helped ensure a superior reputation and the potential for further work in the future. The emphasis on opportunities is an appropriate way to describe Australian Health's initial and subsequent internationalisation pathways.

The firm's key to successful internationalisation has been to spot an opportunity first and then support that with high-quality service. This became a critical element in the firm's initial internationalisation and choice of markets with the need for high-quality service influencing Australian Health's choice of entry mode. As a PSF the need for communication and interaction with the client is supported by the firm's choice of markets, combined with their need to have somebody 'on the ground' so that the service can be fully supported. The firm outlines it would be difficult to engage with clients using other means, because the complex nature of the professional service does not allow it. Although limited capital resources and previous experience played a key role in how the firm serviced UK clients initially, the firm now emphasises high market commitment.

Figure 5 shows the influences of several key factors related to the three key dimensions of Australian Health's internationalisation process: the drivers of rapid internationalisation; choice of foreign markets; and choice of market commitment.

Figure 5 – Australian Health's internationalisation processes and key factors



4.3 Shinglers

4.3.1 Background

Shinglers is a growing, Australian-based management consulting firm that specialises in business coaching. Since its establishment, the firm has been operating with the vision of growing the business so that the service may become available throughout the world. Shinglers was established in 1999 by a group of partners who perceived a gap in the management consultant industry. The firm originally began with eight partners, with strong levels of experience and expertise within the corporate business world. The founders were driven to succeed, and they soon established the business as an intellectual property (IP) driven professional service firm. Shinglers separated itself from other management consultancy firms by focusing on business coaching rather than established areas of the consultancy industry such as executive coaching. Instead, the firm positioned itself as a coach of small to medium enterprises (SME's) with the firm's key philosophy being to enable business owners to grow their organisations in a sustainable way.

From the outset, the firm's strategic goal was to internationalise, and a broad 5-year plan was created to reach that target. Shinglers' first client came quickly, and the firm was soon seen as a domestic market leader in its field. The rapid growth within Australia was quicker than the partners anticipated, and this propelled the business plan to be met sooner than expected. After two years of strong establishment in the domestic market the business committed a large number of its senior resources, including half of the founding partners, to establish overseas subsidiaries. The firm's initial foreign market entry was New Zealand and the success in this market gave the founding partners the confidence to enter more opportunistic but geographically distant markets. The main focus for the firm became the UK market and within three years from inception almost half of Shinglers' sales originated from foreign markets. These markets included New Zealand, UK and the US.

Since its inception in 1999, Shinglers has grown from a small Australian professional service firm with eight partners to a dominant international organisation. The initial success of its early foreign entry into New Zealand, US and UK markets allowed Shinglers to successfully internationalise further. Following the same initial model of internationalisation, the firm has continued to expand and now operates in Australia, New Zealand, US, UK, Canada, Dubai, Abu Dhabi and Singapore. The company's success has been fostered through an emphasis on high-quality service and a high level of commitment. The founders have a unique business model within their industry and rely heavily on the knowledge and delivery of their human capital. Initially, this model focused on the information and experience of the founding partners but the firm continued to grow and founding partners are now able to focus more on the strategic direction of the business. This has allowed Shinglers to develop into a well-recognised international firm with over 60 coaches throughout the world, operating out of offices in 7 different countries.

4.3.2 Nature of professional service characteristics

Shinglers is a professional service-based organisation within the management consulting industry whose business coaching product is IP-based. The firm does not utilise technology as part of its core business practices. Instead, the firm’s IP is centred on its human capital and knowledge pool. Shinglers’ organisational structure does not focus on short-term gain or short-term profit. The firm is interested in attracting the right people and to continue to build quality over time. As part of this strategic goal, the firm aims to have people buy in equity and be committed to the goals of the firm. As the firm continues to expand, the focus remains to build equity in the long term, rewarding those partners who helped establish the brand.

The service is delivered mainly face to face concentrating on coaching firms about their strategy, their markets, their distribution channels, their organisational relationships and how these are interrelated throughout their business. Shinglers works directly with business owners to connect their strategy and their relationships as their business grows. This continued collaboration with business owners is considered key to Shinglers’ high level of service. The firm would not be able to meet their client needs or meet their organisational goals successfully without this ongoing liaison. The relationship is then seen to be highly inseparable as the firm could not deliver its service without the client being directly present.

Operating as a management consultant firm there is no formal professional ideology beyond producing the highest level of customer service for every client. The firm’s IP is important in maintaining the high level of service quality. The IP is utilised within structures and models that the firm has created to aid businesses in a variety of different and complex ways. Despite the integration of structures and models, the firm considers each client to be wholly unique. Because of this the professional service delivery has a high level of heterogeneity, with the coaches relying on their individual experience and expertise to help each client through their distinctive problems and organisational issues.

The delivery of the service is highly perishable. Shinglers goes to great lengths through their IP to ensure their clients understand the outcomes and strategic direction the firm recommends, but much of what the firm emphasises is not easily transferred into data or put down on paper. The firm does not consider itself to be like other management consulting firms that write large reports and that directly instruct firms on what to do. Instead, the firm through its coaches instructs SME's on how they could improve by integrating strategy or focusing on relationships. By focusing on skill development, management perspectives, and organisational relationships the service is both highly intangible and difficult to imitate. One of the founding partners uses a sporting metaphor to explain what Shinglers is about:

> *If you think in sporting terms, in gridiron [North American football] they have the head coach, they have the offence, they have the defence, they have the special teams, they have the kicking coach, the punting etc and so you've got, a series of specialists. And so we come in there as the head coach and have a look at it and bring these areas together ... to do that we need the best people.*

By taking advantage of their unique product, the firm was able to exploit a niche in the management consulting industry and successfully internationalise into multiple international markets. With an acknowledgement that their service is both highly intangible and inseparable, Shinglers understands their reliance on people for their service delivery. The firm's founders recognised this importance when they initially internationalised by sending four of its eight founders overseas. This emphasises the firm's high level of knowledge intensity and relatively low need for capital as the firm's competitive advantage is embodied in its people. As a coaching firm with a strong foundation on IP, the firm provides its employees with a high level of autonomy. This is considered important considering the highly individual nature of consulting that each client requires. The importance of highly knowledgeable staff and having a low capital focus is outlined by one of the founding partners:

> *The risk for us was to get the right people. We said if we want to build the quality, we actually need to have people buy in equity down the track. Then we will attract the right people. We keep the right people, and we get the right work out there and build it that way. We don't have the same capital that other firms have, but we don't need it either. The way we've expanded is by effectively foregoing, wages. Most of the partners here if they were out in commerce would be on four, five, six hundred grand and the reality is we are all earning a lot less than that. Attracting these sorts*

of people means that we have to give them something. We want to build something here, and that's a long-term equity build for us, so we took a long-term view.

4.3.3 Drivers of rapid internationalisation

Shinglers first internationalised in 2002 within three years of its inception. The founders had a vested interest in the firm being successful as each partner had an equity stake. All of the original partners left highly lucrative positions in their industries and joined the firm with the goal of creating an organisation that would be an industry leader. In the first three years, the firm initially focused on the Australian market believing it was in its best interests to gain valuable knowledge and experience. It was always the plan of the founders to create a strong foundation in the home market before venturing overseas. This was stated in the firm's initial business plan that outlined that future internationalisation would take place after five years based on local growth in sales and available resources. However, the firm's rapid domestic market success brought that business plan forward. The founders realised that there were strategic opportunities abroad, and they wanted to capitalise on the emerging nature of their industry. The founders were highly driven to succeed and were determined to build a company that was synonymous with the industry. As one of the founding partners acknowledges:

> *We realised that fairly early on as part of our vision, we would leave Australia, it was always part of our plan to be international. When you launch here, you don't quite always know, you think you have found a niche, and you don't quite know what the take up is going to be. But the take up in Australia was very rapid, so we grew very quickly. We were consistently having people say to us. "No one does quite what you do". We have the coaches, we have the consultants, and we tend to blend the two. You can have a strategic conversation and marry that up or a cultural conversation and connect the dots. There was really nobody in the market actually doing that … Our original drive was, our vision was always to build a global brand and a global presence so that was fairly early on, that was our vision. It was just a matter of timing, and we probably went pretty early.*

As part of this global vision, the firm understood the limitations of the Australian market. Shinglers could have easily survived in the Australian market, but it would not have met the founders' growth needs. As such, the founders agreed that the firm would increase in value if they followed their business model into multiple foreign markets rather than having the same relative growth solely within Australia. As another founding partner notes:

> *Absolutely, we could have [stayed in Australia] we could have earned a nice little living, bringing in great consulting fees. Again, it was about building something that was replicable, that you could share the equity. Our philosophy is that I would much prefer to have 1% share of Microsoft than 80% of a small business. So it is all about exposure. That was the first thing, the second was that we were on an industry wave that was coming, and was predicted that it would come to town, then the cultural piece. It was important to get the international footprint, so that when we went into those countries you were perceived in a way that we had moved the Intellectual Property offshore and we became an international player, not just something mushrooming out of Australia. Literally you have to be seen as an international player. The Europeans don't fancy mainly domestic players, it doesn't do much for them.*

The firm became part of an emergent niche market within an established industry. The niche focus of the product framework and the innovation associated with it overcame any direct competitive influences as the product was seen as new and fresh with every new market Shinglers entered. As such, when the firm began its operations the business coaching industry was seen as non-existent. The industry that Shinglers operated within was seen as very young, as related fields of executive and life coaching were also relatively new. Because the industry was in the early stages of development, the barriers to entry remained low, as there were virtually no established, international firms with which to compete directly. Shinglers believed this was a key strategic opportunity that allowed them to establish their brand and more easily capture market share. This would enable the firm to create a competitive advantage as competitors had yet to consolidate their businesses and achieve any growth in scale. Internationalising more quickly enabled the firm to accomplish this. As one of the founding partner's comments:

> *We saw an opportunity. We thought if we go later, there is probably someone who will grab the first market space. So our primary reason was to go and capture the first market in the Business Coaching space, so we wanted to make our presence felt, influence the market and establish our name. The idea was that if you want business coaching you needed to talk to Shinglers. So we needed to get into that market before they exploded too much.*

The partners' desire to become a dominant international player relied on the firm creating 'international footprints'. This was not something that could be achieved by remaining in the Australian market. The domestic market was viewed as being too small and too isolated to offer any comparable case studies to future international clients. For the firm to capitalise and develop a stronger international brand the firm's achievements needed to be on a global scale. This would be seen as more relevant to larger international companies who demanded comparisons to their own firm. Internationalising enabled Shinglers to do this and helped facilitate the founding partners' desire to be a major international player. As one of the founder's notes:

> *In Australia, we always thought that Australia would not be our large footprint worldwide. [Our aim] is to build that global brand, so the prize for us is to become the McKinsey's of coaching, a name that is instantly recognisable. We want to be one of the three names that will come up that potential clients will want to talk to and, to do that, we need that brand. That is the reason, and again it is the story, and our plan is to keep improving that story. Increasingly as we keep attracting and are attracted to large organisations they like that story as well … As far as a longer term play for someone to be able to establish their brand etc. it would take a fair bit of time and money, so from that point, internationalising early has given us a head start.*

Ultimately, if Shinglers wanted to compete on a global scale they needed to create exposure for themselves and to take advantage of the predicted industrial wave of demand. The partners agreed that the small size of the Australian market was too limiting to reach their long-term goals and the rapidity with which the firm captured the Australian market sustained the belief that they could succeed internationally. Combined with the founder's drive to succeed, Shinglers was able to internationalise not only rapidly but successfully.

4.3.4 Choice of foreign markets

The firm entered its first market, New Zealand, three years after inception, although the founders of the firm recognise that full entrance into international markets, including the US and UK, did not take place until shortly after their entry into the New Zealand market. The emergent nature of the industry and the low level of internationalisation of the industry were predominating factors in the firm's scale of internationalisation. Shinglers undertook market research early in their formation to help them enter the right market at the right time.

The firm examined the size of each market, the cultural similarity, the competition and the overall opportunity. The firm initially focused on the UK market because it gave them the greatest opportunity to establish an early market presence and help build the industry in that market. Established competition in the market was considered to be very slight with the only competitors being small, domestic firms. The firm understood that building an international presence and gaining first mover advantage would bring significant strategic benefits. As one of the original founders notes:

> *Our primary strategy was UK. We went with a number of the partners on an exploration to the States and also UK in 2002. What they saw was there was no one in either of those markets doing what we do in the SME space. So we saw an opportunity. We also saw that there was an opportunity for us to be first market in those spaces. The theory of first market is if you can build incumbency – if you can build a brand – then everyone else is playing catch-up football. So our strategy was it's getting there, build a presence, build a brand, and in some way build the industry. Because the industry … even back then was still not really formed, as far as people knowing that they need business coaching, that they even know what business coaching is.*

The firm also recognised that one of the biggest hurdles it would face was to be taken seriously at an international level rather than simply as a small firm originating from Australia. Competition in the UK, US and New Zealand markets was largely regionally focused without having international business growth ambitions. This allowed the firm to focus and allocate a larger quantity of resources to a small number of markets. This was important to Shinglers as they wanted to maintain the quality of their service and maintain their brand. Due to the minimal competition, the firm needed to build the market and as such wished to minimise other internationalisation issues. For this reason, the firm believed they needed to enter a market that had similar business practices and respected Australian business. Entering the UK was seen as a market that provided this link. It was culturally similar to Australia and this cultural similarity allowed Shinglers to establish themselves more easily. As one of the founding partners outlines:

> *We did a study identifying coaching around the world and what we didn't want to do was go into a country such as, say Italy, where all of their work is their family. They won't pay someone else because they are going to talk Mario, 'don't tell me what to do I have got all the answers'. So culturally there needs to be a space for someone asking for help. We don't want to be too early, so we worked out that the*

UK market is similar to Australia and follows Australia and also respects Australia in many ways. That was our primary. So our first push was into the UK but at the same time we had another push into the States.

Foreign clients expected the firm to be international, and this was seen as a factor in the simultaneous entry into the US and UK. The expectation of the firm to be international arose because of the firm's establishment within Australia. Australia is not synonymous with business expertise, particularly in much larger foreign markets. Consequently, the firm believed it needed to create an attractive 'story' of international success in a number of markets so that the firm could increasingly engage with larger clients. This was a factor in the firm's decision to enter the US and UK markets. The firm was interested in gaining international clout. The firm was able to leverage its successful entry into the UK market to help gain traction, but the US market proved more difficult. As one of the founder's highlights:

Yep, so Kangaroos, Holden cars … yeah, they don't associate Business with top of business Australia necessarily. Whereas in the UK we are associated with Business, more of a sell, culturally in the States they are much more data focused. So they ask "Well who have you done it for? Here's my town, here's my size, I want you to come back with a dossier that tells me the people that you have done it for." It is a bit more difficult to get traction, in the American market, they want localised case studies. For our clients, they are doing it much more on trust, which is most unlike the American psyche. The UK culturally, they are much more likely to go, you're an Aussie, you make sense to me, I'll give you a go. So culturally for us it has been two different markets and as such the speed of us entering the UK against the States has been two different stories.

Although the initial internationalisation of the firm focused on the New Zealand, UK and US markets, a large factor in the decision-making process for Shinglers was their available resources. Regardless of choice of market commitment, the firm leveraged their partners' knowledge and networks into foreign markets. Partners had experience and familiarity with the markets they entered. A subsequent market entry for Shinglers after the US and UK was Spain. Spain was not culturally similar to the firm's previous market and was not part of the original business plan. Instead, this market was entered at the request of a partner who had experience with it and a desire to be in it. Uniquely, Shinglers is highly strategically flexible as specific locations within markets – and markets themselves – are entered into based largely upon partner preference. For example, the base of operations within the US market is not in Los Angeles or New York but in a smaller US city that was chosen because of the preference of the partner in charge of the initial US establishment. This encourages partners and the firm to choose markets in which their people have experience and established networks.

> *So the five-year plan and business model that we put together was we had to go and prove the model in other countries. We didn't want to divert from that, so it was to take the IP, get some coaching, what was flexible was which countries do our people have a passion in. Like in the UK, when a partner said they wanted to go to Spain. Just because it isn't written down in our five-year plan, we didn't say, well you can't go there! So we kind of replaced Spain from India. So we keep flexible, with the overarching, keep expanding and keep growing, sustainable growth quickly. If you don't do it quickly, we had a very strong position in the market, and we needed to transfer that.*

Currently, the firm has been unable to achieve the same kind of rapid growth in the psychically distant markets that it produced in the UK and US. Founders of the firm relate this lack of success to the difficulties of bridging the cultural gap. The firm continues to expand and now focuses on multiple international markets including New Zealand, US, UK, Canada, Dubai, Abu Dhabi and Singapore.

4.3.5 Choice of market commitment

Shinglers rapidly entered three markets, the UK, US and New Zealand. The firm initially entered New Zealand through exporting. This market proved to be a good testing ground for the firm as it was culturally similar and geographically close. Within a short period of time, the firm understood the difficulties of internationalising via exporting and realised that they needed to have a physical presence in the market. Regardless, the firm still utilised some level of exporting in their other early markets including the US and UK, but in these markets the firm's goal with exporting was initially exploratory. As one of the partner's outlines:

> *We had probably been in New Zealand since about 2001-2002. We were coaching clients and going back and forth. We exported a bunch of people to other countries, and we had [forward] built a lot of capacity. So whilst we had all of those people we could have done a lot more capacity, a lot more revenue with that same*

amount of people back home. So what happened is with the ten producers going overseas the Australia market went down and dipped and we had expected that. Then we built that back up.

This international strategy was designed to maximise Shinglers available human capital. The firm recognised that if it remained fully in the domestic market it could have generated greater income. However, this would have been at the cost of the firm's long-term growth strategy and would not have enabled the firm to create the same foundation in its foreign markets. By exporting their human resources, including senior partners, the firm was able to establish relationships with clients and explore the opportunities of markets.

> *For us, [the domestic market] was already built, we had enough momentum to continue. It didn't need, all of the founding partners to focus on what we call a pirouette stream. It had enough momentum to functionally run the business. It had a strong business, we estimated that the leverage made up the loss of revenue because we are a private company. Would the company be worth more, if we had five times the level of Australia as opposed to the same spread across all the countries, and we kind of worked out that that would be worth more. That is starting to prove itself now. There are a lot of people interested and that it is worth more in coaching terms.*

It was always Shinglers' plan to internationalise by establishing subsidiaries. The firm and the partners knew that it had to remain adaptive as their service was so reliant on direct interaction with the client. The firm would not be able to adapt as easily if it was relying on servicing foreign markets solely through exporting. As such, the availability and willingness of senior partners to move overseas became crucial to their internationalisation strategy. As one of the founding partners notes:

> *It was always planned [to invest heavily in overseas markets]. So we put it to the group in 1999-2000. There was always a couple of guys who said I would love to live overseas like I had. We needed to go overseas. It was really that simple. We also spoke to the partners about that, and we said here's what we are going to do, so we had to do some structural changes. We literally handed some equity over and freed up a couple of the guys to move. It was a little like, please look after the baby. Probably about a year after that, someone said if you are serious about doing this, I'm happy to go to the UK, another said I'll go to the US, so essentially they started putting their hands up and we asked the people, does anyone else want to go?*

The availability of partners was crucial for Shinglers' eventual choice of entry mode. The firm had a partner who was willing to travel to the New Zealand market as well as senior partners who were interested in getting the business off the ground in the US and UK from the beginning. Although the firm initially expanded through exporting in New Zealand, the partners recognised that having a formal presence was a necessity to succeed. Shinglers believed that having the story of moving to a foreign market and being successful was important to potential clients. A founding partner outlines it best:

> *What you find is to get anything off the ground, requires a huge amount of energy. So if you are dabbling in it, you are probably not going to be able to put the time and energy into it that you need if you want to do it relatively quickly. The second piece is that businesses don't really take you seriously until you have established a presence. So that goes for us in any market, until we find a coach, to be there we are not going to get a lot of work there. Until that happens, you are just flying blind … if you are in there and have your presence over there, you have moved your family over 4 or 5 people it is a good story. In business any success story is important, so if you can say we grew very quickly and were very successful and now we have flown 6 of our top guys over the to the UK because we know we are going to make a presence over here, that is a great investment. Hopefully, they will say "that's pretty good". You want that kind of conversation and off the back of that conversation you get noise started, from the back of the noise you get people in the room, and from all that you get clients. So that was how we started in the UK and US.*

The other key for Shinglers in establishing a formal market presence was to maintain the firm's culture. The firm wanted to be become a truly global firm first, but the partners believed that the culture and entrepreneurial model of the firm needed to be preserved internationally rather than just locally. By giving partners equity in the firm and establishing them in foreign markets, both of these factors could be maintained. Maintaining the business culture is a priority for Shinglers as it relies on intangible elements such as the knowledge and experience of employees within the business model to succeed. This is demonstrated by the firm's commitment to maintaining connections to foreign subsidiaries and the partners' concerted efforts to build and maintain the mateship aspect of their partnership.

> *The interesting thing is the IP can be copied, [snaps the fingers] just like that. The reality is over the legal side there is nothing stopping someone coming up with something that looks very similar to ours. What they can't do, and what would take a lot of time and investment is to find the people we have found. To attract those people,*

the quality and the calibre of people to train them as well as we have trained them would be very difficult. To have the processes around to train them and keep them would be hard. The culture that surrounds, and what I mean by culture is the stickiness of glue that holds people together and impacts the experience they have in working for us, is important. That cannot be replicated quickly so that gives us a head start in any market and we have been very careful to replicate any culture while working within another culture, to replicate our culture whilst working with them, that has been one the core things for us when we go overseas, is to make sure that the processes that underpin our culture are identical.

The decisions to set up offices in New Zealand, the US and UK were essentially driven by the realisation that Shinglers would not be successful unless they had a formal presence in the market. The nature of their service combined with client expectations meant that unless the firm had a coach in that market the number of new sales there were not going to be large. The firm found this in New Zealand when they initially exported their coaches. By establishing subsidiaries the firm was able to meet client expectations, create an 'international footprint', and also extend the firm's entrepreneurial roots by giving those partners willing to head up international offices equity in the local entity. Importantly, the firm was also able to replicate its culture. Establishing subsidiaries in international markets through moving current partners has been very successful for the firm. The firm has followed this internationalisation process in each of its subsequent market entries.

4.3.6 Discussion

Shinglers is a PSF that prides itself on its emphasis on customer service and high-quality service delivery. The firm's focus on these two core elements has driven its strategic goals and internationalisation processes. The interviewed partners all highlighted that they wished to make Shinglers synonymous with high-quality business coaching. Maintaining the brand of the firm was important, and they wished to duplicate the firm's success in multiple foreign markets.

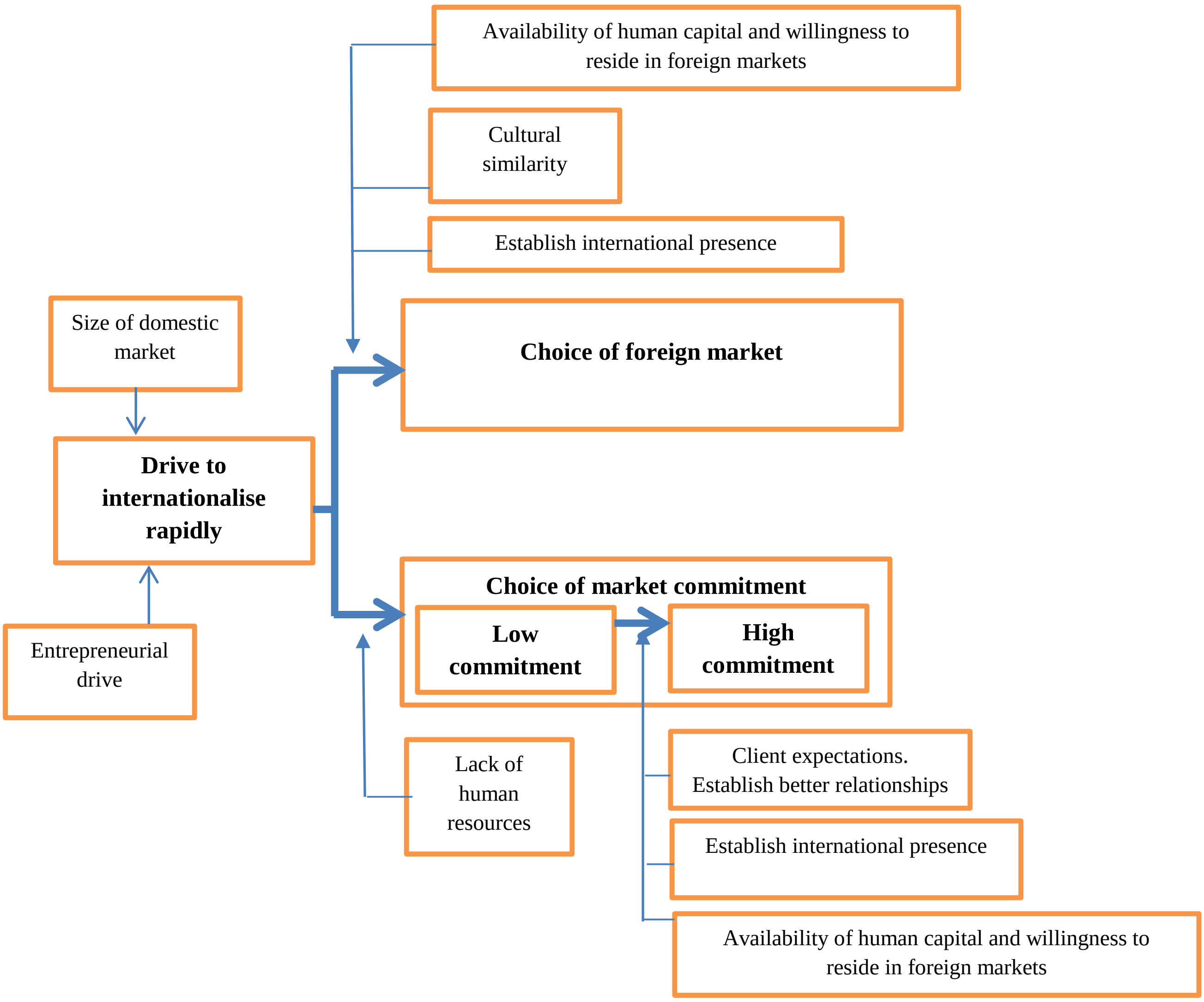
Despite the firm initially focusing on the domestic market, the percentage of foreign sales was high and comprised almost 50% of the firms' total turnover within three years of inception. The firm's founders did not want its rapid international growth to overshadow what the firm stood for, and so entered markets where they maintained the ability to transfer their high levels of knowledge and expertise. The speed of internationalisation was driven by the founders' desire to be a renowned international firm. Within the consulting market, the firm's business coaching principles and high level of knowledge in business markets created a niche yet to be exploited in international regions. The firm was driven to be a first mover in these markets and aimed to create an advantage over competitors.

The firm's international operations, namely, their choice of foreign markets, had been driven by their founders desire to capitalise on underdeveloped markets within the consulting industry. To see this market opportunity more easily the firm initially focused on markets with high levels of cultural similarity such as the US and UK where business practices and business opportunities were viewed as similar. The firm's service relied on the high level of knowledge and expertise within their employees and partners. Because of an emphasis on high-quality output, the partners established themselves in foreign markets to ensure consistently high levels of service. After briefly exporting themselves to key markets, the firm aimed to establish offices in several markets and were dependent on partners who understood the business and its goals. Their choice of market commitment and choice of markets was influenced by the knowledge of the business that was embodied in the partners and the need to maintain the firm's culture and high level of quality in its service delivery and output.

Figure 6 shows the influences of several key factors related to the three key dimensions of the internationalisation process: the drive to rapidly internationalise; choice of foreign markets; and choice of market commitment.

Shinglers' internationalisation process is influenced heavily by its human capital. The firm relied on its people and their high level of knowledge, particularly amongst its partners during the early stages of internationalisation. The firm chose to enter markets based on strategic opportunity and allowed those partners who wished to be the head of those country offices to do so. This level of flexibility is born out of a reliance on people for the firm's service delivery. The firm's choice of markets was directly linked with the its choice of high level of market commitment. The availability and willingness of partners to reside in foreign markets was necessary for the firm's growth. Consequently, the firm entered markets based on partner preferences rather than just purely strategic opportunity.

Figure 6 – Shinglers internationalisation processes and key factors



In a similar manner to Australian Health, Shinglers internationalisation progression highlighted that the firm had entered each market briefly through exporting before a subsidiary was established. Three of the firm's initial choices of markets – NZ, UK and USA – had been chosen based on culturally similar business environments. This highlights the importance of psychic distance to the firm in its initial stages of internationalisation as well as the nature of the firm's professional service. This was of particular importance before entering markets via high level of market commitment.

4.4 JUP

4.4.1 Background

JUP is a global provider of business intelligence focusing exclusively on financial services and the banking sector. The firm specialises in strategic research, market intelligence, financial performance benchmarking and risk management. The firm delivers management consultancy and advisory solutions across their product range with a core focus on client service. The firm was established in 2006 when the founder of JUP, perceived a gap in the Australian financial research market. Research for the Australian market was acquired from UK-based firms relating to the UK market. JUP's initial goal was to provide Australian-based research on the Australian financial market for Australian clients. The firm began with the founder as its sole employee but rapidly grew and is now operating across 25 key global markets with almost thirty employees. The firm is currently aiming to grow further abroad and continue to increase its already strong foreign presence. The firm's foreign revenue stream currently accounts for more than a quarter of its total revenue.

JUP's original plan was to focus on the Australian market, but legal complications prohibited the firm from operating within the domestic market until early 2007. The founder searched for other opportunities and successfully found a client in China. He was driven to succeed but never relied on a strict business plan or specific goal. The founder's key drive was for the firm to be profitable and to remain flexible so it could pursue opportunities as they arose. Instead of a plan, the founder followed a broad outline for the firm's international potential, particularly in the UK and Asian markets.

After initial success operating in China, the firm pursued growth in the Australian and international markets simultaneously. In its early years, the firm began its internationalisation goals by focusing on the financial hub of the UK but has since turned its attention to other long term opportunistic markets such as Asia and the Middle East. The firm's international success has also provided it with greater global reach which has simultaneously helped its sales domestically. This is because domestic clients are interested in operating with organisations that have breadth of knowledge in multiple foreign markets. With a focus on client service and an emphasis on commitment to the client, JUP has steadily grown both domestically and internationally. JUP boasts a unique business model that the firm believes gives it an advantage over its competitors. In a market dominated by very large firms, the firm has discovered a niche in the industry and has become a domestic market leader. The firm hopes to continue this success and further leverage its success internationally. This has led to the firm having a physical presence in four markets across the globe with a strong aim to grow internationally.

4.4.2 Nature of professional service characteristics

JUP is a professional service based organisation whose product is research consulting. The founder outlines his view on the firm:

> *We provide Australian research on the Australian financial market for Australian and foreign clients. We have positioned ourselves so that we are in a space where nobody is doing what we are doing. The model we operate on is to try to create something new.*

To help achieve this goal, computer software tools are utilised for aspects of the business as it allows the firm to analyse data with much greater efficiency. However, the firm is primarily dependent on its staff to interpret and analyse the data as well as translate this for the client. As such, the firm places great importance on its people, their knowledge and experience. This emphasises the intangibility of the firm's service and the high level of knowledge intensity. The firm's focus remains on customer service with a strong emphasis on going the extra mile for clients. The high level of service quality is delivered through maintaining a highly qualified, knowledgeable staff who are considered integral to the service delivery.

The firm does not rely on any processes or capital intensive equipment. Its required inputs are not capital intensive as it chiefly relies on its employees. The firm does not subscribe to an industry ideology nor is there a formal professional ideology within the firm. Instead, there are informal ethical codes that the founder believes are inbuilt to the company's culture. The firm's knowledge is embodied in its people, and the service could not be delivered without them. The firm recognises its staff and the knowledge and expertise that they provide are critical to the firm's success as well as being a key component of the firm's competitive advantage. The firm has a thorough recruitment, selection and training process to ensure staff is able to be given autonomy when dealing with clients rather than rely on a specific process that may prove inflexible. As the founder highlights:

> *Our people come first because the whole service is dependent on their knowledge and their expertise. Our aim, therefore, is to keep our employees happy because it is them that make sure the clients are happy!*

JUP provides their clients with research data but also arranges for analysts to be able to advise on that information in a way that is most helpful to the client. As part of this personalised consultation, JUP relies on interpersonal communication with the client. This is most important at the beginning of the relationship between the firm and the customer. In the initial stages, JUP works directly with the client to ascertain how the data and the information can be of benefit to their overall strategy. Throughout the course of the service, as well as after the service is completed, the firm regularly communicates with clients through face to face, email and telephone communication channels multiple times a week. This level of communication remains flexible throughout the service as clients are free to ask for advisors and analysts as they need them. Because JUP places such a strong emphasis on customer service, it is this flexible interaction that the firm believes is crucial to its success. This product strategy ensures that the service required for each client is unique. The firm does not believe they could provide the same high level of service without the client’s direct input and without a strong client relationship.

As an advisory research firm, the service itself is short-lived and not replicable. The data the firm provides as well as the analysis of the data is most often time-specific. The nature of the advisory service itself is perishable, but the firm is trying to make their service more tangible for the client. The firm provides standard packages for clients but tailors them to each client’s individual needs. This means that the data is replicable but the total service is not. Currently, while the client has access to data that can become tangible (e.g. printable data), the actual advisory and analytical part of the service necessary for each client remains highly intangible and as such highly perishable. However, JUP is trying hard to take steps so that the client is able to retain as much of the information that is advised as possible. This is mostly achieved through extensive document creation. This emphasises the firm’s commitment to customer service as well as the difficulty of operating within a pure service-oriented environment.

4.4.3 Drivers of rapid internationalisation

JUP first internationalised in 2006 less than six months after inception. The firm initially focused on international markets due to not being able to operate firstly in the domestic market. Instead, the firm focused on international opportunities in the interim. This strengthened the firm’s foresight to take advantage of strategic opportunities regardless of location. The firm had always planned to operate primarily in the domestic market first and progressively expand internationally. However, the founder was not able to operate in the domestic market until early 2007 and initially sought clients internationally. The founder did not believe in following a set business plan. This is because it contradicts flexibility, a core principle of his business philosophy. Instead, the firm relied on the founder's drive to succeed. The firm was always designed to internationalise rapidly but its initial rapid internationalisation stemmed from the founder's drive to succeed and to help establish the firm's credibility. As the founder of JUP notes:

> *There were a couple of legal reasons I suppose why we started outside Australia and we didn't want anything coming in, the idea was set to do Australian research which turned out to become the core of the company. We did not want to start doing that until January 2007 so I decided to do a project in China to sort of get things up and running while we're waiting for the Australian project to start which we couldn't start until January … We never had a real plan. I think, maybe it is just this business, I don't know, but having a plan is a very dangerous thing with the starter. Adaptability is probably the advantage you have as a small business. Basically, it's your ability to move very quickly. So, we never really had, I won't say a plan, I think we had a vague idea. Vision is far too strong a word. We had a vague idea of what we wanted to do. I was determined that whatever it was we did it would be successful.*

JUP's initial and continued international growth into other markets originated from the firm's need for growth and legitimacy. In a market dominated by large international firms, the firm needed to create global reach. The firm was focused on servicing the Australian market with Australian data because there were very few competitors in that market, although the firm was not able to serve international or domestic clients looking for international research and data. This led to the firm losing potential clients and highlighted the need for the firm to become increasingly international.

> *Our service was not particularly groundbreaking, but it is very much a local perspective. We were constantly losing other projects that we couldn't deliver on, because we didn't have any global reach. So the idea was to get a local ability first, and then once that local ability was well developed or developed enough that it wasn't constantly on the verge of toppling over, once it was vaguely established effectively, then to try and internationalize as quickly as possible because that is then what gives us the breadth as well as the local depth.*

Internationalising quickly would also allow the firm to diversify risk. Within the research and analysis field and particularly within the finance industry, JUP understood that it was especially beholden to economic shifts. For example, the GFC caused a severe downturn in many financial hubs, especially the US and UK. Consequently, firms tightened their spending, and outside consultants and analysts are often the first victims of such budget cuts. By spreading their service internationally, the firm reduced its reliance on any one economic market. This increases the firm's chance of long-term survival and in the short term creates pressure for rapid international growth. The founder highlights this strategic opportunity as one of the key reasons for entering foreign markets so rapidly:

> *We internationalised to get greater breadth but also for diversification of risk. So, I mean you have a lucky country Australia, bounced through the GFC. At some point things are going to get little bit tougher here, at which point margins are going to come under pressure, clients are going to say I haven't got the money because my margin is under pressure, already starting to happen to us now, at that point you cannot really scratch your head and go – okay, well this market is closing down, we need to do this or this market is getting tighter, which is after we do nothing and hope. By having opportunities in other markets, you diversify the risk and you diversified the revenue spread and in one way you increased your cost, you increased your risk because you exposed to more markets and knowing it's the old sort of diversification versus increased argument but historically most things show if you are in more markets and you're more diversified, you are more likely to survive than if your, you know, one-trick pony in one market. So it's a combination of diversification of risks and seeing opportunities for growth.*

JUP had little competition either domestically or internationally when it first began. The firm had deliberately entered a niche part of the industry. The firm's major competitors were much larger accounting and financial institutions that offered a similar service as JUP but without the specialisation or focus on customer service. JUP differentiated itself from its largest competitors, and this allowed the firm to become one of the dominant players in its market. The firm has since noted a larger number of smaller firms are providing similar services to JUP. This has encouraged the firm to broaden its services as well as increase its role internationally. The founder of JUP considers the speed of internationalisation a benefit as it has increased the firm's size and enabled it to compete more broadly with competitors.

> *What we tried to do was position ourselves so that we are in a space where nobody was doing exactly what we were doing. So there were no competitors. Having*

said that, there are lots of people supplying huge amounts of research but, up until recently, no one has competed with us on all fronts. This is because our model takes a little bit from each and tries to create something new. There are now a number of smaller players that are starting to pretty much do what we do. Imitation is the sincerest form of flattery, but we are now bigger and broader which is something that is important moving forward.

The speed of internationalisation was a great benefit for the firm. The firm's founder had a drive to succeed and was interested in the firm surviving in the long term. With an emphasis on flexibility and taking advantage of strategic opportunities, the firm was able to internationalise to create legitimacy and credibility, diversify risk and maintain competitive advantages.

4.4.4 Choice of foreign markets

Within the first four months of inception, JUP focused predominantly on the Chinese market, before focusing on the domestic market in early 2007 and then subsequently entering the UK in 2008, and Singapore and Hong Kong in 2010. The firm initially sought clients outside of Australia and pursued international opportunities because of legal issues delaying the firm from operating domestically. Internationalising early was a deliberate strategy by the firm as the founder sought greater capital and international market experience before concentrating on the Australian market. As the founder notes:

Entering China was it for us internationally in the beginning, and we did that to get up and running. The project involved three sales because it was a multiple client project and then we got the Australian business up and running and for the rest of 2007 focused and 2008 focused on the Australian business and at the end of 2008 between November-December I went across the UK. It was quite a big gap. The big gap wasn't because we weren't successful internationally. We were just purely focused on Australia for the first two years.

After establishing themselves domestically, the firm pursued the UK market because it presented a unique opportunity in one of the world's largest financial hubs. Europe was undergoing a recession. This caused the market to tighten with many firms pulling out of the market and other firms downsizing with many aiming simply to survive before re-establishing themselves when the financial markets turned around. JUP saw an opportunity to enter the market and capitalise on the market downturn. As the founder recalls, taking advantage of a unique opportunity was the firm's biggest driver;

> *If you're selling services into the banks, it's probably the worst time in the last 100 years to start selling internationally. Having said that, one of the advantages or benefits of recession is the barriers to entry come down for foreign entrance. So we thought it was unlikely we were going to sell anything, but we also knew it was a once in a lifetime, it was a big opportunity to get a foothold in the UK market because everyone else is running for cover effectively. All the research firms that were just locked on some of the UK banks are running for cover or increasing their prices so to try and survive. Our advantage was we had a core business that's sitting in one of the more resilient economies. We could afford to basically have a loss in the UK market and have a presence there when no one else did. This all created an opportunity that doesn't come along that often.*

Entering the UK market was originally seen as a longer-term goal for the founder of JUP. Before coming to Australia, he had worked in the financial industry in Britain for twelve years. He had a strong understanding of the UK market and was well versed in the UK financial industry. This meant that he understood how difficult the market was to enter and believed JUP would pursue Hong Kong and Singapore before investing in the UK market. Despite the founder's knowledge of the UK market and experience within it, he denies this was a driving factor in his initial choice of markets. Instead, he believes it helped reaffirm his beliefs regarding the market opportunity.

> *My knowledge of the market made me more aware of the opportunity. I knew how difficult it was to get in and how many players are in the market. How inundated they were with research. So that made me more aware of the opportunity but I didn't choose to get into the UK because I could leverage experience there or anything like that. If I hadn't worked in that market, I'd have praised it and still said "wow there is a great opportunity here".*

Cultural similarities were also not seen to be a factor in the firm's entrance into the UK market. The firm recognises two key markets in its industry to enter, the UK and US. Both are culturally similar to Australia, but cultural similarity is not the reason firms attempt to enter these markets. These are seen to be the world's dominant financial hubs and also provide the greatest opportunities for financial research firms such as JUP. The founder outlines that cultural similarity had no bearing on the firm's choice of the UK but, instead, it was a desire to operate in one of the world's key financial markets. This would grant the firm greater exposure and opportunities:

> *The UK and the US are the two hardest markets to get into and if you're in the UK and US you sell the research you do on these markets globally. Everyone wants to know what's going on in the UK, what's going on in the US. So whereas, for example, research you do in Australia or New Zealand or research that you do in Singapore or Hong Kong is very difficult to sell outside those countries. If you have done a study on the US everyone wants to know what's going on in those markets. This is true of the US and UK but the US is very fragmented and research is not applicable to everyone whereas a UK research program is applicable and of interest to all the main UK banks … so that makes it an incredibly valuable market because of the opportunities of resale*

After becoming established in the domestic and UK markets, JUP entered the Asian market via Hong Kong (HK) and Singapore in 2010, three years after inception. Both HK and Singapore market selections were primarily driven by opportunity and the firm's desire to establish an international presence in the region. HK and Singapore are seen to be important financial hubs in the Asian region. The firm initially entered HK before quickly entering the Singapore market. The firm did this as it was interested in maximising resources. Initially, the firm was flying staff in and out of London, and HK was chosen to enter first in the Asian market because that is where the airline stopped to and from Sydney. The founder emphasises three key reasons JUP entered the Asian market:

> *First, it's the logical place to go if you're going offshore and you're servicing banks. Singapore and Hong Kong are the nearest two to Australia, and they're also the centre of the regional hub, so that enables you, once you have a foothold, to expand into the Southeast Asian region. That was the most important. Secondly, they are a massively fast growing region. Thirdly, it wasn't any great tyranny for us because you just had your London flight in one go and you just get off the plane for 24 or 48 hours and check into a hotel, do your business development and get back on the plane. So it was the cost of two hotels if you already paid for the flight going to the UK and back. So, those were all the reasons.*

Neither HK or Singapore was chosen because of similar cultural values to the home market, previous experience of the founder or established networks. Both markets were chosen for strategic opportunity as they represented entry points for the firm to establish itself across Asia. In this way, the markets were not only the largest financial hubs in the region but also the most culturally similar and helped the firm to gain geographically close clients. JUP did not have many contacts or experience in the region and initially had to do a lot of the business development itself. The founder reflects on these hurdles in his selection of the markets:

> *There were lots of factors in there, but more banks have their regional hub or have their private banking, which is an area that we specialise in, in Singapore and in Hong Kong. I was vaguely aware of the cultural differences, but I hadn't initially thought through how the cultural differences would impact on our model. I have now though! ... we didn't rely on networks or have experience there. We didn't really have any networks in the beginning. We had to build them. For example, the first sales that we got in the Singapore market were through clients that I either found myself or were introduced to through the clients we originally found ... Both Singapore and Hong Kong are very different to our other markets but are also very important. There are some lessons that we kind of feedback to our UK and Australian clients from there but the biggest thing is that they are critical for providing a platform for growth into the Asia Pacific and our offshore sales are telling us that*.

JUP's choice of international markets remains primarily opportunistic in nature for both the short and long term. The firm's entry is not driven by previous experience, client needs, networks or cultural similarities. Instead, the firm was interested in maximising strategic opportunities as well as to gain exposure into markets (i.e. the UK) or to help the firm gain exposure to further markets (i.e. Hong Kong and Singapore).

4.4.5 Choice of market commitment

JUP first entered the Chinese market in 2006 by exporting knowledge through its founder. This was followed by exporting to the UK, Hong Kong and Singapore markets. This mode of entry was chosen for China because it was seen as a good testing ground for the firm before it began operations in the domestic market. This meant that the firm was not interested in investing further in the region as it had few resources and more interest in establishing itself domestically first. Initially, the firm had only its founder, so this forced the firm to export its only employee before establishing itself in its home market. The firm chose to export initially into other markets because the firm was interested in maximising its current resources rather than requiring greater amounts of capital for investment. Although, this placed a great amount of stress on the founder, it was considered necessary given the nature of the service.

> *It was always planned, but we did fly in, fly outs out of necessity. In the beginning for us whether it was China or the UK it was kind of an economic necessity because you need to test whether or not it's going to work in a market otherwise you're just spending money for the sake of spending money. But at the same time there are some benefits to sort of moving slowly, more cautiously. We learned more about the market and what was required of us as we moved forward.*

JUP's international strategy was to become international while minimising the cost. This meant maximising available resources and minimising other costs. The firm could have survived in the domestic market, but this would not have met the goals of the founder. To become international initially, the firm focused on transporting the founder in and out of key markets. This proved to be difficult as the founder had limited time and spent a great deal of it travelling between markets. This led him to realise that although the firm was servicing multiple markets it was not giving the appropriate amount of time to individual clients. Although initially successful it became apparent that exporting the founder in and out of markets was not going to be sustainable. As the founder recalls when initially entering the UK market:

> *We didn't have an office there so all the time I was spending on the phone at night here just to talk to them every day. Then I left here on Friday, arrived there Saturday-Sunday, have Monday, Tuesday, Wednesday, Thursday, Friday, left there Friday, and got back on Sunday. I didn't even have time to get jetlag. I had no idea what was going [on] when I got back, and that's when I realised I absolutely can't do this on a fly in, fly out basis. We needed to get an office there.*

The firm first shifted from exporting to establishing an office in the UK. This was deemed to be necessary after six months of operating in the market as the firm wanted to service clients better and build relationships. JUP initially employed somebody locally to manage the office but now considers this a strategic mistake. The firm's level of service, core competencies and culture were not being reflected in the foreign office, and this was causing problems with established clients who had previously been happy. The founder believes this was all part of the learning experience for the firm as it expanded:

It was a huge risk. We were talking to some private equity firms, and all of them said the same thing, massive risk. But the idea was to minimise risk because with flying in and flying out, if the client has a problem you've got a 24-hour flight plus the time zone difference and getting organised. It's 36 hours before you are even in the same country and you'll be jetlagged before you know what's going on. Having an office was supposed to remove some of that which it did but we still had some significant problems, which would never have happened in the Australian market. We learned some lessons. Now we follow a path when we establish ourselves in other markets, such as Singapore and Hong Kong.

The firm learnt from its experiences but continues to enter markets initially through exporting before establishing a subsidiary. The firm does employ locals, but each office is managed by a home country national who is familiar with JUP's goals and culture. This occurred in Singapore and Hong Kong. However, the factors forcing the shift from exporting to establishing a subsidiary were more culturally based. Clients in both markets were more interested in building trust and relationships with JUP. This was not seen to be done by continuing to export key staff as necessary in and out of the market. If the firm wished to become successful in the Asian region, it needed to be seen to be fully invested.

There are two reasons that we needed an office in the UK as well as offices in Singapore and Hong Kong. One of them is it's easier to forward relationships when you're on the ground, and you can respond and see people on a regular basis. In Singapore and Hong Kong especially, you can't build relationships in the same way as you can if you are on the ground. It takes a lot longer to build a relationship culturally there than it does here and there needs to be a lot more trust. You need to put a lot more skin in the game. They get people flying in and flying out all the time, and they will listen to you but that's about as far as they'll go. Culturally, they are much slower and more cautious in the way that they develop new relationships and they need to have a lot more trust with an individual and the brand behind the individual before they'll commit to doing business with them. The other reason is the type of research that we do is very dependent on understanding the mood of the consumer ... most of the work we do, though it's about producing insight from the research you need to contextualize it and it's difficult to do that from over here.

JUP was also not prepared to make the same mistakes it did when shifting from exporting to establishing a subsidiary in the UK. To ensure the culture, emphasis on service and other professional service skills were in place, JUP delayed fully entering the market until it had employees capable of fully transferring those attributes to the foreign office. This allowed the firm to gain a greater understanding of the host market as well as ensure better staff training and selection. Without this internationalisation philosophy, the firm may have entered the Singapore and HK markets much sooner by establishing foreign subsidiaries. JUP's founder is very happy with the shift in strategy and believes this will improve the firm's chances of further operating across Asian markets. As the founder notes:

> *So we effectively with Singapore started them here, had them here for four months going out to presentations in the office, working with all of the staff, so that by the time they went up to Singapore they were completely versed in the whole culture and the whole brand and how it represents how it's delivered. Which means now that even if we could afford to set up – open up an office in the US – we wouldn't. We'd train someone up here for a period of time and then send them up there … being versed in the way we do things, and them being present in the market it completely exponentially grew the business. We were unaware of what a cultural barrier we were up against. Having someone on the ground with a full Singapore licensed office, rather than just a rep office has helped us to enter the rest of Asia as we're working with the same clients across those different geographies so getting an office helps us by not just being introduced to the local clients but also expand on our existing clients.*

JUP's shift from initial exporting to establishing foreign subsidiaries was created because of the firm's desire to succeed internationally. The firm wished to replicate its business processes overseas as well as its client focus. This encouraged the firm to establish a physical presence as continual exporting was not allowing the firm to grow. Establishing a subsidiary enabled the firm to better meet client needs, build relationships with established clients, and also create networks in new markets. This has allowed the firm to continue the success overseas that it attained in the domestic market.

4.4.6 Discussion

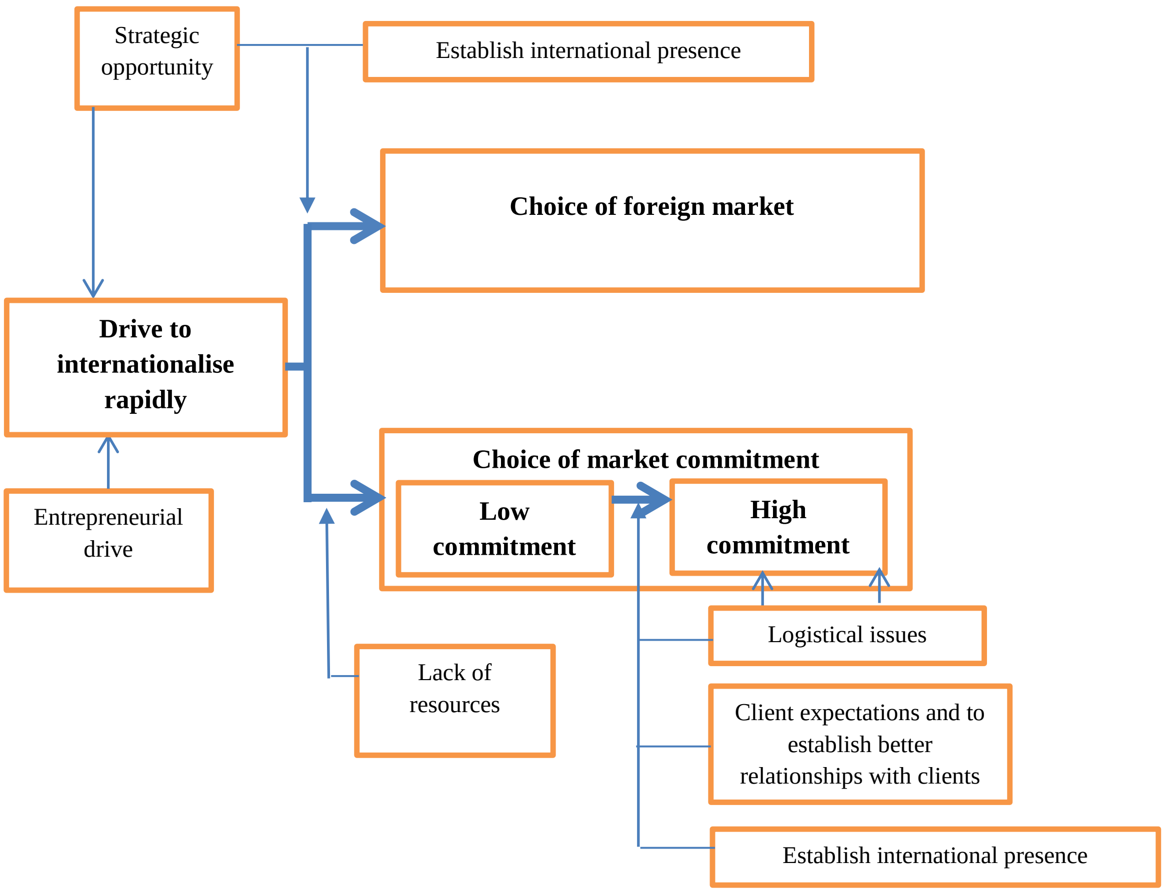
JUP is a PSF whose internationalisation strategy has largely developed from its founder's belief in its product and an emphasis on flexibility. This has permeated throughout the firm's internationalisation from the reason the firm initially internationalised to their development of services in foreign markets. JUP's flexibility has enabled the firm to be initially focused on the domestic market to operating across multiple international markets within three years.

The firm's internationalisation was primarily driven by the entrepreneur who was interested in the firm becoming profitable as soon as possible. In the early stages of internationalisation, this meant seeking opportunities and clients in foreign markets. As the firm continued to grow it continued adapting its services to suit client needs. This led to the firm expanding its range of services, particularly to international clients, and increased the firm's international scale with foreign sales accounting for 25% of total turnover. The nature of the firm's professional service had an impact on the development of its internationalisation. The firm's service requires a high level of knowledge that needed to be transferred to clients. The level of support for the client is considered crucial and so the firm sought to establish itself in multiple markets with a range of service options. This both enabled the firm to capitalise on opportunities but also diversify risk against economic downturns. It was also considered important to create credibility within the market. The firm was providing a professional service based around international market expertise and so needed to create legitimacy by operating in multiple international markets.

Despite the reliance on knowledge transfer through high levels of client interaction, JUP did not choose markets based on cultural similarity and instead sought market opportunities. This was apparent across all four of their initial foreign market choices: China, UK, Hong Kong and Singapore. The firm also entered into each market by exporting key personnel from the head office in Australia. The ability of the firm to interact with clients was limited, but the firm's resources were low and the risk of committing greater resources to the market was considered too high. The firm was able to build and develop relationships with clients and establish a client base in each market before establishing a subsidiary in each market. The shift to a higher level of market commitment was driven by an emphasis on meeting high levels of service quality for clients as well as gaining a deeper understanding of the market. By initially exporting, the firm was able to build relationships with clients and learn about the market. By shifting to a higher commitment mode, the firm was able to capitalise on those relationships, deliver superior service to clients and develop networks in culturally dissimilar markets such as HK and Singapore.

Figure 7 shows the influences of several key factors related to the three key dimensions of the internationalisation process; the drive to rapidly internationalise; choice of foreign markets; and choice of market commitment.

Figure 7 – JUP's internationalisation processes and key factors



4.5 Energy 4EVA

4.5.1 Background

Energy 4EVA delivers solutions to the energy efficiency market. They are a global leader in providing energy efficient solutions, working alongside governments and large organisations across several countries. The firm was established in Australia in 2007 on the back of new legislation in the NSW energy market. Understanding that there would be an increasing emphasis on creating efficient energy solutions, the founders saw an opportunity to be a part of projected energy oriented legislation. Before inception, the firm amalgamated eight people who believed that the right conditions existed to begin operating in the energy market on a global scale. The firm's founding members all had a background with government, international project management and/or energy efficiency projects.

The firm originated from a unique opportunity that was created due to the increasing political nature of global warming. As global warming became a growing concern for citizens, particularly in developed nations, pressure increased on those with political power to act. When Energy 4EVA began, it was believed that there would be a large shift towards legislation that introduced greater energy efficient measures and strategies. Australia was among the first in the world to be involved in such legislation, and it was believed that this would provide the firm with experience in a largely untapped global market. However, the forecasted legislation across markets did not necessarily come to fruition as Energy 4EVA had hoped.

From inception, the firm's strategic goal was to internationalise quickly, and the firm followed a broad business plan to achieve its goals. Although at times the firm had to deviate from the original plan, its rapid initial international entry and quick success was expected by the founding members of the firm. The firm entered the UK market in 2007 just two months after it was established. Its first project was a large implementation project focused on the co-ordination of production, delivery and marketing of four and half million energy efficient light bulbs. Success in the UK gave the firm and its founders the impetus to explore other opportunities in foreign markets. Consequently, the firm entered Mexico, US, France, and Spain in 2008. The firm remains an Australian-based firm but continues to have success overseas with the vast majority of its income originating from foreign revenue streams.

Since 2008 Energy 4EVA has internationalised even further. Following the same initial internationalisation model, the firm continued to expand and has now completed energy projects throughout Europe, the Americas and Africa. Although the firm's early prediction regarding legislative changes has not always been fully correct, it has been able to seize opportunities in foreign markets. The firm is now regarded as a world leader in its industry and aims to extend its global reach in the future.

4.5.2 Nature of professional service characteristics

Energy 4EVA is a service-based organisation whose product is primarily consulting and project delivery. The firm does not utilise technology as part of its core business practice. The firm acknowledges that technology is important in its day to day service, particularly for communication through email and skype, but the firm would still exist if this technology was not readily available. Energy 4EVA's goal is to reduce the carbon footprint of businesses and households in developed and developing countries. Part of this aim is to focus on the reduction of carbon emissions by households. The firm believes that the demand side reduction of emissions by householders is the cheapest, easiest and most proven way to contribute to a reduction in carbon emissions. This has led to the firm targeting their energy campaigns at low-income households in countries that spend a large portion of their weekly incomes on energy bills.

Much of Energy 4EVA's work is project-based. The firm is asked to provide practical energy solutions to clients that the firm can also help deliver. One of the founders of Energy 4EVA describes their business and the innovative nature of their service offering:

> *They (our potential clients) have to meet carbon targets. By focusing on energy efficiency and carbon project development, our job is to get them there. We focus on a full range of consulting services from strategy to relationship management including end to end packages. We are unique. The market hadn't seen someone like us offer such services – it was difficult to explain the services we could offer.*

The firm's service is a highly intangible experience as the firm relies on the experience and expertise of their staff to create personalised solutions. Energy 4EVA recognises that the knowledge for these solutions is not easily created and depends on the creativity, experience and expertise of its employees. Energy 4EVA provides its employees with a high level of autonomy as the firm recognises that client issues and solutions are not always solved effortlessly. This is a key area where the firm creates a competitive advantage. By relying on its people for resourceful solutions to practical problems, the firm is showing a dependence and trust in the knowledge embodied with its employees.

Energy 4EVA works directly with clients to create solutions that are both practical and economically aware. For this reason, the firm invests strongly in markets where there are ongoing projects and relies on having key staff on the ground whenever possible. The firm does not believe it could provide an equal quantity of high-quality service if it was to spend less time with the client and not have a presence in the market. The firm is then seen to be highly inseparable from end consumers as it is reliant on continued and regular interaction with clients. The need for people to be present in foreign markets is considered to require relatively low capital intensity. The founders required very little capital to establish the firm. The firms largest cost is its people. The firm does not necessarily require offices as people are able to work from anywhere. Its next biggest expense is the transportation of its human resources. As the firm has a high level of knowledge intensity embodied in its people, it does not require large amounts of capital to invest in foreign markets as a manufacturing firm might. Instead, it requires relatively low capital and focuses on employing the right people with the right knowledge:

> *I think one of the most important things in what we do is we hire people who have knowledge in the local market as well as the energy market. By having somebody with local knowledge, they have knowledge about things we may not know as much about. They need to have a background in that so that the process is smoother for the client and for us. We need to give our employees freedom on the ground, and we can't do that if they don't have the right background and knowledge. Hiring the right people is important for us.*

Due to the nature of the firm's projects, which are designed to be finished within a set period of time, the firm's service has a limited lifespan. Each project is highly unique with the firm aiming to provide an individual solution that meets client demands under inimitable circumstances. The firm is unable to replicate the full nature of its service due to the exclusiveness of each individual project. This highlights the highly perishable nature of the firm's core business practices as well as the heterogeneity of the firm's service. The firm believes that if it was not for the highly individualised nature of each project and the solutions therein, the firm would cease to exist in its current form. Instead, clients would employ mass produced energy solutions that would most likely be delivered by large energy providers. By realising a niche in the energy market, Energy 4EVA was able to capitalise on the growing desire for businesses and individuals within markets to reduce their carbon footprints and to become a global market leader.

4.5.3 Drivers of rapid internationalisation

Energy 4EVA first internationalised in 2007 merely two months after inception. The firm's initial focus was on domestic and international markets, particularly the UK. The founders of the firm saw a budding opportunity based on upcoming and newly created legislation that was being brought into law in the UK and wished to pursue it. The firm's founders believed that if they entered the market quickly they would have a strategic advantage over later entrants into the growing energy consulting market. The firm viewed this type of opportunity as the beginning of a wave of new legislation throughout the world that would see a shift towards minimising energy consumption. For this reason, the firm always saw itself rapidly internationalising. At conception, the firm saw itself as focusing on the Australian and international markets. The firm's early international success encouraged it to focus more on its international endeavours. As the chairman of the firm notes:

> *Initially there was a focus on the Australian market as well and we felt that we probably had better connections here and I think, to a large extent that was true, and it is obviously easier to operate in your own market. So at the time we thought we would do Australia and overseas.*

As part of a global vision for Energy 4EVA, the firm had outlined a business plan which they broadly followed. The founders were driven to succeed and had a business plan map out the firm's short-, medium- and long-term goals with international aims highlighting the firm's first years of operation. It primarily focused on internationalisation in the UK. None of the founders had operated within a firm that planned to internationalise almost instantaneously, but they believed that the market conditions were right. The firm's largest motivating factor was that the level of competition was almost non-existent. There were very few firms in any market that could be considered direct competitors. Energy 4EVA had the unique opportunity to take advantage of a brand new market and help shape it. They believed that this would be strategically beneficial for years to come as they would take advantage of being incumbent within key markets. As the chairman acknowledges:

> *It was quite odd to me, quite unusual. I have never been in an international start-up before. A start-up that had the aim to go international right from start but certainly that's where the scale was, it hadn't been done before, so we didn't have other competitors doing what we were doing overseas but certainly there were right conditions for it to be done overseas.*

By rapidly internationalising the firm could capitalise on the emerging nature of the market and be a dominant player in an up and coming industry. By operating in a newly forming industry, the firm realised the limitations of the Australian market. The domestic market would help the firm to gain experience, but it would not meet the levels of growth, due to lower levels of demand, that the founding members of the firm originally envisioned. This was something that encouraged the firm to go overseas quickly to help form and capture the market. The firm believed it needed to achieve international experience to leverage work in other nations. As the firm relied on changes in legislature the considerable opportunity in the UK represented the ideal prospect for the firm to succeed on a scale that would help them leverage such success in other foreign markets. The firm always planned on internationalising quickly as well as focusing on the UK market. The timing of the opportunity, as well as the potential size of the projects, fitted perfectly with the original vision of the firm and encouraged the firm to internationalise even more quickly than they initially projected. As the chairman outlines:

> *We didn't vary from the initial target market which was the UK. That was something that we did end up doing in terms of investment and was our large scale project. I think where we varied from our plan was in terms of the scale and the speed at which we could do products ... it was about one and a half to two months after starting we entered the UK. And, I think [the speed of internationalisation] probably backs up that we worked and really were focused on the international markets and so that is where we were to build our base from.*

Ultimately, if Energy 4EVA wanted to compete internationally, they needed to create exposure for themselves and to take advantage of the predicted legislative changes. The founding members agreed that the small size of the Australian market was too limiting to reach their long-term goals and needed to succeed internationally. It was believed that the rapidity with which the firm captured the UK market would help them win further projects and that its initial entry into the UK would be critical to their early success. Combined with the founder's drive to succeed, Energy 4EVA was able to rapidly internationalise successfully in their first market and utilised this success to enter other markets.

4.5.4 Choice of foreign markets

Energy 4EVA's initial focus when it internationalised in 2007 was to enter the UK market. The firm realised that the emergent nature of the industry and the low number of competitors would shape their choice of foreign markets. The firm understood that regardless of the market the firm entered it would need to educate clients and help build the market. This was a drawback that would be present regardless of the market Energy 4EVA entered. Due to this, the firm focused on opportunity. The firm chose to concentrate its international efforts on the UK because of legislative changes that were taking place but which had yet to occur in most other markets. Because of the legislation the UK also offered a market that was relatively stable in terms of pricing. As the Chairman notes:

> *[We focused on the UK for] a couple of reasons, one is they had legislation, where they had a set value for carbon credit associated with different energy efficiency equipment. Which meant we could more easily plan, and to know what would be our return, for our project. Whereas if you don't have a set value for the pieces of equipment, you should have an estimate or estimate what the take up would be or the install rate would be, and there are other things. So, the legislation meant that they had a value in terms of carbon savings, and the value is set. And although we did not have as good as contacts as in the Australian markets, they obviously spoke English.*

Although the UK market was seen to be culturally similar to Energy 4EVA's domestic market, this was not the primary factor in its choice. The founders had gained most of their experience in a similar culture to the UK – the Australian market – but ultimately the firm was interested in the opportunity and the introduction of new legislation. When asked about the role of culture in the firm's choice of markets the chairman outlined that it was a factor but not a primary one:

> *I think partly the culture certainly, I think the language, a cultural similarity, and the feeling that we could do business there. I think the fact that there was legislation was a big impact on us. We did look at the States and later we went to the States as well but found that was a much harder market. Although I think, we had a great team there mostly just for the fact that the legislation was in place. So, I think that's it.*

Energy 4EVA did recognise that internationalising was a considerable risk and wished to minimise barriers to entry for their initial and subsequent internationalisation. Similar legislation to that of the UK was also present in other markets, particularly Italy. However, the firm recognised that it had the ability to enter a market that was more culturally similar to that of the Australian market and through the UK would be able to enter a market that represented scale. The size of the UK market meant that the firm would be able to leverage into further markets and future projects. This was something smaller markets would not be able to accomplish. As the chairperson reflects on their initial internationalisation:

> *There was similar legislation in place in Italy, but we didn't try there, I think, because we did not have the cultural similarity or understanding of their culture. So it would be starting from scratch, and I think then when the UK which was acting as a European base looked shaky in terms of its future then we decided not to go into Italy ... We [went into the UK] based on the size of the opportunity. I think that the scale of the opportunity has definitely been a benefit from it. Being an Australian firm and being able to say that we had worked in the UK with some large brand names, Tesco and News International would help us in other international markets. In other international markets, we may not have gotten the same recognition.*

After successfully entering the UK market and completing a number of large projects there for internationally recognised firms, Energy 4EVA turned its attention to internationalising further. The firm's subsequent internationalisation began by entering the US market in 2008 closely followed by entrances into the Mexican, French and Spanish markets. The success of each market remained dependent on the introduction of legislation promoting the reduction of greenhouse gases. The firm entered those markets where legislation had passed or where they believed it would soon. The firm entered these markets quickly after its entry into the UK because it wanted to follow on from the success of the UK market.

> *I think, based on the initial success in the UK, we had something that was a valuable proposition that we had proved and proved it in the UK and that seemed to go a long way further in terms of people believing that it might work in their country. As a firm, and being successful in the UK, it gave us credibility.*

Although the firm primarily followed legislative changes in entering markets, the secondary reasons for entering subsequent markets such as the US and Mexico differed greatly. The firm's entrance into Mexico was driven by the available contacts of an existing employee. This would help the firm to overcome the cultural barriers to entry. This provided the firm confidence in entering its first developing market.

> *Once we had the success with UK we tried other international markets, we just surveyed the different international markets we thought we were most likely to work in and then in terms of developing countries, I mean that one was more chance.*

One of the staff members that was working in our team was originally from Mexico. And so, he had great contacts on the ground in terms of when we were looking for which developing country we try first, that gave us a little bit of comfort in the terms of our ability to be able to get a team together and to run our project.

Energy 4EVA's choice of the US market arose because of beliefs that there would be changes to the legislation regarding greenhouse gas emissions. Like the UK, the firm saw a strategic opportunity that could provide the firm with a number of clients in the short term, but also help establish dominance in the industry in the long term. Success in the US would provide the firm with clout and establish them globally as a market leader. This was seen to be an important advantage when entering other markets:

The US, I think, just in terms of the scale and us thinking that the national legislation might come in … whenever we looked at the scales into these markets, there was China in the developing countries, and then I think from the developed markets point of view, the US was just similar to UK. Our ceiling was that if we were able to crack a project there that could really set us up elsewhere. You get credibility once you have done something in the US. So, it's a huge market. Its' English speaking, it's definitely where we should have focused next.

Later in 2008, Energy 4EVA also entered France and Spain. Again, both countries had similar legislation to that in the UK. Despite cultural differences, the firm focused on these markets because of geographic proximity to the UK. The firm believed it would be able to leverage its successful work in the UK to other European markets and chose to focus these efforts on France and Spain.

France and Spain was based on the proximity to the UK and similar legislation. The driving force was the legislation and our second thought was given, we certainly found that it was true, given we had done this project in the UK then that the people, they believed in that more, I think, the people in France more than any other country probably because of the proximity of the countries. Spain was not as strong as France, but it looked like the next best market for us in Europe.

Energy 4EVA's choice of markets was ultimately based around proposed or existing legislation in each market. If the legislation did not exist then the firm was not interested in exploring the market. The initial subsequent factors focused on the scale of the project so that the firm could leverage the work into other international markets as well as cultural similarities. As the firm grew internationally, it entered increasingly more culturally distant markets such as Mexico, France and Spain that it would not have initially considered. Throughout the firm's expansion, it continued to view each market as an opportunity to leverage work into another.

4.5.5 Choice of market commitment

Energy 4EVA first entered the UK market in 2007 by initially exporting key domestic staff. This mode of entry was chosen due to resource limitations the firm experienced during its inception. The firm had limited available human capital and did not want to commit a greater number of staff for what could have been an isolated project. The firm knew the difficulties of internationalising their service by flying key staff in and out as necessary, but saw the UK as a key marketplace in their internationalisation strategy. The firm's focus was on gaining clients in the marketplace and then increasing their level of commitment. After the firm had gained traction in the market, they exported further key staff.

> *The first person went [to the UK] four weeks after we started, and I started flying in, flying out. We did contract negotiations and then I moved over there as well for the first project and headed up the team … so that was probably about an another two or three months later.*

Once the firm had begun to establish itself slowly in the market and won client projects, Energy 4EVA established an office in the market. This was a rapid transition from the firm's initial entry mode. In just three months, the firm went from exporting key staff to establishing a formal office. The firm and the founding members appreciated that potential clients would need more than just a temporary presence. The firm would need to build relationships and manage projects by having somebody on the ground. The firm saw that the only way to achieve this was by establishing a formal presence in the market from which to head up their international operations. As the chairman notes, the foundations and maintenance of business relationships were key to their strategy.

> *I found it too hard from being back here to build up any credibility, and build the relationships. I think being a brand people hadn't heard of, and being a process or service that they weren't very familiar with, they need to be able to build credibility that you are real and it will happen. I think if we don't have a presence there or an office there or someone they can talk to in their time zone it's very hard to build up. So, I think there was a key for us to build those relationships.*

Once the firm found a footing in the market and gained further clients after establishing an office, the firm started to hire local people rather than relying on exporting people from the home office for short periods of time. The firm's rapidly increased commitment is considered important in its internationalisation process. It allows the firm to grow in a market as their client base expands. As the managing chairperson notes:

> *In our initial set up phase, because of time it was a tight and intense project, and it was very important to us, we select people mostly from here, our home office. Then after that we went to hire local staff and then focus on more local staff after that … Once we knew it wasn't a one-off project, and we were going to be there for longer, we got people. I think one of the things that was important was we hired a head of the UK that was English, to have someone that was local and could talk about the political system and all those type of things with our clients and had that background in it.*

After success in the UK, the firm followed its internationalisation model into its subsequent markets of Mexico, US, France and Spain. Energy 4EVA continued to establish offices in markets very early, exporting two employees from the head office in Australia to help the market get up and running. The firm would then continue to support the market as required. This helped the firm by reducing its commitment of international entry and ensuring flexibility. Although enjoying early success the firm's resources in its first three years remained limited, and it was not interested in expending time or money unless necessary. If the firm was close to signing a client and winning a project, more senior staff would export themselves to the market as necessary. Upon winning a project, the firm would then hire local staff to bridge cultural gaps, increase their network in the market and use their market knowledge wherever possible. This is the path they followed in Mexico:

> *We grew over time. We had a small office there, and this is what our approach has been with two people until we get a project. Once we get the project, people fly-in fly-out, to support that, to get the feel across to set up the team. We try to have a base in those countries with some fly-in, fly-outs, but only when we were getting close to deals or in particular phases. Or we were doing a project and needed support. After that, we start delivering the project.*

Energy 4EVA believes that having somebody on the ground is necessary throughout the process. This is because the nature of their service demands it. The firm is happy to supply support wherever possible from the Australian head office but feels that having a physical presence in the market is necessary. This is due to the high level of client interaction that takes place throughout the service delivery. The firm also believes that the clients expect a formal presence in their market:

> *It was very much, I think, the clients absolutely expected us there because we are expected to be there on the ground. That is why we try to have a base in the countries we enter. A lot of time is spent with the client. The project is a co-ordination of delivery systems, where, when, how do we coordinate everything. So, it's really hard to do it from offshore.*

4.5.6 Discussion

Energy 4EVA is a PSF that considers its consulting services to be the core of its business. The firm is involved with project management, but this is solely based on the delivery of the consulting solution. The firm has a process of project management, but the key source of value to clients is the firm's ability to provide consulting solutions as well as maintaining a significant role in the undertaking of that solution.

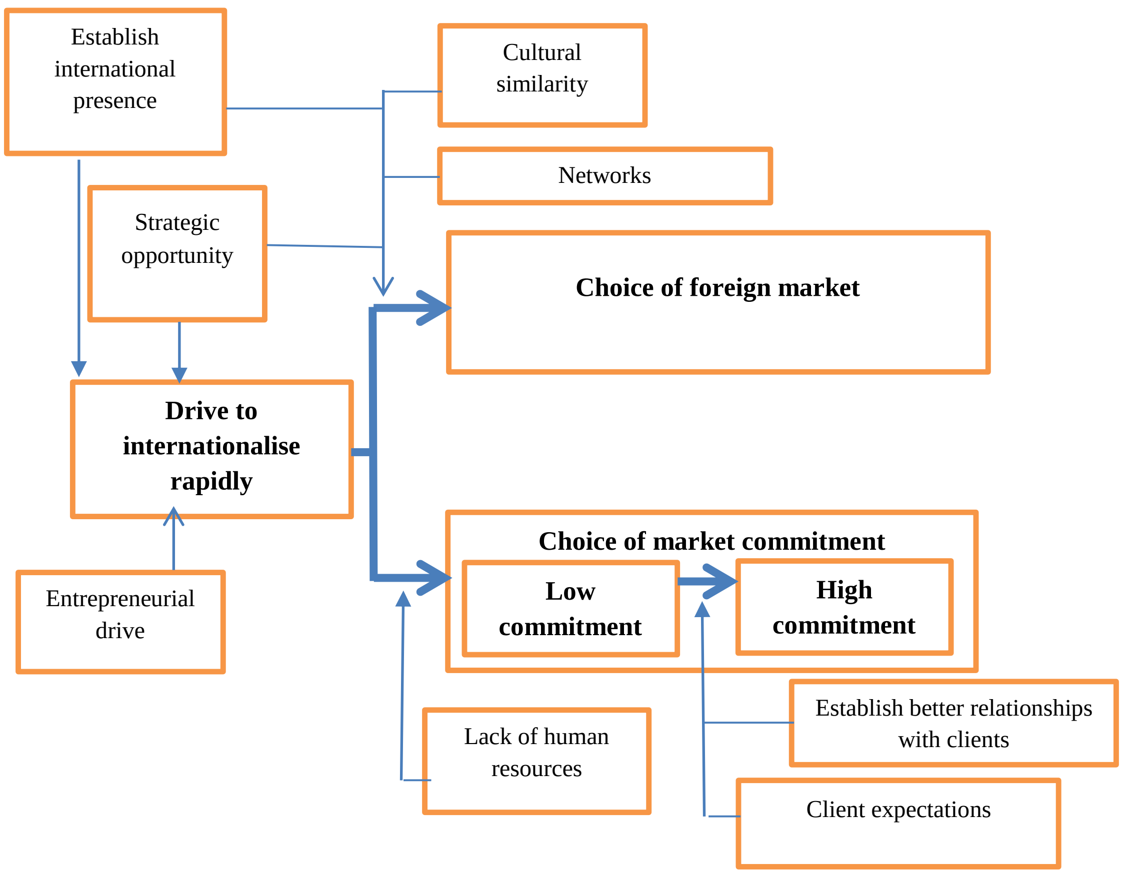
As a professional service firm, the nature of the firm's service impacted on the development of its internationalisation strategy. The service that Energy 4EVA was involved in was innovative, highly specialised and aimed at a niche market that was internationally underdeveloped. This resulted in the firm requiring staff with high levels of knowledge to be flexible in the nature of their service delivery. The firm was aware that in each new market they would need to establish themselves and educate clients as to the nature of their service. The firm's unique, innovative service forced the firm to internationalise in order to create international exposure. Operating in a small domestic market would inhibit the firm's ability for growth due to low domestic demand and was considered unsustainable in the long term, so the firm focused on an international approach. Energy 4EVA concentrated on and entered markets that provided both opportunity and scale. The low degree of separability and the small amount of international exposure restricted the firm in international market selection and led them to focus on local international regions. This enabled the firm to leverage their exposure to neighbouring markets as it did with the UK and other parts of Western Europe such as Spain and Italy. Energy 4EVA's emphasis on international markets steered the firm towards achieving a high dependence on international sales (90%) within its first three years.

By developing the firm's scope of operation across multiple foreign markets, the firm was able to attain first mover advantages in almost every major region. The firm overcame cultural barriers to entry by initially entering culturally similar markets and then leveraging this success into more culturally distant markets such as Italy and Mexico. In culturally dissimilar markets, the firm focused on employing local staff to aid existing staff with local knowledge and networks. This enabled the firm to deliver a service in markets locally with support and expertise being delivered from head office employees.

The geographic reach of the firm's operations combined with the knowledge-intensive nature of its service meant that the firm needed to support clients locally rather than solely from the head office. The firm initially exported its employees to help gain clients and negotiate projects. This was mostly sales driven rather than about service delivery. This was for short periods of time until clients were established, and then the firm quickly shifted and increased its level of market commitment by establishing an office. The nature of the service made it very difficult to deliver from the Australian headquarters. The firm's clients expected high-quality service delivery and the firm was unable to achieve this without establishing a physical presence in each market.

Figure 8 shows the influences of several key factors related to the three key dimensions of the internationalisation process: the drive to rapidly internationalise; choice of foreign markets; and choice of market commitment.

Figure 8 – Energy 4EVA's internationalisation processes and key factors



4.6 Garner

4.6.1 Background

Garner is an Australian-based analytical consulting firm that also provides training and advisory services. The firm was established in 2009 after its founder saw that there was a niche market in the analytical services industry. He realised that there was almost no competition and that an opportunity existed to rapidly become a market leader. The founder had extensive experience in the financial sector in both local and foreign markets. This experience gave the founder the confidence to launch the company with high hopes of rapid internationalisation.

Garner's industry is dominated by large traditional accounting firms. The opportunity for the firm originated when it became clear that large accounting firms overcharge for their services and do not offer certain services by themselves. Instead, specific services come to clients as part of an expensive, larger package. Garner offers a specialised service that clients can retain by a one-off purchase rather than as part of a package. The firm celebrates the specialisation of its professional services and the flexibility of being a small firm. It is proud to operate within a niche industry in which the dominant players cannot possibly compete due to their size and inflexibility.

From the beginning, the founder not only saw a gap in the market but also envisioned the firm to become international from the outset. The firm's very first customer was based in Australia and was gained in the first month of its operations. To emphasise the firm's international aspirations its second customer was based in Vietnam and was gained in the second month of the firm's inception. The firm continues to take foreign clients and almost from the beginning has received 50% or more of its revenue from overseas markets. The firm has progressively invested further into foreign markets, particularly the European and South-East Asian regions as they gain a greater proportion of overseas clientele. This resulted in offices being established in London and Singapore within two years of inception.

The firm is now recognised as a leader in its niche industry and operates in multiple countries around the world. Originally employing fewer than five staff members operating exclusively out of the domestic market, the firm has since expanded and now employs over 30 people across three offices worldwide. The firm now conducts business around the globe in countries across South-East Asia and Europe and plans to continue to expand within these and into other markets.

4.6.2 Nature of professional service characteristics

Garner is a growing Australian-based analytical consulting firm. The core focus of the business was initially based solely around financial modelling, and this remains its speciality and focus. However, the firm's product range has since broadened to also include advisory services, model audits and training. The founder of Garner outlines his view of the firm:

> *It was a conscious decision only to go to market with one product in the beginning. To really nail that, then get the cash-flow, get the credibility, get the track record, everything. Once we achieved that we would then add more products so, now we are quite a broad firm. Now we provide consulting services across analytics, private equity, accounting, investment, and finance.*

The firm does not solely rely on technology to deliver its core business practices, but it allows the firm to deliver solutions with greater efficiency. For example, the firm utilises a variety of software programmes to aid in the advice it gives clients. These software programmes allow the firm to form conclusions with greater expediency but are not necessary to deliver the service. Instead, the firm relies on the knowledge and ability of its employees. The firm's need for capital is relatively low as it does not rely on expensive equipment or machinery. The dependence on Garner's staff and their expertise to deliver projects to clients emphasises the intangibility of the firm's service.

Highly knowledgeable and performing staff is considered critical to the effective service delivery that Garner provides its clients. The firm considers them to be the backbone of the business and as such believes it has a high level of knowledge intensity. The firm depends upon its employees for effective service delivery across all of its products and considers its knowledge to be embodied in its people. The firm does not follow a formal professional ideology but has a strong culture that is client oriented i.e., makes the client happy. The firm considers its intellectual property and processes to be almost equally important but recognises that without its employees the firm's brand and quality of service delivery may be damaged. To highlight the importance of the firm's people, the founder outlines that it would likely take months before somebody could be adequately replaced. The firm has a process in place to help monitor the output of employees and help maintain a high level of quality service but understands that the effectiveness of this is limited as the nature of the service demands that employees have flexibility. Garner provides each employee a relatively high level of autonomy around each client as the demands of each are considered unique. This has led to each employee gaining knowledge and expertise about the industry and individual clients that are considered vital to the ongoing running of the business.

Garner's goal is to challenge traditional accounting and management consulting firms through its specialised and client focused approach. The firm relies on face to face interaction initially as part of its sales process but then communicates to the client through WebEx or conference call from then on. The firm believes that the process of service delivery is ongoing, and client interaction is integral to the quality of its output. Most clients are interacted with at least 2-3 times a week, with many being multiple times per day depending on the complexity of a client's needs. As part of the process, the firm tries to integrate face to face communication whenever possible. If the client requires training as part of the service delivery then face to face communication is considered vital. The relationships between Garner and its clients are considered to be inseparable as the quality of the service output is dependent on ongoing client interaction.

To maintain the high level of service quality, Garner applies a tailored approach to its services. Ensuring that the firm's services are malleable to match client needs highlights that the firm recognises the high level of heterogeneity between projects and clients. As much of what the firm does is problem-solving, it the firm ensures its work structures and processes are flexible and adaptable. The firm works with each client to develop tailored solutions. Garner understands that each project is different from the last and tailors the scope of all projects to meet specific client wants. As the founder notes:

> *There are a lot of big components in our business and one of the biggest would be guiding other people through the process that they don't know, helping them achieve what they want to do for each individual situation. Every client is different. We're not bumping – we're just pushing them in the right direction in every situation. Ultimately, we are a consultant firm. We've got happy clients and to keep them happy we have our employees and our collective expertise.*

As analytical consultants, the services Garner provides are primarily based around problem-solving. As such the service has a limited lifespan. Once the firm has delivered its solution to the client and completed the project the service has finished. Each solution is unique as the parameters of every project are highly individualised. The firm is not able to replicate the service and as such the service itself is highly perishable. Like many consulting firms, Garner's emphasis is on maintaining an ongoing relationship with the client. The experience and knowledge of working with the client are considered to be the only parts of the service process that the firm is able to leverage in future client dealings.

4.6.3 Drivers of rapid internationalisation

Garner first internationalised in 2009 within three months of inception. From the beginning, the firm envisioned becoming international. Driven by the founder, the firm outlined an ambitious business plan that saw the firm entering multiple international markets and deriving the majority of its revenue from overseas within the first few years of internationalisation. The plan charted the firm’s rapid growth and penetration of multiple international markets. Under the direction of its founder, the business aims to be the world’s first truly global finance model order company. The firm’s early visions for global success were almost entirely driven by the founder. The founder considers his early visions for global success, the drive to rapidly internationalise, the firm’s ambitious business plan as well as existing plans for further expansion to be a key component for the firm’s initial success:

> *Clients, they want to go with someone with a growth story ... they want international travel. They want to have exciting projects and want to be in the vibe of a growing company, I suppose rather than being with a stale accounting firm. Because all the other firms e.g. Hans Peter Young, PFC they do it globally. But they have different teams doing things in different ways across the globe but we wanted to have one service hub and then co-ordination offices overseas. It’s exciting! I wanted to make sure we had that excitement from the beginning.*

The firm’s aim to become international was primarily spurred by the founder’s drive for success. The global vision of the firm was limited by low levels of demand in the domestic market. The firm could have survived and continued to flourish in the home market but would not have reached its growth needs. The opportunities in foreign markets were seen to be too good to pass up. The firm’s domestic work also improved its opportunities overseas as clients were interested in retaining the firm for their foreign subsidiaries or home offices. The firm recognises that it could have survived in the Australian market, but its growth would be greatly subdued. As the founder notes:

> *All of those people need to know what we did and as soon as we introduced ourselves to them, they think will we get more work overseas as well? So very quickly we realised that there’s no point in just being in Australia. We could have survived in*

the Australian market, but it would not be so much fun, with much slower growth, smaller scale, a lot slower. Overseas is where the future growth is. It's something, at a certain level, we could have got into if we were just in Australia. In Australia, and if it were only in Australia, the company would already be pretty big but we would be probably capped out by now.

Garner has never focused specifically on the domestic market, but it acknowledges that it is often more efficient to do business here than in foreign markets due to its limited resources. The firm's desire for rapid growth is not limited to overseas markets. Garner was encouraged to go overseas by existing clients, and this has led to greater international growth. The firm assumed that entering foreign markets and becoming international would provide them with greater credibility when dealing with large international firms. This was seen as a positive for both domestic and international firms, leading the firm to being invited to work for existing clients in other international markets. As the founder outlines:

There's much more work that can be managed from Australia, which we can make with our international connections. We were introduced to new markets because of clients we had. Our guys were working for a firm and for that job they wanted us to work in Singapore. That helped us enter Singapore. In the end, it was necessary for the growth that we want. But if you didn't want that growth, you can stay here [in Australia] and your business can live quite a healthy and boring life. We get more business in Australia by, being international. People in Australia like us having an office in Singapore and London. So it generates more business here.

The other key motivating factor for Garner in its foreign venture was the lack of a developed market. The firm had and continues to have established competitors. The large accounting firms however fail to have the flexibility and specialised knowledge to compete directly with it. This was something that propelled Garner into existence and similarly helped launch them overseas. The firm has helped create an emergent niche industry with very few real competitors. The firm's largest competitor both in the home market and abroad exists locally in Australia. This helped propel the firm overseas as the Australian market had a greater level of competition than its foreign counterparts. This was made worse by the limited size of the domestic market. The unique nature of the firm and its product offerings meant that it had greater opportunities in foreign markets. As the founder elaborates:

For a broader service offering, we don't really have direct competitors in that way. No one I really know, if I explain what we did to someone, most people can't say *somebody else who does that. So, we've found a nice little niche, where no one can really say who else it could go to ... there is actually less competition for us internationally than in Australia. Because this other company we compete with are here in Australia, they and us, we are the only ones outside the big four globally, who can do this credibly. So, it's quite interesting that way. We compete over something in Saudi Arabia, and we are both here just a few hundred metres away from each other ... we also have better margins overseas. So it is better for us to be there.*

4.6.4 Choice of foreign markets

The firm entered its first market, Vietnam, less than three months from inception. The niche industry that the firm was helping to create and the limited amount of competition helped the firm in its scale of internationalisation. The firm had initially targeted large financial hubs such as London, Singapore and Hong Kong as part of its plans for internationalisation. As the firm was young, and had limited resources, since inception the firm took on clients when and wherever they became available. Due to the speciality of their service and their niche focus two clients sought the firms services Vietnam and Denmark. Garner never saw these markets as the primary choice for their investment but recognised that operating in foreign territories provided them with a 'growth story'. Instead, the firm wished to enter those markets that garnered the greatest amount of visibility in its industry, and this directed the firm to wait for the right opportunity in the UK. The founder of Garner expands on this:

Well, the reason we aimed to set up in London is because London meets – in terms of Europe – London is a natural hub for the type of work we do for the Middle East, Europe and Africa. So if you're in London, everyone accepts that, "Oh, you're in London", everyone accepts that you're in London. If you're in Copenhagen, they say, "Why aren't you in London?" So it's the only place to be if you want to cover all of Europe. London is the hub of what we do. It is the hub of financial markets worldwide. That's where all the big banks are.

Garner entered the financial hub of London within two years after inception. In almost the same period, the firm entered the South-East Asian market through Singapore. The firm's entrance into the UK was driven by a desire for growth and increased opportunity in one of the largest financial markets in the world. Its entrance into Singapore was also primarily driven by opportunity. Garner's early success in its home market led to an appeal by clients for the firm to internationalise and help their international branches in a similar area. As the founder notes about the firm's initial interests in the Asian market:

> *[We chose Singapore] because it was the South-east Asian hub of the financial markets. Singapore also had the largest number of clients, so that was a natural choice from that point of view. So that was easy. Clients were from all over South-East Asia, but the banking context sort of pulled them back to Singapore. We have also run courses, public courses – in Singapore and London previously, so we have that niche for our company. So that made it a lot of easier to choose such locations to focus on. Singapore is a bit slower than London. We are there more to sort of, keep an eye on the market at least at the moment. It will get going, and it's looking very good but it's not there yet.*

The firm primarily chose both London and Singapore, based around strategic opportunity, but there were other key factors. The firm's entrance into Singapore was also arrived at because of existing client relations and a unique chance with a potential employee. As a consulting firm, Garner relies on building and maintaining relationships with clients. This is done through a high-quality of work as well as meeting client needs. The firm had established relationships with existing clients in both Singapore and London, and this helped their rapid internationalisation into both of these markets. The firm also had strong ties to their domestic clients. In an effort to appease clients while also meeting the strong desires for growth, the firm entered the Singaporean market:

> *There were two reasons. One was we got invited to do it. We consult and one of the early things we did, at least initially was training. This was just some of the normal consulting business, so we've done a lot of online marketing. So we thought that would be good which means we've started building up the demand and then we formalized the point when there's been enough discussion that you might want to see them or go there to run a training course … the way things worked we had to do something about the service part of our Sydney office. Things can be managed from Australia, and we can make our international connections. We were already introduced through the consulting works that we do …*

The other key reason for Garner's entrance into Singapore was due to circumstance. The firm had contracted work in London and as part of that relationship had trained somebody in their processes. That person understood the workings of the business and offered to head up a Singapore office for the firm. The founder recounts the story in greater detail:

> *So he came to us saying I know everything you do already, and I can just start working now and do the things just the way you do it. So that was the first switch from the client to us. He was doing nothing when he came to us. And Singapore was, he just knew about us in the market, he knew what we represent and what we were and said, you don't have an office in Singapore, I know, I could make that happen and we opened the office in Singapore.*

Garner emphasised equally entering those countries which produced the least risk. This involved giving increased weight to countries that are more similar to the home market in culture and business practices. In Singapore, the firm has invested greatly but has mitigated the cultural risk by leveraging existing relationships and previous employee experience. Being geographically closer has been an advantage in that market but highlights that the firm is not only interested in maximising opportunities but also minimising any barriers to entry and associated risk. As the founder recalls regarding other opportunities such as China or the Middle East that the firm has not entered into:

> *So in Western Europe or in European countries, they say, "We don't trust your work until someone else has checked it." But you don't say that in a Chinese environment. It's interesting. We have been boarded on their markets for that reason. So, for example, we have chosen not to go into the Middle East because it's just too different. It's got too many barriers, similar to Singapore and Hong Kong. The biggest advantage for Singapore is the proximity; it's literally closer. It's got more offices. It's more similar, so we thought we had a strong advantage. I mean, there's a stronger growth – from a pure economic point of view, we should perhaps do Beijing or Shanghai. But it's a just completely different culture. It's not just how people behave but their perception of the services that we provide. In the more traditional of more of the Chinese communities, the trust comes from the person that's in front of you rather than the analysis. Hong Kong, for example, is riskier. Singapore was easy. It's got all European banks; it's got all sort of European business. There was very little of that in Hong Kong. That's what, what we based our business to business sales on typically. You know this guy and that guy. It is worth going, where you know some things.*

Garner now operates primarily out of three offices, in Australia, UK and Singapore. The firm has chosen these markets carefully, so it has been able to maintain growth despite economic downturns. The firm continues to grow and expand using these offices as a hub for each region.

4.6.5 Choice of market commitment

Garner first entered the Vietnamese and Danish markets through exporting. The firm is structured so that the analytical part of the service is completed in the home market, but service delivery still requires a market presence. This allows the firm to hire experts in financial modelling locally and forces it to concentrate on tasks that are most suited to its speciality. This structure has enabled the firm to minimise exporting its staff and by that means to maximise its limited resources. However, the firm still considers it necessary to send a small number of employees to work directly with the client on most projects until completion. The remainder of the firm's communication is through online web conferencing. The initial mode of internationalisation is outlined by the founder:

> *We now have a big team. We do have to send people to get them to work with the client. So, for example, we have a big project in Denmark, so we have a couple of guys in Denmark working directly with the client. The work, we did a lot of it from here. To discuss things we did a lot of web-ex and of course we had the employees in Denmark.*

Garner initially serviced clients primarily through exporting a small number of staff until it saw a strategic opportunity in the financial hubs of London and Singapore. The firm quickly grew in two regions – Eastern Europe and South-East Asia – but was not as successful as the founder believed these markets could be. The firm was winning contracts out of the Australian office but needed greater visibility in its key markets. The firm decided to establish offices in London and Singapore in early 2011. The firm had focused on London initially but due to taking on a new employee opened up a Singaporean office also. Key to the decision was to maintain the structure of the firm and its back office service delivery. For this reason, the firm's offices were almost purely sales-based and designed to garner a greater number of clients in their region. The founder believes that by having an office that is focused on the core components of the service, the firm is able to gain several advantages rather than try to duplicate the service functions in foreign markets. This is something the founder believes key to the firm's success:

The main reasons [for establishing offices] were simple prior to getting those offices, we already got contract work, product work out of these regions but often we missed out on a few, because they said "We didn't know you were here". So, simply by opening an office, putting someone in there, even though very little work gets delivered from there, it increases the number of phone calls we get and the number of products we get and we still deliver it from here. So, we were almost turning down work in those regions by not having an office.

Garner's offices are designed to service regions. The firm has targeted key financial hubs in each region and provides sales and initial client interaction from that office. The firm's service is not predicated on a formal presence in the market. Instead, the choice to establish international offices was seen as a strategic opportunity to gain a competitive advantage. Its key international competitors continue to deliver the service almost exclusively from their home offices. By establishing an office, the firm is able to offer greater client interaction, better communication due to minimal time zone differences, and provide the client with a higher quality of service. Importantly the firm is also able to build a relationship with the client. As the founder notes:

We have a very interesting purchasing situation overseas where people, in certain situation of financing processes, they have to buy the service from someone. And we just work very hard to make sure they choose us. That is in very unemotional purchase prices. They don't care, who they bought this from, they want a good package and good service. But they are not expecting us. None of our other competitors could go out to them for a meeting or, they would never take the client to lunch or even just give them a call after the job is done. It is a very passive market, and we are changing, we are trying to make them like us. So, that's very simple, and that's how we can sell … and that makes a huge difference. For us, it is critical. That's why we are doing so well. Now, it's not just that we are client service centric that's what we do, we look after the individuals in the organisations because that is just in the service, right! We look after individuals inside. We are likely to come up to them, or we catch up or, how is it going, that sort of thing. In the services front, we have sales people, Business development managers which is unknown of, in our industry. That's the biggest reason for having an office over there.

The firm deliberately focused on regions when choosing its office locations. The firm does not have the resources to operate offices out of every market where it has clients. Instead, the firm chose two key hubs of business in the Europe and South-East Asian regions.

This was used as a basis for entering markets within that region and gaining client's trust. As the founder outlines:

> *Well, the biggest reason for us – well, this is the interesting part – in London, for example, we have only one client in London. We've got about 25 clients in the region. So it's more important to be in the region in the same time zone than being able to drop in and say, "Hello". That's not as important but there still has to be someone in London … it is fine for now having London and Singapore, that's enough. We don't need other offices in Europe, perhaps another one in Asia, potentially Hong Kong at some stage, but that is about it. From there we can serve Africa and Europe, that may sound weird, but it is fine. As long as we are in London, that is cool. London is fine.*

Garner continues to deliver its service primarily from the home office and exports employees to work directly with the client. The international offices primary goal is sales oriented and little service delivery originates from these sites. The firm concedes that sending people to work with the client is not absolutely necessary, but it provides a higher level of service delivery and customer satisfaction. This is something Garner is interested in maintaining as it continues to grow. As such, the firm remains an exporter of its employees depending on the size and breadth of the project. The founder remarks on the firm continuing to send key personnel:

> *Yeah, we do it but we don't have to do it; we can still do what we do without going there. We still need to go for our training courses, of course. But we get a lot more out of it if we go there and our clients get a lot more out of it. But still, it's sort of good enough that you could not go.*

4.6.6 Discussion

Garner is a PSF whose focus is analytical consulting. Their product is almost completely intangible and relies on the high levels of knowledge within its staff. The firm's individualised services begin with the initial interaction with the client and end when the client is happy with the result. The firm considers its service inseparable from the client and relies on client interaction to deliver a high-quality service. This has impacted the firm's internationalisation process and has enabled it to differentiate it from its competitors.

Within Garner's professional service process, there are elements that can be achieved without the client's presence. The firm is able to achieve and deliver some service features from its headquarters in Sydney. The nature of the firm's service enables these elements to be centralised, and quality controlled. This allows the firm to centralise its specialisation around certain service components. However, this only makes up a part of the service process. Service delivery represents a highly inseparable component for the firm, and so the firm considers it necessary to have people working within the client from the beginning of the service process.

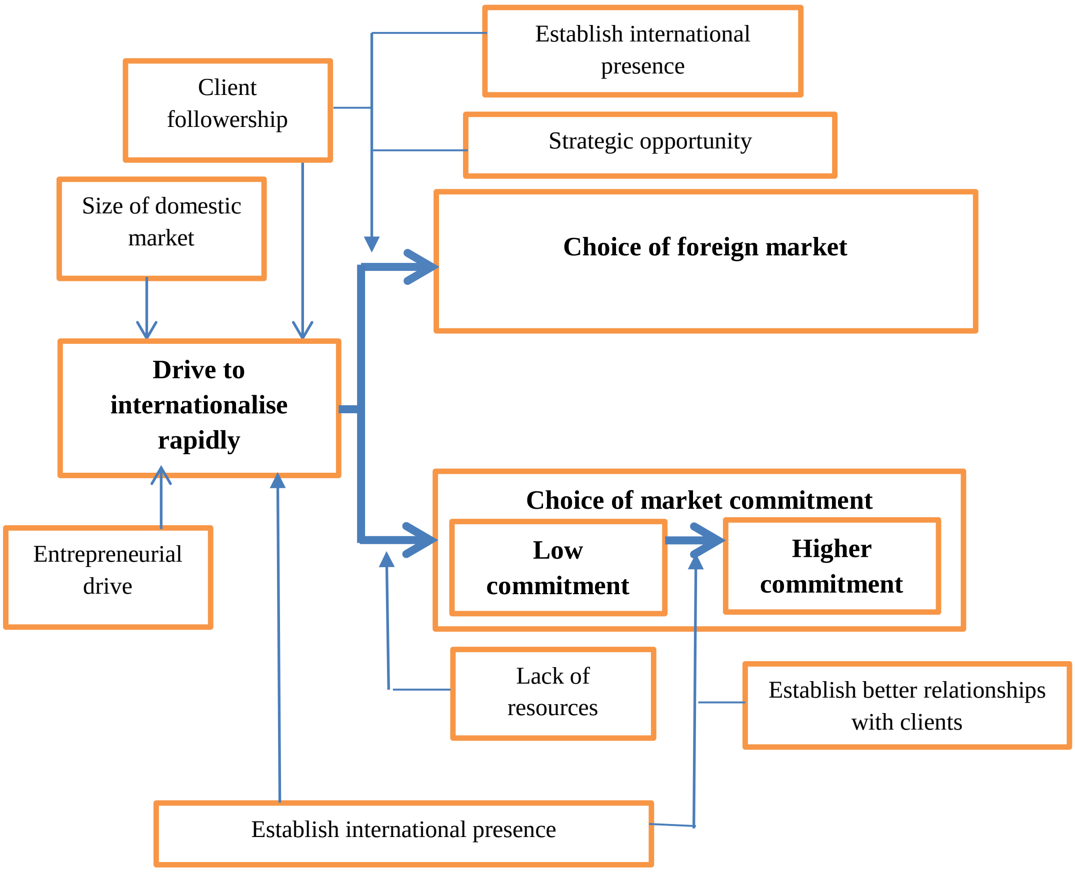
The firm initially saw an opportunity to internationalise because of the founder's entrepreneurial drive, as well as an understanding of the firm's service delivery. He recognised that the firm would be able to capitalise on strategic opportunities within markets that had little competition despite the firm's limited resources. The firm would never operate solely from the domestic market as it represented a market that did not meet the demand required for the entrepreneur's vision and growth needs of the firm. The firm subsequently chose foreign markets by focusing on strategic opportunity while minimising cultural distances within regions. By exporting initially, the firm would be able to overcome its low level of capital and enter markets while building client relationships from the firm's Sydney office. The additional cost involved in establishing foreign offices could be avoided by exporting current employees in and out of markets as domestic clients in foreign markets required them.

By gaining greater levels of capital, the firm was able to establish offices in foreign markets. These subsidiary offices were focused around sales and marketing within specific regions. They have some responsibility for providing these services, but significant support is still required by staff from head office. This meant that the level of market commitment could be described as higher than exporting but is not equal to establishing an office that is designed to replicate full service delivery. The nature of the service required high levels of knowledge and expertise that is not easily replicated in foreign markets. By having a sales office on the ground and exporting staff to clients when necessary, the firm was able to build relationships in markets while maintaining greater quality control over the service output from the head office.

Garner has developed this internationalisation strategy in order to provide high-quality service delivery to clients while maintaining an international sales focus. The founder does not believe that the foreign subsidiaries will fully replicate the head office's service components. Despite the acknowledgement that the service is inseparable, the firm is happy to overcome the logistical difficulties to achieve the value of centralised service development at the main Sydney offices.

Figure 9 shows the influences of several key factors related to the three key dimensions of the internationalisation process: the drive to rapidly internationalise; choice of foreign markets; and choice of market commitment for Garner.

Figure 9 – Garner's internationalisation processes and key factors



4.7 E-DESIGN

4.7.1 Background

E-DESIGN is an Australian-based firm that helps communicate brand by connecting clients' customers with an understanding of their business environments. They provide emotive and practical experiences for other firms' brands to improve customer loyalty, brand recognition and help drive client's business objectives. E-DESIGN began in 2007 when the two founders were working for an international firm that was establishing itself in Australia. Both founders realised that Australia presented an untapped marketplace with few competitors in their niche industry. The firm began in the second bedroom of one of the founders until it grew large enough that the firm was forced to create an office in a small warehouse. The founders were determined for the business to succeed and believed in its viability and, initially, worked tirelessly through the day and night to complete the work of a team of designers and sales people.

In the first three years, E-DESIGN followed a strict business plan with tight financial controls. The firm focused on the domestic market initially but also simultaneously developed international clients. It was always the firm's focus to be international as the founders understood that they operated within a niche market with very few global competitors. The firm grew more rapidly than expected and in the first three years entered multiple international markets. The firm's first client, as well as its first international market, was the UAE. Since then, the firm has focused on the domestic market as well as entry into the South-East Asian market. Both markets were seen to represent strong opportunities in the short and long term as neither had strong competitors and allowed the firm to help create a market.

Since its inception E-DESIGN has developed from being both founders working out of a bedroom to having multiple offices both domestically and abroad. The firm now employs over 50 staff with the aim to increase this number as the firm invests further into international markets. The firm is now an established leader in its home market and is increasing its presence in South-East Asia. The firm operates in the UAE, Indonesia, India, Vietnam and Singapore. The firm's progress in both the domestic and Asian markets encouraged it to establish further offices in Melbourne in 2008 and Singapore in 2010. As the firm has grown it has become synonymous in its field, winning multiple design awards and is considered one of the top design agencies in Australia.

4.7.2 Nature of professional service characteristics

E-DESIGN is a service-based organisation whose product is design-based. The firm describes themselves as being within the experiential design industry. This involves realising client needs, their unique brand and forming an innovative solution within and around a physical space. One of the founders of E-DESIGN outlines the firm, its key services and its uniqueness:

> *It's actually brand design, so it's simply about seamless integration within a physical environment. So what we do is ensure that all of the communications, marketing messages, branding and signage are integrated … We really had a niche market which was really about how do you brand, helping brand, bring their brand to life within a physical environment*

The majority of the firm's workload is based around individual projects. E-DESIGN's core competency is its ability to create a distinctive solution to a distinct problem around firm stores and offices. The firm's goal is so that customers of their clients recognise their brand and firm. One of the founders describes what the firm aims to achieve for its clients

> *We look at how to bring that brand and value to life. So if you walked into a space, say you walked in to a Commonwealth Bank and you took the logo off the front of the branch and you are blindfolded and you walked in and you'd be looking around going yeah, this has got to be Commonwealth Bank, there is no doubt about it, in terms of in the use of five senses.*

The firm's reputation and success are built around the high-quality work of its creative design team. This is a highly intangible process. Unlike architectural firms where a definitive design is put on paper, E-DESIGNs process aims to achieve an unforgettable, integrated customer experience. This is important as the majority of their clients operate within the retail sector. The integrated customer design is something that is not captured within a design, but instead relies on the varied strengths of the company to produce co-operatively a synergy that is reflected in the successful outcome of the solution.

The firm uses technology throughout its operations, but it is not used as part of the firm's core competencies. The firm uses technology, through software, to help clients understand creative concepts but is not reliant on technology to deliver an original solution. The firm's understanding of a client's business environments allows it to design and create truly holistic design experiences. This is accomplished through a combination of client facing and non-client facing design teams. To create a solution that successfully captures the essence of the client's brand, E-DESIGN considers continual interaction with the client throughout the process a necessity. This interaction is essential to achieving a high-quality of service and ensuring the clients business objectives are met. As such the service must be viewed as being inseparable to the client.

E-DESIGN prides itself on its ability to reach creative insights with the client through strategic design thinking and customer analysis. For every client, the firm creates a design experience that is very distinctive. E-DESIGN is trying to build an immersive brand experience for their retail clients so that their client's customers can identify and shop within that physical embodiment of the brand. This is difficult to imitate, even for the same client, because of changes in the contextual environment and even audience. The firm's service can then be considered to have a high level of heterogeneity. Similarly, the highly inimitable nature of the service means that it is perishable and not easily replicated. The solution itself can be physically created within a space, but it cannot be physically created again in the exact same manner in a different space. This is because, for each client, E-DESIGN aims to achieve an engaging in-store customer experience that combines business concepts and design to make each experience unique.

To achieve the distinctive quality from the creative process the firm relies on the unique output of its employees. Each design solution depends upon the ability and expertise of the design and creative teams. The firm has IP to help deliver innovative responses to clients, but these processes are designed to help employees reach and create imaginative solutions. The knowledge and competitive advantage of the firm are ultimately embodied in its people. This is reflected in the time, effort, training, flexibility and autonomy that the firm provides and that a project may require. The founder of E-DESIGN outlines why their employees are so important:

> *My people are the most important thing in this business. It's what I invest most of my time and money and energy in. In terms of training and ensuring that we provide an environment that allows them to be creative – our aim is so that they don't have a reason to leave. We've heavily invested in HR systems, financial rewarding systems, bonuses, quality of work processes, and day-to-day rewards such as breakfasts, lunches … If it wasn't for the people, you know the processes would just lie dormant, and we would not have a firm or the quality of service that we are determined to provide.*

The firm does not consider itself financially capital intensive but is human capital intensive. The firm has few overheads that are not directly related to its people. The firm invests heavily in its staff to improve its IP and maximise training efficiencies, but beyond establishing a physical office, considers investments outside of its people to be relatively small. The firm's understanding of its service process has enabled it to maintain a steady focus on its employees and the parts of the service process that they help provide.

4.7.3 Drivers of rapid internationalisation

E-DESIGN was established in 2007 and internationalised within six months of inception. As a newly founded firm, the founders initially were interested in any project that became available to them, regardless of the destination. Both founders had developed great experience in the Australian market having helped to establish an international firm in the Australian market. Having been successful at establishing themselves in the Australian market, the founders believed they could replicate their success under their own brand. As both founders had left lucrative positions, they started the firm with the intention of it becoming very successful. Initially, the aim was to establish the firm in the domestic market and grow organically into foreign markets. The founders recognised from the beginning that they would need to internationalise, but their drive for business success led them to internationalise much faster than expected. As one of the founders notes:

> *It's always been our goal to become international. We recognised that we were in a very niche part of the market, there are not many other players, probably two or three other players in the market that do exactly what we do.*

The founders drafted a formal business plan from which to focus their business growth and development. Although the firm did not follow this business plan exactly, with their previous experience they identified what they wanted to achieve from the business and the likely hurdles they would have to face. From the outset, this included the realisation that the domestic market did not have enough demand to sustain the levels growth set out by the founders. As one of the founder's notes:

> *We recognised from when we were doing our business plan at the beginning that we were going to be limited by the size of the market here and limited by the maturity of the market. If we were going to be putting all this effort and emphasis on establishing the market here or establishing ourselves, then let's not just look at it in*

the sense of Australia but we should also look at a big part of Asia and getting a message out there too. The idea was that we could really own it, own the market and get the numbers. It's just a bigger place; it's just more people and more brands, there is more money being spent on what we do.

Both founders' considerable experience in the field also enabled the firm to enter international markets with greater levels of confidence. Both founders had run teams and projects in multiple foreign markets with particular emphasis on European and US markets. This enabled the firm to draw on this experience and view the burgeoning market in the southern hemisphere, particularly in South-East Asia, as a strategic opportunity. Before this, E-DESIGN would need to establish itself in the home market first. This would help them build relationships domestically and abroad as well as develop a stronger reputation. The firm internationalised more quickly than expected and recognised that an international opportunity born out of domestic clients was worth pursuing:

We were approached by somebody we had worked with previously. [The client] didn't want to pay the fees of [the other firm]. So since they knew that it was just the two of us, and we were quite upfront with them about that and he said what I need is your creativity and your understanding. It was great, because they didn't need the charges they give to guys like us, so what we did, was say "okay, we can go overseas and do that". So we went over there and put together what we could.

Delivering successful work was an ideal that was considered highly important before entering the South-East Asian market. Although the firm had entered international markets previously, once the firm established itself and was financially viable the aim was to focus and develop the firm's brand in overseas markets, rather than just being involved in one-off projects. As one of the founder's noted:

We recognised that there was going to be a limited number of clients who were willing to pay for our services and protect the work that we do and to develop in what we do. So we recognised that to be able to have any sort of serious growth we were going to have to at some point jump over Australia and look towards South-East Asia. Just as pure numbers game there's just a whole lot more people or there's a whole lot more companies. Because we had both worked in London, we had both worked in New York, we recognised that they were the huge market for what we do in the northern hemisphere and that it was a much more mature market who put a lot of emphasis and credibility on what we do. We knew that the northern hemisphere *markets are money minded, investment minded, but we felt like we were probably five to ten years behind the Northern Hemisphere in that regard. If we established ourselves with some credentials here in Sydney then we could slowly start moving up towards South-East Asia and establishing ourselves there, but by that time we'll have a number of cases at least to be able to prove that we're just doing it, so that when we then go over the bigger projects in South-East Asia, we'll have cut our teeth on systems.*

E-DESIGN's drive to internationalise quickly was initially shaped by its need for clients and the size and maturity of the domestic market. The experience of the founders as well as a desire to develop a brand and industry presence slowed down the firm's initial rate of internationalisation. The firm remained international throughout the next two years with a number of international projects but it subsequently focused on the domestic market where it became incredibly successful. The firm wished to refocus then on (re-)establishing itself internationally again in late 2009/early 2010.

4.7.4 Choice of foreign markets

E-DESIGN entered its first market, the UAE, in 2007 less than six months after the firm's inception. Its initial internationalisation was not strategically planned and instead arose from the founder's desire to enter foreign markets, and a unique client led opportunity. As a new firm, E-DESIGN was seeking work wherever possible. Working within a niche industry that had had almost no development within the Australian market forced the firm to seek international opportunities. The firms' founders had strong networks in the industry thanks to their previous employment and experiences. One of the founders outlines how they achieved their first international client:

Our first foray overseas was because we won a piece of work in Sharjah, near Dubai. We were tapped on the shoulder by somebody we knew, and we were asked to come up with a series of exhibition stands that brought to life what Sharjah was. By going overseas for the client and delivering successful work, we started to build a little bit of a name for ourselves and got more work.

Although neither founder had much experience in any Asian markets, they understood that the industry would develop there and saw a strategic opportunity. They believed that if they could enter the market early and establish a presence in the market, they would capture a larger market share. Both founders previously worked in the UK for large multinational firms and had strong experience working within the European and US markets. However, the industry in these markets is much more developed, and the two founders did not believe that they had the resources to enter those markets competitively. Furthermore, at the time of internationalisation both the US and European markets were in downturn due to the global financial crisis. As one of the founder's notes:

> *Yes we feel South-East Asia has got the growth at the moment over the next five years, much more so than the mature markets of America, of North America and Europe; there's just a lot of players in that market who've got a lot of experience who've got the contacts and are simply not spending money. So at that moment it was just absolutely no point even going there, until we're of a size that if we do, when we do make that step into Europe or North America we have enough cash flow to allow because it's going to be a lot longer term and a lot longer gestation period between us establishing and actually going into the market and actually becoming a mature player in the market. We're going to have to utilise our growth to pay for that and see it as a very long term strategy.*

The firm was also limited by its available resources in the markets that it did choose. The founders had extensive networks in the European and US markets but did not believe they could commit to those markets and remain profitable. As one of the founders emphasises:

> *We have worked in the Northern American Market for a project with Westfield. We've been asked to do work in European markets although we turned it down at that time just because when we actually did the figures, it was actually going to cost us more, it was going to cost us more in just getting up there and producing so we turned it down. At the moment we're not pushing to work in those markets because there's a lot of very hungry designing agencies out there in those markets who will come in and who are equally as good, and will undercut us and not know any of those hassle factors with the clients ... there's no point in putting so many hours in a day and the bigger prize was up in South-East Asia and so our focus is on capturing and establishing ourselves up there just because it gives us scale.*

The founders saw an upcoming opportunity in South-East Asia and wished to commit to that market in the belief that it would be highly profitable. This led the firm to establishing itself in Australia first as the founders wished for the firm to grow organically. The founders believed that the South-East Asian market was a largely untapped region. Certainly, the level of competition from both domestic and international firms was seen to be lower than in the more mature markets of the US and Europe. The global economic downturn was also not seen to impact the Asian markets to the extent of other economic regions. The firm chose to enter Singapore as their key market. Although the firm entered a culturally disparate market in Asia, the firm tried to reduce cultural barriers by entering the most similar market in the region. The founders of E-DESIGN believed that they would be able to leverage their presence in this market and that it would aid them in gaining further clients across Asia. As one of the founder's notes:

> *It was always in our business plan that we wanted to open up in Asia. We looked around; we looked at Hong Kong; we looked at Shanghai, and we went to Singapore as one of our bases. From a tax and legal perspectives, Singapore just is by far the best place to be. They have a very similar tax and a very similar legal system to ours and to the UK's which I know very well and the tax is obviously far less than we have here so it makes it very advantageous for us to open up there as opposed to in China. The Chinese rules and Hong Kong's are slightly different. We felt that we would be able to undertake lots of new business without having to travel across the whole region; we would just do it all in Singapore ... we felt, actually Singapore is a good hub for us to go. The South-East Asian countries have no issue working with a company based in Singapore; they see it is actually quite an asset. We don't even mention the fact that we are Australian based to these clients, we'd say 'we have, by the way, we have global offices in Australia' but we play on the fact that we are Singaporean.*

Since entering the Singaporean market, the firm has since entered Malaysia, India, Indonesia and Vietnam. The firm gained these clients within one year of entering Singapore. E-DESIGNs founders believe that without entering Singapore first they would not have been able to win clients in other markets. As the firm grows in reputation and stature within Singapore the opportunities within South-East Asia become greater for the firm. As one of the founder's notes:

> *It's definitely growing and, as our reputation grows within the region, we're getting more opportunities, and the opportunities there are simply much bigger. The job in Vietnam is for 6,000 stores. There's not a company in Australia that physically owns 6,000 stores.*

E-DESIGN did not consider cultural similarities to be a factor in their choice of markets. Instead, the firm attempted to take advantage of opportunities from existing clients and build their international credibility when the opportunity arose. The firm now operates consistently in a number of foreign markets including Singapore, Malaysia, India, Indonesia, the Philippines, Vietnam, Hong Kong, China and New Zealand.

4.7.5 Choice of market commitment

E-DESIGN first internationalised to UAE by exporting knowledge through its founders until the project was fully delivered. This entry mode was chosen because of its financial flexibility at a time when the firm had few available resources. When the firm first internationalised the firm's founders were the only employees. E-DESIGN was constructed to grow organically. The firm did not have the available capital or resources to invest in a full-time employee capable of delivering a large scale project in a foreign market. The firm operated within a niche industry and experienced people with whom the firm would be willing to employ came at a price the firm was not willing to pay. Instead, the firm relied on the experience of its two founders as they exported themselves to the UAE. As one of the founder's notes:

> *We started off in my second bedroom and a lot of smoke and mirrors. We won a piece of work in Sharjah and then quickly after that a domestic project. We said to the client in Sharjah that if this job is live and real then we would invest on somebody coming up and so we set a founder up and everything went really well with them and we expanded that project. Once again, it was all very much smoke and mirrors; they thought we had this big studio in Paddington, and we were just simply furiously working away in my second bedroom. We took the plans three months after starting we were gaining some momentum with some projects.*

The firm gained clients in Malaysia and Singapore over the next two years, and E-DESIGN shifted its international focus to South-East Asia. The firm added some large international clients that were based in Singapore. The firm understood the cultural risks of entering the market, but did not want to commit anything more to the market until it was financially feasible. The client was happy with the work E-DESIGN had completed and wished to continue working with the firm on a longer contract. However, the firm asked E-DESIGN to establish a physical presence in the market. The nature of the firm's service demanded continual interaction with the client throughout the delivery of the project.

Personalised service was something the firm emphasised as part of their brand. The firm wished to continue the brands strength in this area, particularly in markets with great strategic opportunity. As one of the founder's notes:

> *The key reason why we went international was because a client specifically wanted to use us in a project that we were running in the region. We really felt that the best chance for success for that project was for us to have somebody on the ground up in Singapore, so they were close to the office to provide that personalized service that they were so used to in Sydney. They are based out of South-East Asia, and their main Asian headquarters is in Singapore. I went out there to present to them and to get that project over the line and they said listen, what would be really excellent would be if you actually had somebody up here that we could talk to on a regular basis, work with and we said okay we hear you. So we started very small, obviously just managing with the client and then I was going up every three weeks, for a week and just hitting the pavements to establish our credentials up there*

Through organic growth, the firm was able to shift into culturally different markets in Singapore and other Asian markets by establishing a physical presence. The Sydney-based firm established another domestic office in Melbourne before establishing an office in Singapore. Despite the small cultural differences between Sydney and Melbourne, they were seen to be hugely important in building a relationship with the client and creating something that they wanted. The firm chose its employees for their Singaporean office specifically to help bridge the cultural gap between Australia and other South-East Asian markets. The firm continued its organic growth strategy and began the office by employing only one person supported by exporting people from the head office in Sydney when necessary. The firm needed the right face and somebody who could speak both cultures – that of the Australian business, as well as that of the culture in which the firm was operating. As one of the founder's notes:

> *We learned clearly in Melbourne from clients that if we are making the best of putting something on the ground, clients really loved that. We employed somebody who was able to establish and identify the local nuances that we simply were not seeing while flying in and out. Also, we didn't want to be seen as a Sydney based agency with a local person. So all those factors came together to go over there. We have established a specific office over there that they are calling in local numbers to speak to a local person and then getting a local response although they're part of the international network. It's from that foundation that they can take the ball to work*

with an international agency, but we want to work on a localised level. That was so important when we went to Singapore that it was multiplied by ten. So all the lessons that we learnt from Melbourne we then made sure that we were transplanting into Singapore and that's why it was very important for us to have Lisa who was Asian, essentially because she can walk the walk, and has that Australian attitude work ethic etcetera. So she understood where we were coming from, but she was able to empathise with the local customers and the clients, and she looked the part, and that's a lot about what you need to do. You need to look the part, walk and talk a lot like they do locally, and that's why we are where we are.

By carefully entering the Singaporean market by establishing a subsidiary, E-DESIGN was able to leverage their presence into winning new clients in the region. This was something the firm believed was crucial to their success. The firm has since grown in the market and opened a second office to help service new clients. The firm views the establishment of an office as crucial to continued success within a certain region. It is able to communicate more effectively with its clients. This is through an established office creating greater opportunities for continued interaction, as well as employing somebody who can help bridge the cultural gap in certain markets.

Investing in Singapore worked, we've got strong clients up there, we have another office in Duxton Hill which is the creative hub area of Singapore, and we're going absolutely gangbusters up there. To succeed we need the physical presence within the region. Not necessarily the individual market. Our clients in Manila, Vietnam, Malaysia and Hong Kong and China are quite comfortable working with our regional Singaporean office because they see in their mind, that they need to go to a hub like Singapore to procure our services. So that's quite standard in that region. If I was generating more than one or two projects a year within a specific region like Vietnam, I was seeing that a high percentage of our work was coming through one country. We would fully invest in local client management and a local small hub model or a hub outlet model in the region to help delivering that. But if it's just a one-off project then no; the clients in the region are quite comfortable coming to Singapore. But, for example, clients in Manila are not comfortable coming to Australia. So for us you know, we would not be able to do 60% of the work that we now undertake if it wasn't for the fact that we invested in Singapore. Because the psychological barrier of working with a Sydney-based agency is too great, but the psychological side for working in the Singapore agency is non-existent.

The majority of E-DESIGN's international work is gained through the regional office located in Singapore. The firm has quickly evolved from exporting its key employees into servicing clients from regional hubs, either the head office in Sydney or that in Singapore. This is in an effort to gain advantages while minimising costs. The advantage is that clients are still receiving a large level of interaction with the firm's creative and management team. It also ensures E-DESIGN's quality remains high as the founders are able to oversee and to control a small number of offices and employees. The firm wishes to maintain the feel of a localised firm wherever it operates. Having a boutique type agency gives the client a greater sense of customer service and helps the firm develop relationships with clients, something that is seen to be difficult to do at larger firms. This also helps minimise the firm's cost by reducing overheads and administrative dealings. This is important given the firm's emphasis on organic growth. The firm plans to follow this form of internationalisation in the future as it continues to grow and develop internationally.

4.7.6 Discussion

E-DESIGN is a PSF whose service is creative design. This service requires individualised, creative solutions from the design team. The firm is heavily involved with clients so that the solution can be integrated throughout the organisation and identified with the firm's brand. E-DESIGN relies on regular and consistent interaction with the client and considers it an essential component to meet client needs and demands.

The firm was shaped greatly by the nature of the service as well as the market in which it was operating. The firm's initial drive to internationalise was largely entrepreneurial. The firm was established in Australia, but the founders recognised that the market was too small to meet the growth needs of the firm. Operating within a niche market, the firm was looking to internationalise to gain first mover advantages in strategic markets, particularly South-East Asia. The firm focused on markets with strategic opportunity and through an informal network was able to venture into the South-East Asian market through Singapore. The firm chose this market as a way to help them enter the Asian region while reducing cultural barriers such as language and more familiar legal frameworks than in other large Asian markets. The firm was focused on establishing a regional presence.

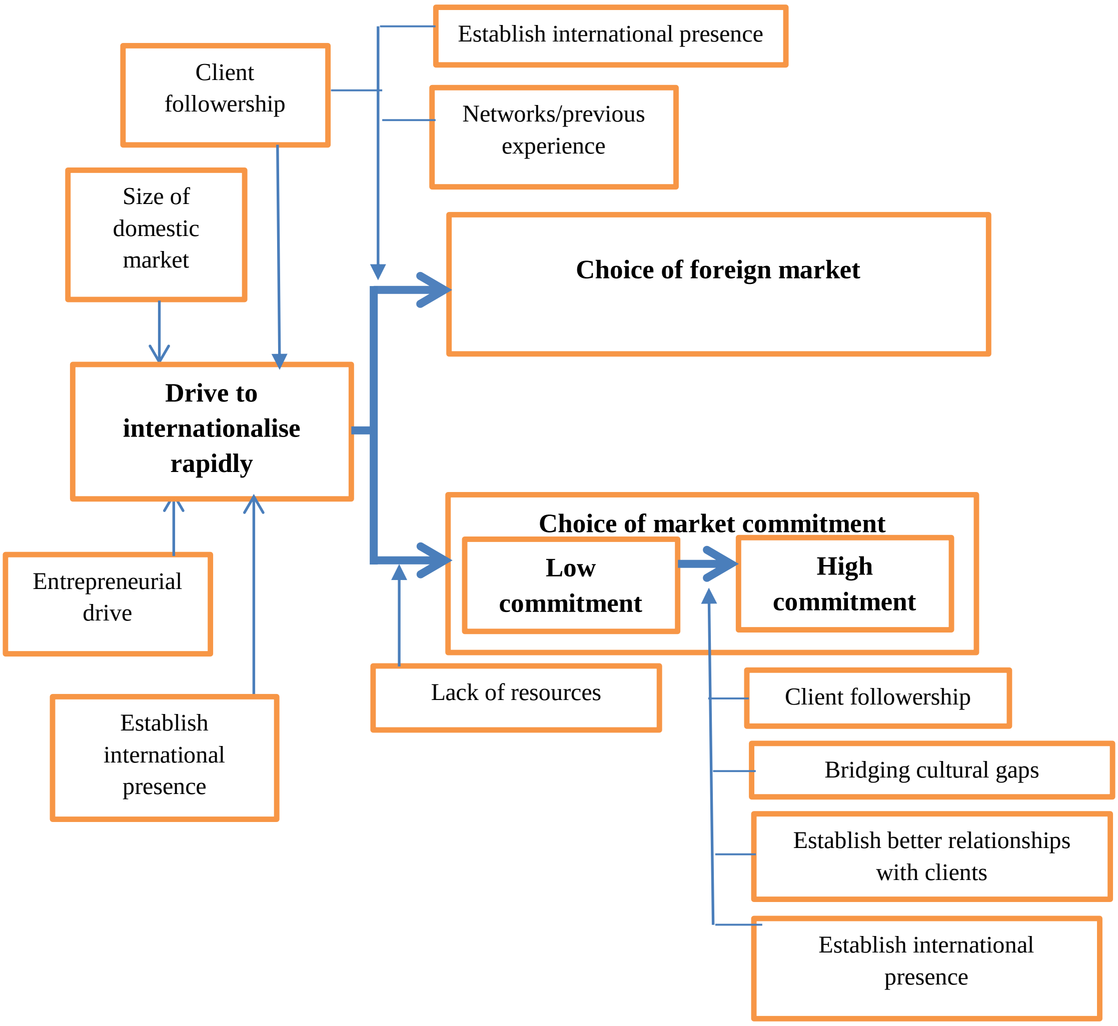
Initially, the firm entered markets by exporting its employees. Being a small firm it had limited resources and the nature of the service required a high level of knowledge from its staff. As the firm's knowledge was embodied by its people and service delivery was reliant on face to face communication, the firm saw exporting as a low-cost, low-risk way of servicing international clients. The firm then shifted its international mode of entry to a high level of commitment by establishing subsidiaries.

E-DESIGN was able to separate its service components between sales and service delivery. Initially, each subsidiary was focused around sales and marketing. The firm remained centralised and provided high levels of support from its Sydney office before the subsidiaries began to provide greater levels of service delivery independent of the head office. Throughout this stage, the firm exported staff to help deliver the knowledge intensive service and interact with the client whenever necessary. Senior staff were placed in particular markets at particular times over the course of the service delivery process. Despite the advantages of fully exporting, the firm's clients were interested in being serviced at a localised level.

The firm's internationalisation strategy was to build relationships and develop an international market presence. The firm was able to better deal with clients, bridge cultural gaps and increase local knowledge by understanding more of what was going on within the market, a crucial consideration when the design and integration of a client's brand is contextually important. This was considered particularly important within Asian markets where the distrust of Westernised firms not fully entering the markets was seen to be higher. Although subsidiaries have an increased service delivery role, and are considered critical to the firm's continued foreign market strategy, the firm still relies on key senior staff to help with service delivery in foreign markets. The staff is supported by both the local and head office throughout the service delivery process. This enables the firm to focus on opportunities within markets and specialise in services.

Figure 10 shows the influences of several key factors related to the three key dimensions of the internationalisation process: the drive to rapidly internationalise; choice of foreign markets; and choice of market commitment for E-DESIGN.

Figure 10 – E-DESIGN's internationalisation processes and key factors



4.8 Canopy

4.8.1 Background

Canopy is a growing Australian-based management consulting firm that specialises in training to help develop sales performance and sales force effectiveness for clients. The firm was established in 2003 with the aim to fill a niche in the market. The founder perceived a gap in the training and coaching market to customise consulting and training solutions where the client could own and retain the intellectual property associated with what the firm delivers. This would allow the client to continue training as necessary with the consultancy firm being available to advise where necessary. Since its establishment, the firm has grown from its domestic Australian market to recording the majority of its revenue (up to 80%) from overseas markets. The founder was the only employee of Canopy when it began and continues to oversee its ongoing development. Due to the founder's strong background in the banking industry the firm's initial focus industry was financial services. This continues to be the firm's main source of revenue, but it is beginning to broaden into other industry sectors.

The firm began its sales in the Australian market, but the firm had always envisioned expanding quickly. The firm had outlined several business plans encompassing its initial growth strategy, but none of these foretold the extent of its rapid internationalisation. The rapid growth in the domestic market saw the firm exploring its options in foreign markets, particularly Asia, sooner than the founder anticipated. The firm's first international market entry was New Zealand. It gained great success with its service there and continues to do so. The firm was able to learn quickly from this expansion and soon focused on Asian markets. The firm's Asian focus centred on the financial hubs of the region, primarily Hong Kong and Singapore.

The firm's business model, where the client retains the IP, continues to be the focus of its available services although these are being broadened to help service a greater number of clients. In its niche field, the firm is viewed as a market leader. Originally employing just the founder, the firm has continued with only this one full-time employee. The remaining employees are contractors and are used when necessary from project to project. This has not halted the firm's progression as Canopy has continued to grow since its early internationalisation. The firm established offices in both Hong Kong and Singapore in 2006 and continues to garner much of its growth from this region. From these offices and the head office in Australia, Canopy services clients across eleven countries worldwide. These are

UK, Dubai, Singapore, Hong Kong, India, Korea, China, Malaysia, Thailand, Australia, and New Zealand.

4.8.2 Nature of professional service characteristics

Canopy is a professional service-based organisation whose product is focused around training and coaching in the financial services sector. The firm has more recently broadened to other industries and sectors although financial advisory remains its emphasis. The founder of Canopy explains the firm and industry association:

> *The idea for Canopy was generated during my time at a previous employer where I couldn't get the training solutions that I needed. I was being asked by various vendors to take on programmes that they were delivering from other banks, and we needed something that we could train and internalise and update as we needed. Canopy's goal was to provide training as well as that basis so that firms could internalise and update as necessary. We haven't deviated too far, from either financial services or that initial proposition, although we have grown to provide more complex solutions than we first anticipated.*

The firm does not utilise technology as part of its core business practices. Technology is implemented to aid in the communication with clients but is not considered vital to its core service delivery. The firm believes its main service is the delivery of its expertise and knowledge of the financial service industry to clients. Because of this approach, the firm has very low capital intensity and instead relies on the expertise of its employees and founder for high-quality service delivery.

Canopy's service is dependent on a high level of client interaction throughout the service delivery. Initially, the firm meets directly with the client to establish what their goals are, what appropriate milestones the firm needs throughout the process, and the overall scope of the project. Communication between the client and the firm remains high throughout the analysis, design and development and finally implementation. This is considered crucial as the firm relies on continuous interaction to ensure the client receives a service that they want. This is done through phone, teleconferencing as well as face to face. Canopy considers face to face interaction to be the most valuable form of communication between the firm and clients. This communication method accounts for over half of all the client communication and Canopy tries to maximise face to face opportunities wherever possible. As such, the level of inseparability between the client and the firm is considered high.

Canopy considers its largest competitive advantage to be its ability to design and develop a customised solution for clients. Each client project is different and requires individually tailored training and coaching solutions. The firm is occasionally requested to conduct a similar project to one that has taken place elsewhere, but these still need to be designed and adjusted to best suit the client. In this sense, almost everything that Canopy does is highly heterogeneous. Each client has a unique set of issues and goals that they wish to meet. In an effort to increase customer satisfaction, Canopy tailors its service to best meet its client needs at every opportunity.

The firm's service is highly intangible. As a firm whose service is primarily teaching and training the only tangible elements are the materials that clients have in their hand, i.e., printed PowerPoint slides and pages of notes. Canopy's service delivery remains equally perishable. The firm attempts to help clients wherever possible by providing access to IP such as materials and books. However, this does not transfer the capability or the knowledge to deliver it. Many of Canopy's clients retain the IP and attempt to internalise it, but they recognise they do not fully understand the material and do not have the credibility to deliver it because they do not have the expertise. So while efforts are made by Canopy to reduce intangibility and perishability of their service by providing clients with further materials, it is the expertise of Canopy staff that is very difficult to transfer or emulate.

For this reason, the firm considers its competitive advantage resides with its people. The firm's employees are considered its greatest asset, as the service they provide is largely inimitable. Ultimately, the firm's knowledge and service delivery is driven by its people. For this reason, its employees are considered to be its most important asset and are given very high levels of autonomy. This autonomy extends to the firm's self-regulation as there are no formal regulatory bodies or professional associations. However, the founder noted a strong client based informal ethical code:

> *The code we follow, it's not formal. But it's pretty strong in terms of what we do and what we want to and what we're prepared to accept from our clients in terms of due diligence and the like, as well. So I mean, it's not formalised; it's not written down. It's not a policy, but it's there.*

One of the difficulties the firm experiences with regards to this is the evaluation of employees in the service delivery. The firm and the client consider it difficult to quantify any ongoing benefit that the training and coaching provided. This limits the evaluation of the service delivery to becoming largely qualitative in nature.

Canopy has a broad process and system when creating and delivering training solutions for clients. This process is flexible and recognises the individuality of each situation. The firm has a strong professional ideology, a part of which is to protect clients and their interests, but is mostly self-regulated. The firm does not currently consider itself financially capital intensive. Instead the firm invests in its human assets, its employees. The founder of the firm understands that his depth of knowledge and experience, particularly in the financial sector, is a large reason why clients continue to invest in the firm's services. An issue for the firm as it moves forward is how to replicate this knowledge and experience for current/future staff. The firm is interested in reducing the level of intangibility and increasing knowledge transfer through other mediums e.g. apps, wikis, and blogs. This would enable the firm to deliver its service without relying on such high levels of client interaction, but this has proven to be difficult to achieve.

4.8.3 Drivers of rapid internationalisation

Canopy first internationalised in 2004 when it entered the New Zealand market within two years of inception. The founder was always interested in becoming an international firm as soon as possible although did not expect to internationalise so quickly. The firm was strategically positioned for rapid growth and from the outset followed a broad business plan that envisioned the firm internationalising by 2008, five years from inception. The firm's focus was always on international markets, especially Asia, as it was considered to be a strong market with excellent growth potential. The firm's first foray into international markets was New Zealand and was based on the firm's strong relationship with a domestic client. This opportunity enabled the firm to enter New Zealand much sooner than the founder expected.

> *Our entrance into New Zealand was really client-led. It was one of those situations when we were doing large-scale consulting and training work for a client here in Australia and they sent people from New Zealand over to look at what was occurring and they decided that that was something that they needed as well, so they took me over to do similar but not exactly the same work over there.*

The firm first established itself in the home market as well as New Zealand and was interested in further international growth opportunities. The founder understood that there was a gap in the Asian market and wished to become a first mover. The founder's ambition to internationalise quickly was a key driver of the firm's early internationalisation, as the founder notes:

> *I can tell you that I wrote a business plan, two or three times. In the end, I just went for it. It wasn't on the back of seeing somebody else doing a particular way and following or replicating that strategy, I wanted to get out there. I think the other thing that was always in the back of my mind that you know, when I did my PhD and it was on globalization in Asia I really took a lot of learning from the research I had done and I recognized that the opportunities were really going to be in that region and it was something that was tucked away in the back of my mind whilst I carved out a career. It didn't take me too long to recognise when I went out on my own that that really was where the long term opportunity existed. I just needed to take some time of operating here [in the domestic market] before I did it. It is effectively me who makes the decisions, it is my business I don't need to have five people sign off the plan if I make the decision just to go, I just go. … Initially, I probably would have thought we would have internationalised within that five-year window around 2008 but I was glad I didn't wait until 2008.*

In the short term, the firm began by focusing on the Australian market. This was a deliberate, strategic decision to allow the firm to gain credibility and confidence in the industry. Canopy operates within a niche market with a small number of clients. The founder recognised that by simply ignoring the Australian market and immediately internationalising would have been a strategic mistake. Instead, the firm built relationships and networks, and increased knowledge and confidence in and around its service delivery by focusing on the domestic market first. Canopy used the Australian market as a first step in its internationalisation:

> *I think we always were very focused on Australia and the domestic market. I think it was a very good grounding for us to cut our teeth on. We needed to develop our appropriate position here before we took it offshore. I certainly wouldn't have left my career, and gone straight to say Singapore with the proposition I had. What was really important was that I needed to get the credibility and get the confidence here first before I went offshore.*

The domestic market was never seen as being large enough to meet the firm's long-term growth goals. Instead, the Australian market always appeared to be a launching pad to becoming international. When the firm began in 2003, the financial industry and as such the consulting therein became increasingly consolidated in the home market as the number of mergers and acquisitions within the financial industry led to more dominant but fewer players in the market. As part of their merger/acquisition process, many of the banks and financial institutions amalgamated procurement of professional services into the one organisation, meaning fewer opportunities for firms such as Canopy. This presented the firm with few options for growth, particularly when the firm's core competencies are based around the financial services sector. The firm could either choose between going offshore or diversifying its service into other industries. The founder outlines the decision-making process:

> *Because of the consolidation in the banking industry we could see that the opportunities were going to be fewer. We felt that the number of opportunities would be few and far between and that we needed to diversify offshore we could have diversified into another industry so for example you know, we could pick up lot of work from legal and accounting firms, I could have maybe looked at the professional services sector more broadly but I decided it was probably better to stay to our core which was fair. So, we needed to do that off shore.*

The financial services industry in which Canopy operates has a small number of dominant players and so growth opportunities in Australia were not readily evident. This is made more difficult by Canopy's core service being a popular niche in the Australian market. One of the key reasons in venturing into foreign markets early was the number of Australian competitors in that market were fewer, leading to greater potential for growth.

> *There are not too many firms like us that do both here and abroad. There are the sorts of small players like us, but we do not see too many Australian consulting firms our size doing what we are doing overseas. It tends to be that we come out on top against people like ourselves who are only working in Singapore and Hong Kong because there are no other Australian firms up there, that also operate here. This is because there is a lot of people who simply don't want to travel … we are happy to go overseas and consult internationally for domestic clients and vice versa. It's one of the key reasons we went overseas in the first place.*

Canopy's internationalisation was primarily driven by the founder who saw growth opportunities overseas, and the opportunities presented by domestic clients. There were fewer domestic market opportunities due to consolidation of the banking industry and a smaller number of competitors in key foreign markets relative to the home market. This was particularly apparent in Canopy’s target growth region, Asia. Canopy has since considered its rapid internationalisation as necessary for its current success as the domestic market would not have allowed the firm to meet its growth expectations.

4.8.4 Choice of foreign markets

Canopy’s initial focus in internationalisation was the Asian market. However, the firm first internationalised into New Zealand in early 2005. This decision was born out of opportunity rather than deliberate strategy. Canopy was serving an established client in Australia, delivering a large scale transformation project, when it was asked to follow the client into neighbouring New Zealand. Canopy was not specifically looking to internationalise into New Zealand, but the firm was seeking foreign market opportunities after realising that the domestic market would not reach the firm’s growth needs. New Zealand offered the benefit of a low-risk choice due to an established client while strengthening the relationship between the firm and the client. As the founder notes:

> *The clients operations in New Zealand picked up what we were doing in Australia and asked us to replicate that over there, so we did. So they asked us there, not the other way around. Otherwise, we may not have entered the New Zealand market for some time. The timing was deliberate. How we would go about it we hadn’t defined, but we knew that the consolidation of the Australian banking industry meant that by definition we had to go offshore but at the same time we saw the rising demand for product making and wealth management offshore. So, we were basically chasing that market.*

The Asian market had always been a long-term focus for the founder when he began Canopy in 2003. Shortly after entering the New Zealand market, the firm entered Singapore in 2006 and followed with entry into Hong Kong in early 2007. The choice of Asia as a target market originated through the founders extensive market knowledge. The founder had strong first-hand experience within Asia and had also completed a Ph.D. in which Asia formed a central part of the research topic. Its conclusions encouraged the founder and the firm to look at Asia as a market with strong growth potential. It is a comparatively larger market than the firm’s home market and both Singapore and Hong Kong are seen as relatively low risk entry points as both are seen as regional hubs. The founder outlines the choice between Singapore and Hong Kong and why Singapore was the first choice:

We focused on Asia because of a number of factors. I had done a lot of work over the years in the Asian market so I was quite familiar with it. Singapore was one of the regional hubs for financial services company so, really Singapore and Hong Kong is really where it is at in that region. Singapore we found very easy to do business in and there were a lot of established clients there that we were targeting for our purposes. The regional headquarters of these firms are more often in Singapore. So, really between Singapore and Hong Kong we just found Singapore that much easier.

The level of competition in foreign markets, particularly in Asia, was also seen to be relatively low when compared to the large number of competitive small players in the domestic industry. Canopy's innovative approach to training and consulting – providing clients with the IP – had also not been previously done in the Asian market. Both factors were considered crucial in Canopy's strategic decision to move into the Asian market. The founder discusses the role of competition in the firm's choice of the Singaporean market:

The barriers to entry are very low. You are talking about laptop, mobile and common sense, and a lot of people can come into the business. So, from that point of view there are very few barriers to entry. Where it does become very hard to differentiate yourself is with your of knowledge of the industry itself and the IP you can develop around it. So we knew that a lot of our established competitors were there but we also recognised that the same opportunity that we identified when I established myself in Australia. This was that the financial services industry in Asia was growing as well, and that market still had not been tapped.

Canopy entered the Singaporean market first, before other markets because of the ease of doing business there. It was more culturally similar to Australia than many other Asian locations, and many of the large banks had offices situated there. This allowed the firm to more easily establish a base in the Asian market.

The global banks were all there the typical banks that I target, they are all there and they all have large employee number across the region and we also found the ease of doing business, it was the key factor as well.

After establishing itself in the Singaporean market, the firm believed that it would be best served by also establishing itself in Hong Kong. Like Singapore, Canopy recognised that Hong Kong was culturally similar to Australia and this reduced barriers to entry but maintained that the industry's level of dominance there was the key reason. Many of the firm's clients had a presence in both Singapore and Hong Kong markets, and it made strategic sense to be able to cater to both regions. This became important to serving clients across both markets and led the firm to enter the Hong Kong markets much more quickly than it had initially planned:

> *I always felt that there was probably going to be a need to have a voice in Singapore and Hong Kong as a presence but I don't know that I expected it needed to be concurrent at the beginning. I thought we were establishing in Singapore, bed that down and maybe after a couple of years then look at Hong Kong, and we quickly realised we needed to operate in both markets.*

Canopy could have operated solely out of Singapore but did not believe that best served the clients. Clients required a large amount of face time and travelling between the two locations was not always efficient. As the founder notes:

> *Singapore and Hong Kong do have that element where it was much easier to come out of the Australian culture as they are the most Western of the Asian cities. So it makes it a lot easier, but I think the overarching reason was not so much because of that. I think it was more to do with the fact that's where the client's base was. Because, what we found was even though a number of banks had their regional headquarters in Singapore just as many had them in Hong Kong. So, we had to get our minds around that if we wanted to chase the client base a lot of decision makers were also based in Hong Kong. We thought that we could probably do what we needed to do by operating out of Singapore but we quickly realized that we needed to spend more time in Hong Kong, which the decision makers up there were wanting to know that we could confidently attend to their requirements in both markets when it was required. Then they needed to see us on a very frequent basis going in and out of that market.*

Canopy's choice of international markets remains mostly client led. With the exception of the firm's entry into Singapore, the choice of markets was driven by client needs or expectations. This was the predominant reason for entering the New Zealand and Hong Kong markets as the firm needed to operate across multiple markets to maintain a high level of service quality. Canopy acknowledges that firms are beginning to look for a more consistent approach across all market areas. This is encouraging Canopy to expand further abroad to help solidify client relationships and had a meaningful impact on its early years of internationalisation.

4.8.5 Choice of market commitment

Canopy first entered the New Zealand market by exporting its employees. This was soon followed by establishing offices in Singapore and Hong Kong in 2006/2007. The firm entered the New Zealand market due to client followership. A client asked Canopy to enter the market and the firm saw it as an opportunity for some expansion but also to maintain a strong relationship with the client. The firm requires a hands on approach as its core service is predominantly training-based, but the clients were happy with the firm to adopt a fly in, fly out method. This was seen as enough to appease clients and tend to them as necessary. They were never expecting the firm to have a physical presence in the market. As the founder recalls:

> *We exported our staff to New Zealand. We did not have an office, there was no physical presence over there at all. We didn't need to; our clients didn't require us to have a physical presence there. I just wanted to tap the skill set, and both they and we were happy for that to be a fly in fly out proposition. The New Zealand market was around the 20% to 25% of our business at the time which was good but wasn't strong enough to warrant anything more. Could we have set up a presence there to look for additional opportunities? Sure, but given that the business largely revolves around me I did not see the need to do that. I was more interested in chasing markets in Asia, than I was in New Zealand.*

The firm has maintained this stance and continues to do business in the New Zealand market but has never established a physical presence there. Instead, the firm focused its limited resources in the Asian market with particular emphasis on Singapore and Hong Kong. Singapore was the first market the firm entered within Asia. Canopy established an office there but had no permanent staff directly linked with the office. Instead, the firm would service the office through existing Australian employees and fly in and fly out whenever necessary. This was seen to be an important strategic play as the firm believed it would take 12 months or more to gain traction in a market in which they had almost no established relationships. The firm did not have the resources to be able to have permanent staff located in the host country. The founder scoped out the markets briefly before entering the market through a high commitment entry mode. As the founder notes:

> *By entry what we did was we registered a company in Singapore. We created a physical presence in Singapore but would primarily operate from our Australian*

office. Our physical resources were limited as we comprised only 3 employees at the time. Having the office was important. I think it's -- there's two things: one, it's a perception of the ease to do business with and secondly, it's the ability of a number of our clients to be able to say to their senior management that we're engaging with a local firm. If you – on our scale – if you are engaging with an overseas firm, then the immediate questions come out around travel and expenses and how much of the budget is going to that, rather than finding somebody locally. By having an office, we avoided some of those questions.

Operating primarily out of the Australian head office, this organisational structure was a cost saving measure. The firm understood that it entered the Singapore market 'cold' and was not willing to relinquish its limited resources on a strategy that they estimated would take at least a year to gain any meaningful turnover. To overcome this setback, the firm relied on the quick creation of networks. The founder initially explored the market so that they would gain greater exposure and help them develop relationships and clients in the market. Canopy did this by utilising both private and governmental bodies. As the founder recalls:

I knew that the thing with developing markets in Asia,… two things were unusual. One was that it would burn a lot of cash and two, I also knew that the way they did business up there is based on long-term relationships. So it wasn't going be something that I'd fly up, do a presentation and pick work. It was always going to take 18 months to two years to start picking up work. To help us we tapped what was a reasonably good network and started getting people through facilitating introductions to various people in Singapore, and we also employed a PR consulting firm. We did call a lot of workplaces to help in establishing contacts and the third element of our strategy there was we work very close with Austrade. The Austrade office in Singapore was very good, and they helped to introduce us to a number of potential clients as well.

The firm entered Hong Kong in a very similar way. The firm established a virtual presence with an unmanned office. Like Singapore, Canopy aimed to establish relationships through existing networks and by creating new networks with the help of governmental bodies such as Austrade. The firm followed this strategy in part due to assumptions Canopy made about the market but also due to its experiences in Singapore. The founder recalls the risk of entering the market that way, but recognises it as a necessity:

Again, it was huge loss leader for us, but I knew going in that it would cost a lot of money to push that through, but it was difficult period to go through. It was risky, but one of the very first questions you get asked up there is, "Are you a local firm? Do you have people on the ground?" To which we were able to answer, "Well, we fly in and out. We will operate as a local firm and we do have registered companies in Singapore and Hong Kong." So that's what they wanted to hear, so that's what we delivered. They want to know that you are there for the long haul. Just about every one of them articulated to us that they have seen 50 of us over the years, in terms of people who flying from the rest of Australia or the US they were flying in drop some brochures and then like fly out and then expect to pickup work and the message that came to us very clearly was, If you come and have this meeting with us again in 3 months, 6 months, 9 months, and 12 months, well after you get to the 9 and 12 months we are probably going to take you seriously that you are going to be around. So, that was a very important message that was consistent right across the client base. The chances of doing work without having that on our scale would be pretty limited if we didn't have that presence.

Canopy also believes that this choice of market commitment was critical to its success. It gave them a competitive advantage over their opponents and enabled them to develop stronger relationships with clients on the ground. The firm's clients also gained greater confidence in their IP. Importantly, it also allowed Canopy to develop greater knowledge concerning the market. The founder saw this as particularly important because of the firm's new entry into the market:

By establishing offices we not only created potential opportunities coming from that but also just to really get a much broader and deeper understanding of how the market actually operated, the nuances of doing business, the sorts of pitfalls that we should look for and where they believe some of the real hanging fruit opportunities would be so it would be fairly good at taking that scattergram approach and making a lot more targeted. Clients were also getting a lot of confidence from what we are presenting to them in terms of our IP.

The firm has since withdrawn from the Hong Kong market and focuses solely on their presence in Singapore. This is because their presence in both markets was seen as unnecessary. Canopy believes they can service both key markets from a single location. Their office in Singapore continues to grow with a larger number of clients originating from across Asian markets, although their office remains unmanned.

4.8.5 Discussion

Canopy is a professional service-based organisation whose product is centred around training and coaching. The firm is a full-service provider and tailors all of its products to individual client needs. By providing an emphasis on individualised client solutions, the firm was able to engage in activities and focus on specific subjects to help solve client ‘problems’. The nature of the service and its reliance on high levels of knowledge, as well as consistent and ongoing client interaction, impacted heavily on its internationalisation decisions.

Within three years of inception, the firm had over 25% of its total turnover originating from international markets. The firm operated within a niche market within a highly competitive and established industry. Domestic competition was seen as relatively high, and the firm saw an opportunity within the Asian market. The entrepreneur exhibited significant drive when choosing to internationalise into a market that he did not see as profitable until at least 1-2 years after market entry. By investing early the firm would be able to gain a foothold within the Asian region and gain an advantage over competitors. This was seen to be a significant strategic advantage as the domestic market had a large number of competitors that were vying for business among fewer firms due to the banking and financial sectors consolidating.

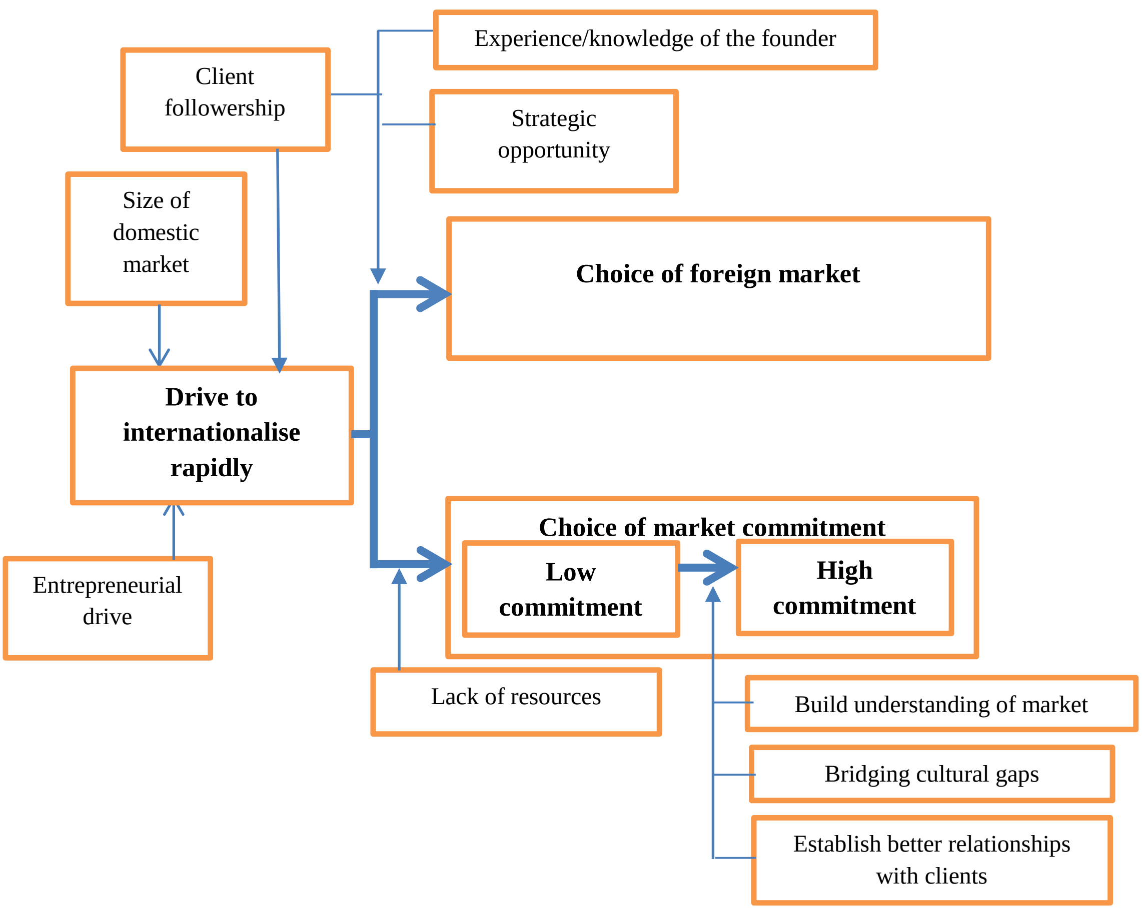
Canopy’s industry relied on networks and relationship building to be successful. The firm would have internationalised sooner, but the founder understood that the firm needed to gain credibility within the Australian market before internationalising. By focusing on gaining knowledge and resources before internationalising, the firm is following the key principles of the incremental stage models. The firm was able to learn and gain knowledge of the firm’s position within the domestic market before venturing overseas.

The firm successfully leveraged its experiences in the domestic market and followed a client into the New Zealand market. The firm had always focused on the Asian market as part of its strategic plan because it saw long-term opportunities in that market that were not present in Australia. The firm focused on Singapore initially because these presented the best opportunities within the Asian region. The founder had knowledge and experience within the market which helped overcome the barriers to entry for foreign firms. The firm focused on Hong Kong soon after entering Singapore because it enabled them to serve clients across the region, something they were unable to do by being solely in the Singaporean market. The firm also focused on these regional hubs because they represented the lowest levels of risk for entry into the Asian region. Both markets had similar business practices and had strong Westernised influences regarding their business culture.

The firm initially focused on an exporting approach. The firm established subsidiaries in both the Singapore and Hong Kong markets to help overcome cultural barriers to entry, build relationships within the market and gain further knowledge of the market, but these were still manned by employees exporting in and out of the market as necessary. The high level of client interaction required, combined with the need for highly detailed and contextualised knowledge for service delivery, saw international firms demanding a local presence. Canopy had relatively low resources and did not have the ability or capital to invest in having somebody on the ground within each market. Instead, the firm invested in local offices but this was more of a marketing strategy as the firm continued to export employees as necessary.

Figure 11 shows the influences of several key factors related to the three key dimensions of the internationalisation process: the drive to rapidly internationalise; choice of foreign markets; and choice of market commitment for Canopy.

Figure 11 –Canopy's internationalisation processes and key factors



4.9 Chapter Summary

The purpose of this chapter was to present an analysis of the in-depth interviews with founding members and senior staff across seven rapidly internationalising PSFs in Australia. With the three key dimensions of the conceptual framework – the firm's drive to rapidly internationalise, choice of markets and choice of market commitment – the findings highlight several patterns that emphasise the influential nature of a PSF's characteristics in its rapid internationalisation process. Insights into how and why rapidly internationalising PSFs have internationalised have been demonstrated as well as who and what contributes to their internationalisation process.

The individual case studies revealed that several factors influence the internationalisation process of rapidly internationalising PSFs. Although all of the firms displayed evidence of rapid internationalisation, and despite some of the firms' emphasis on the difficulties inherent with internationalising their professional services, some of the firms studied exhibited traditional internationalisation patterns as part of their foreign entry process. The study found that several firms showed commonalities in their internationalisation processes despite differences in industry, services, founders' experiences and access to resources. These commonalities were found with the conceptual framework as the main reference.

The study found that the entrepreneurial orientations of founders should not be discounted as a key reason these firms internationalised as they can all be considered innovative and risk taking, while operating within niche markets with many planning to internationalise from inception. The case study findings suggest that both proactive and reactive reasons motivated firms to choose particular foreign markets as the firms often entered markets based on strategic opportunity and/or client followership. Substantially, the case study findings for a firm's choice of market commitment suggest that rapidly internationalising PSFs initially enter markets by exporting key personnel before increasing their market commitment and establishing subsidiaries overseas.

Chapter Five

Cross-Case Analysis

5.1 Introduction

This chapter provides a comparative analysis of the seven case studies. As discussed in Chapter Two, the framework from which we have analysed these firms is derived from the extant literature that suggests when examining the internationalisation activities of firms an investigation of their drivers of rapid internationalisation, their choice of markets and choice of entry mode is appropriate. In Chapters Three and Four the interviewees across all of the firms identified their firms as sharing the key characteristics of a rapidly internationalising professional service firm. Chapter Four highlighted the internationalisation of each individual firm. It is the purpose of this chapter to analyse this data across the case studies. Consequently, this chapter is divided along the framework of drivers to internationalise, choice of markets and choice of market commitment. Within this framework the analysis is concerned with providing details and analysis relevant to each area of the internationalisation process.

This chapter addresses each of the subsidiary research questions that were developed around the firms' internationalisation activities. The conceptual framework holistically examines how a firm ventures into foreign markets. The analysis of each subsidiary research question focuses on one of the dimensions within the conceptual framework. Each question emphasises how the nature of the firm's professional service characteristics influences the manner in which each case study firm undertakes its internationalisation strategy. Based on the cross-case analysis several key findings are identified within each internationalisation dimension. Finally, the conceptual model is further explained, and the significance of the data analysis to the research question is presented.

5.2 Research question

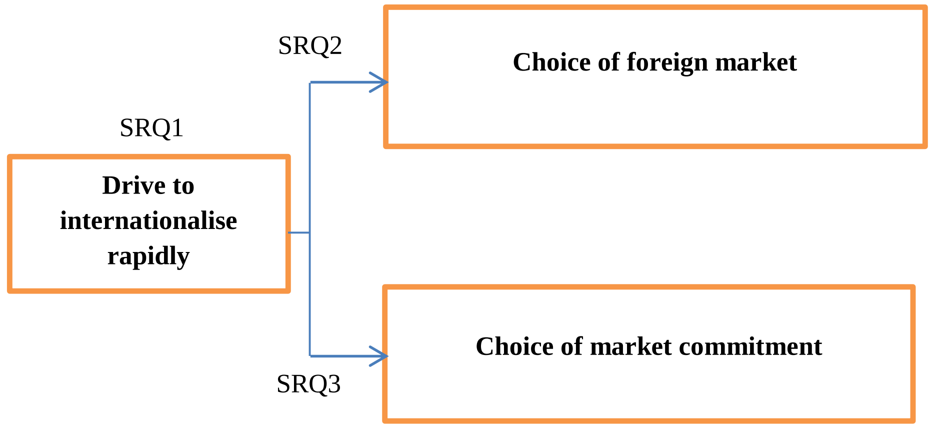
The research question, originally presented in Chapter Two is repeated below:

How and why do rapidly internationalising professional service firms enter foreign markets?

As the literature review explained, there is scant research exploring the rapid internationalisation of PSFs. PSFs are considered unique and their internationalisation process requires greater exploration and research (Ball et al., 2008; Brock & Alon, 2009; Brock, 2012; Greenwood et al., 2005; Hitt et al., 2006; Rugman & Verbeke, 2008; Scott-Kennel & von Batenberg, 2012). Rapidly internationalising firms have been found to diverge from internationalisation models as they internationalise almost from inception into culturally divergent markets. Given that the internationalisation processes of rapidly internationalising firms and PSFs are considered unique, this study aims to explore explicitly and holistically the internationalisation processes of rapidly internationalising PSFs. The question, therefore, seeks to address how a PSF rapidly internationalises.

To assist in identifying differences in the internationalisation process amongst the case study firms, a conceptual framework was developed for the research based on a review of the literature. The framework is again presented below in Figure 12. The framework is designed to reflect the work of firm internationalisation researchers who argue that a firm's internationalisation process should be viewed holistically and incorporate three key elements: the drivers of the firms rapid internationalisation; the markets they chose; and how they entered those markets.

Figure 12 – Rapidly internationalising PSF model



The framework relates to the research question by breaking the internationalisation process into three separate dimensions. This categorisation is based on the research detailed in Chapter Two which explained that firm internationalisation, particularly firms involved in rapid internationalisation, has identified commonalities across these three dimensions. These categorisations provided the starting point for analysis of the research question and subsequent subsidiary research questions.

5.3 Subsidiary research questions

Chapter Two explained and justified the subsidiary questions developed for the research. The subsidiary research questions are designed to support the primary research question by explaining how the nature of PSFs and their characteristics influence the internationalisation process of rapidly internationalising firms. Researchers have explained that the internationalisation approaches of rapidly internationalising firms have revealed shared internationalisation patterns not fully represented by other internationalisation models. Common patterns across the three internationalisation dimensions of the conceptual framework have been the focus of much of the rapid internationalisation research. Consequently, the three research questions presented address the rapid internationalisation processes of PSFs across these three internationalisation dimensions.

5.3.1 Drivers of internationalisation and subsidiary research question one

The following section will address subsidiary research question 1, which states:

Why is a rapidly internationalising professional service firm (PSF) motivated to internationalise?

All of the case studies, their time to internationalisation and the drivers of their internationalisation are outlined in Table 5.3.

Table 5.1 - The drivers of foreign market entry for case study firms

	Firm 1 - Australian Health	Firm 2 - Shinglers	Firm 3 - JUP	Firm 4 - Energy 4EVA	Firm 5 - Garner	Firm 6 - E-DESIGN	Firm 7 - Canopy
Industry	Health	Business Coaching	Research consultancy	Energy	Analytical consulting	Experiential Design	Professional development and training
Time to internationalise	0.5yrs	2.5yrs	0.5yrs	0yrs	0yrs	0yrs	1.5yrs
Primary driver of internationalisation	**Entrepreneurial drive**. Expected the company to internationalise and succeed	**Entrepreneurial drive**. Wanted the company to become a highly regarded international brand	**Entrepreneurial drive**. The founder was determined to capitalise on foreign markets	**Entrepreneurial drive**. Determined to capitalise on a global opportunity	**Entrepreneurial drive**. Wanted to become the first global finance model company	**Entrepreneurial drive**. The founders goal was to become international quickly.	**Entrepreneurial drive**. The founders goal was to gain first mover advantage
Subsequent drivers of internationalisation	**Strategic opportunit**y. Unique circumstances existed outside of the home market. **Size of domestic market**. There is not a big enough health system in the domestic market	**Size of domestic market**. Australian market was too small for international growth needs. **Establish international presence.** Wished to gain and build upon first mover advantage in new markets, gain 'international footprints'	**Establish international presence**. Operating in international markets gave them international scale and greater opportunities **Strategic opportunity**. The firm wished to capitalise on markets and diversify risk	**Establish international presence**. The firm needed international experience to leverage work in other countries **Strategic opportunity**. The firm wished to take advantage of new opportunities and leverage experience into further markets	**Size of domestic market**. The firm internationalised to meet the growth needs of the founders **Establish international presence.** By operating in foreign markets the firm had a 'growth' story and more opportunities. **Client followership.** The founders followed clients overseas	**Client followership**. The founders established relationships and wished to capitalise on them. **Size of domestic market**. Australian market was too small for growth needs. Wished to enter Asian market and "own" it. **Establish international presence** to gain credibility	**Client followership.** The founders established relationships and wished to capitalise on them. **Size of domestic market**. Australian market was too small for growth needs with financial industry consolidation.

5.3.1.1 Entrepreneurial drive

The drive, vision, experience and ability of the entrepreneur have been considered a key factor in the pace of rapidly internationalising firms (Autio et al., 2000; Knight & Cavusgil, 1996; 2005; Oviatt & McDougall, 2005). In particular, their ability to identify, assess and act on opportunities is considered vital in their initial internationalisation success (Oviatt & MacDougall, 2005). Entrepreneurs' aspirations and motivations, or entrepreneurial drive, are considered a key factor when examining the internationalisation of small to medium sized firms (Hessels, van Gelderen & Thurik, 2008) and have been found to be equally strong for firms that rapidly internationalise (Covin & Miller, 2014). A strong entrepreneurial drive is seen to be an equally important influence in rapidly internationalising PSFs. If anything, this entrepreneurial drive could be considered even greater than that found in other types of rapidly internationalising firms. This is because the nature of the service required a founder to be directly involved with a firm's internationalisation, especially with regard to its exporting activities (Ball et al., 2008).

The entrepreneur's desire to internationalise shortly after inception was reported by all of the firms as a primary driver of their rapid internationalisation. All of the founders interviewed expressed a strong desire for their firms to be successful and believed that they did all that they could for their firm to rapidly internationalise to increase their firms chance of success. This research finding is in line with previous rapidly internationalising firm research that outlines entrepreneurs' abilities to view opportunities and act upon them is vital for speedy internationalisation (Autio et al., 2000; Knight and Cavusgil, 2004; Oviatt and McDougall, 2005). All of the firms noted that before they internationalised, the founder had an international plan and strategy. Whether formal or informal, the plans were considered to be flexible. Entrepreneurial behaviour that is flexible and adaptable to rapidly changing environments differs from the behaviour of managers from more slowly internationalising firms (Bhardwaj et al., 2011; Harveston et al., 2000; Knight & Cavusgil, 2005; Laanti, Gabrielsson & Gabrielsson, 2007). Small PSFs also have loose structures that enable them to have increased agility in the marketplace and make more efficient decisions (Brock, 2012; Segal-Horn & Dean, 2009). Having a broad strategy enables entrepreneurs to engage in opportunistic ways with the market rather than a deliberately planned and followed strategy (Andersson & Evangelista, 2007). In the case of JUP, it was suggested that they never had a strict plan or timeline of what they wanted to achieve. Instead, the founder knew the broad outline of what he wanted to accomplish both domestically and internationally. The firm did not have a rigid plan as it did not want to be restricted in its internationalisation strategy by preconceived ideas of how it should venture into foreign territories.

The internationalisation of PSFs into new markets has been found to be more realistic when detailed planning has taken place (Freeman et al., 2008). Only two of the firms, Energy 4EVA and Garner, internationalised as they had originally planned. Although not considered to be a key factor in their rapid internationalisation both firm’s founders showed strong experience and knowledge of international markets. This may not have directly spurred their internationalisation but appears to have enabled the founders to be more accurate regarding their strategic internationalisation timeline. Previous international experience in a region has been found to be particularly beneficial for PSFs entering emerging markets (Freeman et al., 2008). The international orientation of a firm’s founders and previous experience in foreign markets may have reduced the inherent uncertainty of overseas expansion and provided the firm with a more positive outlook towards internationalisation (Deprey et al., 2011). This may have enabled both firms to plan more realistically for internationalisation. Both Energy 4EVA and Garner are also the only firms not to have entered foreign markets more quickly than they expected. It has been found that in knowledge management oriented firms being flexible and opportunistic leads to superior performance (Darroch & McNaughton, 2003). While knowledge and experience of foreign markets may be more important when accurately predicting the timeline of internationalisation, the ability to be flexible and open to opportunities is considered critical to take advantage of international opportunities as they arise.

Providing a client facing service, all of the case study firms had difficulties in entering international markets. Being small is considered a strategic advantage within the born global and INV literature as it allows the firm to be more efficient and have greater flexibility (Keen & Etemad, 2012; Lopez et al., 2011). These findings, however, are based around manufacturing firms. Despite being small, all of the case study firms found that this was a disadvantage in their early internationalisation as it limited their resources, particularly access to money and human capital. Unlike manufacturing firms, a small PSF is more reliant on complex resources, including complex knowledge from highly qualified individuals (Broschak, 2004; Hitt et al., 2006; Malhotra & Morris, 2009). Being small allowed the firms to adapt more easily to new opportunities but may have inhibited the firm's rapid internationalisation.

The entrepreneurs' motivation to internationalise was most apparent with regard to how these firms initially entered markets. To help overcome the disadvantage of PSFs involved in rapid internationalisation and to achieve an organisation's goals, the founders were directly involved in their initial internationalisation efforts. Hitt et al. (2006) suggested that PSFs with the strongest human capital and relational capital are better able to take advantage of opportunities in international markets. This appears to be true for each of the case study firms. When each of the firms exported personnel overseas, the founder was amongst the personnel servicing international clients. The founders had complex knowledge in niche fields and considered themselves the strongest employees of their firms. Taking advantage of unique foreign opportunities can affect factors such as research, planning and recruitment for PSFs (Freeman et al., 2008). Founders believed they would provide the best service to clients and had the best chance of forming/building foreign relationships while still taking advantage of the opportunity. This was at great personal cost as they had to regularly fly in and out of the home country as well as reside overseas. Cort et al. (2007) suggest that unique professional service offerings must capitalise on knowledge in order to expect successful internationalisation. Employing people to help a firm internationalise initially was not considered a strategic option for the firm as it would involve considerable time and money invested into recruiting and training specialised staff. Managers appeared to have assessed the transferability of their service offering knowledge to new employees and/or recruits and considered it to be too slow (Cort et al., 2007; Hitt et al., 2006). Founders believed this would damage their firms' chances of entering markets as quickly and capitalising on unique opportunities.

5.3.1.2 Size of the domestic market

For six of the seven case study firms, the size of the domestic market was reported as a key driver. Several of the firms considered the Australian market to be an influence because they founders perceived it to be inadequate to meet the future growth needs of the firm. Shinglers, JUP, Garner, Canopy and E-DESIGN could have existed solely in the Australian market, but the firms would not be as large and not have the same opportunities that they currently enjoy in foreign markets. These firms all experienced a critical point within the first three years of inception where founders had the option either to focus purely on the domestic market or commence internationalisation. This critical point shows that firms have a motivation to change and adapt to new markets (Muzio & Faulconbridge, 2013). Given that these firms have low levels of resources, the facilitation of their core service and modification into new foreign markets would have been a significant drain on their limited resources (Brock, 2012). This indicates that they prioritised internationalisation over the domestic market.

The service literature has revealed that firms from small open economies such as Australia are driven to internationalise by a need to search for further customers (McDougall, 2009). Australian Health and Energy 4EVA were the only firms that suggested they were not interested in the Australian market initially and instead were established to take advantage of unique strategic opportunities that existed in foreign territories. The size of the Australian industry for both firms was considered too small for their survival, and so both were forced to internationalise. Both firms entered their domestic markets within three years although neither considered it their primary strategic focus. Late entry into a firm’s home market is relevant to rapidly internationalising firms as they focus on taking advantage of key strategic opportunities (Taylor & Jack, 2013).

Cort et al. (2007) examined the underlying motivations for the internationalisation of PSFs. They found that managers’ perceptions regarding the uniqueness of their services restricted their firms’ success in its international expansion. They suggest that firms’ dependence on complex knowledge may encourage them to stay in the domestic market to build complementary resources. Rapidly internationalising PSFs appear to enter foreign markets in part to build long-term resources or because their ability to build resources in the home market does not exist. In the case of Canopy, the firm was forced to internationalise to aid in its survival. The consolidation of the Australian financial industry meant that the domestic market effectively became smaller and more competitive after consolidation. The firm was forced to internationalise into markets where there were more potential customers. Contradicting previous PSF research, this suggests that it may be the pursuit of superior long-term resources rather than relying on current domestic resources that may encourage the rapid internationalisation of PSFs (Cort et al., 2007; Hitt et al., 2006).

Much of the early research into rapidly internationalising firms has been based on how these firms do not conform to more traditional stage models (e.g. Knight & Cavusgil, 1996; Madsen & Servais, 1997). The case study firms showed some consistency with internationalisation process models regarding their establishment in the domestic market. E-DESIGN, JUP and Garner, whose first sales emerged from international markets, followed their rapid internationalisation by giving greater focus to the Australian market. The firms' focus on their domestic market as part of their initial development is something that manufacturing-based rapidly internationalising firms are not seen to do (Oviatt & McDougall, 2005). After successful internationalisation all three firms (E-DESIGN, JUP and Garner) re-invested in the domestic market due to increased demand. The successful internationalisation of these firms improved their international reputation. An increase in reputation in foreign markets has led to rapidly internationalising firms gaining sales and extending resources to unexpected places (Crick, 2009). The firms' international success cascaded down to the firms' domestic reputation as they now had a further selling point in the smaller domestic market by being international. Although not necessarily a part of their internationalisation strategy, a potential benefit for rapidly internationalising PSFs is that their success in foreign markets may lead to greater demand within the smaller domestic market.

5.3.1.3 Strategic Opportunities

Several of the firms were driven to internationalise because of unique strategic opportunities. PSF internationalisation has been found to build knowledge and resources within a market before internationalising. The need to accumulate knowledge within the domestic market first may be the reason PSFs are associated with more traditional, slower forms of internationalisation as these firms are more knowledge intensive (Scott-Kennel & von Batenburg, 2012). Knowledge intensity is considered less important than strategic focus for rapidly internationalising firms from other industries (Kalinic & Forza, 2012). It appears that rapidly internationalising PSFs do not necessarily conform to either model of international development. Instead, these firms are found to be reliant on high levels of knowledge intensity as part of their strategic focus and consider the ability to gain knowledge within the domestic market first before rapidly internationalising to be important.

By establishing themselves in the domestic market first, the case study firms were attempting to gain knowledge within the local market to help further build and sustain their internationalisation commitment. In the case of E-DESIGN, organic growth was a core focus of the internationalisation strategy. The firm's founders were interested in becoming international in multiple markets by relying on the firm's own resources. For further internationalisation to occur, the firm was required to become successful in the domestic market first and then leverage this success internationally. Gaining exposure in the domestic market first enables the firm to develop a stronger business foundation as well as attract unsolicited orders from foreign markets. Johanson & Vahlne (2009) emphasise that a firm is able to build knowledge, particularly industry specific knowledge and relationships, within the domestic market first. This aids in the firm's initial foreign entry as managerial knowledge and relationships can be critical to a firms success (Hutzschenreuter et al., 2011).

Timing is considered to be opportunistic in nature and exists in unique environmental contexts for internationalising PSFs (Freeman et al., 2008). Both Energy 4EVA and Australian Health pursued specific opportunities in foreign markets relating to changes in government legislation. For Energy 4EVA, their original business model was based around energy reforms where firms would be required by legislation to reduce their carbon footprint. The firm was interested in pursuing markets such as the UK where these legislative changes were taking place. Similarly, Australian Health saw an opportunity in the UK healthcare market under the new Blair government. The government's focus was to increase the efficiencies of the National Health Care system and had planned to increase government spending to achieve this goal. Neither opportunity existed in the domestic market.

The literature suggests that PSFs rely less on the speed of internationalisation in order to capitalise on their innovation (Hitt et al., 2006). All of the case study firms operated within a niche in their industry and had few direct competitors. The desire to gain strategic advantages by establishing themselves internationally was critical for five of the case studies (Shinglers, JUP, Energy 4EVA, Garner, E-DESIGN). Similar to previous rapid internationalisation research, those firms' ability to leverage first mover advantages and opportunities into other markets was considered important (Freeman et al., 2008; Melen & Nordman, 2008). Shinglers understood that it had the capability to enter and establish itself in foreign markets before competitors. By doing so it could gain first mover advantages. This would help the firm to become synonymous with the industry. The founders understood that their innovative approach to business consulting was easily copied and wished to capitalise before their competitors. JUP saw a similar strategic opportunity emerge from the global financial crisis. Operating in the financial industry, the firm recognised that the barriers to entry around financial hubs were lower as firms were struggling to survive. The firm was willing to invest at a loss in order to establish itself in the market. By doing so the firm was able to gain knowledge, experience, and build networks. This enabled the firm to overcome barriers to entry that are seen to be significant reasons why PSFs find it difficult to internationalise (Freeman & Sandwell, 2008; Scott-Kennel & von Batenburg, 2011).

The ability to establish credibility and legitimacy for their brand in a foreign market is considered a key factor for PSFs (Greenwood et al., 2007). By rapidly internationalising sooner, it was believed that the firm would have greater legitimacy both in its home market and in other foreign markets. This would make subsequent internationalisation easier by creating further opportunities by increasing the firm's reputational capital (Canavan et al., 2013). Considered a key influence in the internationalisation of PSFs, reputational capital was a prevalent factor for almost all of the case study firms (Shinglers, JUP, Energy 4EVA, Garner, E-DESIGN, Canopy) as they sought an international presence to enhance their reputations. Interest in developing this kind of credibility existed across several of the case study firms such as Shinglers that wanted to create international 'footprints' to develop an international reputation and become a global leader. Canopy was interested in launching itself in the domestic market to build its reputation within its industry before entering foreign markets. This approach to internationalisation was considered vital for the case study firms as they operated within industries where reputation is considered important in gaining new business.

Given the dominant emphasis in the born global, INV and service literatures on relationships, particularly for those service firms that provide intangible products (Aspelund et al., 2007; Brentani & Ragot, 1996; Fernhaber & Li, 2013; Freeman et al., 2006; Fosstenlokken et al., 2003; Greenwood et al., 2005; Hitt et al., 2006; Malhotra & Morris, 2009; Reihlen & Apel, 2007; Rialp, et al., 2005a; Sepulveda & Gabrielsson, 2013; Weerawardena et al., 2007), the role of relationships in the decision to internationalise was not dominant. Those firms that considered their domestic networks important were also the only three firms that were involved in client followership. E-DESIGN, Garner and Canopy followed clients into international markets. For E-DESIGN and Canopy this represented their first foray into foreign markets. Several other firms (Shinglers, Australian Health, Energy 4EVA) noted that they had established networks and relationships in their industry, but none suggested it was a key driver in their decision to enter foreign markets. Instead, it was a factor that enabled them to enter markets more easily and establish themselves there. Consistent with Shinglers and Australian Health, Energy 4EVA had established relationships in the markets it entered, although the founders were keen to point out that their personal drive to internationalise, the small number of potential clients in the domestic market and the opportunity that each international market presented were more significant factors in their decision-making process.

All firms indicated that their founders' international vision and drive for the company was a key factor in the motivation to become international. Entrepreneurial drive is a key motivating factor for rapidly internationalising firms (e.g. Knight & Cavusgil, 2005) and for PSFs that have identified unique strategic opportunities (Freeman et al., 2008). Additional drivers for rapid internationalisation included the size of the domestic market as the founders' vision for the firm was not able to be met from the domestic market alone (Laanti et al., 2009), the desire to establish an international presence to help promote the firm's reputation internationally (Greenwood et al., 2007), strategic opportunity and client followership. All of these factors can be linked with entrepreneurial drive as founders had the motivation to become an international leader in their industries by pursuing greater long-term international resources rather than rely on domestic resources (Cort et al., 2007). Those firms that did initially focus on the domestic environment did so to reduce the barriers to entry into foreign markets by gaining market and client knowledge as well as establish reputation, something that is considered important for successful PSF internationalisation (Canavan et al., 2013).

5.3.2 Choice of markets and subsidiary research question 2

In light of the case study findings, the following section will address subsidiary research question 2, which states:

> How does the speed of internationalisation influence rapidly internationalising professional service firms (PSFs) in their choice of markets?

An overview of foreign market selection and drivers are outlined in Table 5.4. This includes each firm's choice of initial foreign markets and their continued diverse choices of subsequent foreign markets. The key drivers of their market selection are also outlined.

Table 5.2 - The choice of foreign markets for case study firms

	Firm 1 - Australian Medical	Firm 2 - Shinglers	Firm 3 - JUP	Firm 4 - Energy 4EVA	Firm 5 - Garner	Firm 6 - E-DESIGN	Firm 7 - Canopy
First foreign market	UK	NZ	China,	UK	Denmark	UAE	NZ
Subsequent overseas markets	Solomon Islands, Indonesia, USA	USA, UK	UK, HK, Singapore	France, Spain, USA, Mexico, Africa	Vietnam, UK, Singapore	Indonesia, India, Vietnam, Singapore	Singapore, HK
Primary driver of market selection	**Strategic opportunity**. Opportunity within markets was the firms key strategic aim	**Establish international presence.** The firm saw first mover advantage opportunities during the GFC	**Strategic opportunity**. The firm was initially unable to operate in the home market and sought foreign opportunities instead.	**Strategic opportunity**. The firm followed new environmental legislation (i.e. new opportunities)	**Strategic opportunity**. The firm initially followed where work was available.	**Client followership.** The firm entered the UAE based on a previous client asking them to lead a project there.	**Strategic Opportunity**. Saw Asia as a long term opportunistic growth market with lower levels of competition than the home market
Subsequent drivers of market selection	**Experience in the market**. The firm relied more on experience within the market, particularly in the UK and Solomon Islands	**Cultural similarity**. The firm needed to enter markets with similar business practices to the home market. **Staff management**. The firm entered markets where its staff were interested in working and had **Networks**	**Establish international presence.** Operating in key financial markets such as UK, HK and Singapore gave them greater exposure and presence in key regions**.**	**Establish international presence.** The firms initially focused on markets with scale to leverage into other markets**.** **Cultural similarity**. Initially the firm focused on markets that had new legislation but was also culturally similar to the home market. **Networks**. The firm utilised employee networks to gain clients in particular markets and to help establish markets	**Client followership**. The firm had established relationships with clients who asked them to enter specific markets. **Establish international presence**. To gain credibility the firm needed to be present in key financial hubs. **Networks**. The firm used employee networks	**Establish international presence**. Aimed at gaining market share and scale within markets. **Networks/Experience.** The firm was knowledgeable about the difficulties of operating in the European and North American markets	**Client followership.** Followed clients into NZ and established base in HK to maintain and improve working relationships. **Experience in the market**. The founder had extensive knowledge and experience of the Asian region.

5.3.2.1 Strategic Opportunities

The drivers of market entry varied between the case study firms. One of the key drivers was the identification of key strategic opportunities in the case study firms’ choice of markets. All firms saw strategic opportunity as a prospect for potential growth that would be beneficial for the firm in the short and/or long term. For each firm, the strategic opportunity behind their internationalisation took different forms. For Australian Health, JUP and Energy 4EVA the opportunity existed because of changes to environmental factors. Unique shifts in the economy as well as government policy and legislation created greater prospects in foreign markets for all three firms. Energy 4EVA acknowledged that legislative changes around the energy sector existed in multiple markets, but the UK provided the greatest scale of opportunity. This aided in their entry into further international markets. JUP chose to enter the UK market because the global financial crisis had limited the number of competitors in the market. This reduced the barriers for international entry and enabled the firm to establish a market presence that it might have otherwise been unable to achieve. For Canopy, the strategic opportunity was the potential growth that existed in that market. The firm understood that other markets would present greater difficulties due to the industry offering greater competition from more established competitors. It appears that PSFs’ reliance on critical knowledge within their industry extends beyond the domestic market as part of their early rapid internationalisation. Exploiting existing complex knowledge within new settings is difficult for PSFs but is not a barrier that cannot be overcome for rapid internationalisation (Lowendahl, 2005).

The case study firms highlighted that simple opportunity within a region was not the sole factor in choosing their foreign market. Shinglers, JUP, Energy 4EVA, and Garner saw growth opportunities in choosing specific markets. Entering larger, more Western oriented regions of Asia also enabled the firms to build important reputational capital within them. Building a strong international reputation is considered critical in the professional service sector, and it appears as important for several of the case studies (Canavan et al., 2013). For Shinglers, JUP, Energy 4EVA, Garner, and E-DESIGN the choice of markets was equally influenced by an opportunity to create legitimacy and credibility in their industries in key global markets by establishing an international presence there. Both Energy 4EVA and Shinglers planned to internationalise into markets that provided ‘scale’ and that would create an international ‘footprint’. This was particularly pronounced in the Asian region as firms entered specific markets within Asia to gain leverage in neighbouring countries.

5.3.2.2 International presence and platform strategy

By enhancing operational knowledge and by gaining reputational capital, PSFs are able to enjoy increased international success (Canavan et al., 2013; Hitt et al., 2006). This enabled the firms to gain credibility in their other markets and obtain greater opportunities within that region. Reihlen & Apel, (2007) noted that a firm’s international reputation can aid its success in its other previously established, domestic and international offices. Although not considered a key factor in the early internationalisation research on born global or INVs, building superior reputation internationally helps to gain clients in established locations as they wish to work with firms that have a global presence. The firms recognised the importance of reputation for their long-term success and entered markets that would help them gain increased exposure. A case study firm example, JUP, understood that to create further opportunities within regions it needed to establish an international presence within key areas. Being a financial firm, these hubs existed in the UK within the European region and in Hong Kong and Singapore within the Asian market. The firm recognised that to succeed in Asia it needed to operate from key financial hubs. This was seen to be culturally important for potential clients and created legitimacy and credibility for the firm within the region that it would have otherwise not been able to achieve.

As part of their rapid internationalisation strategy, it appears that ‘westernised’ business practices were assessed to be important when choosing markets within a region. This is part of a ‘platform’ (Preble and Hoffman, 2006) or ‘stepping stone’ (Freeman, Hutchings & Chetty, 2012) strategy where firms select a ‘gateway’ or ‘lead’ market to a region like Asia, e.g. Hong Kong or Singapore, whose business practices are more ‘westernised’ and more dominant than those of other countries within that region. This was so that the firms could expand more easily into relatively ‘business friendly’ environments and then use this as a basis for expansion into neighbouring countries. This strategy enabled firms to rely more on their operational knowledge within the domestic market as it was more similar to the markets they were entering into. This enabled firms to reduce cultural barriers and rely less on networks. It also aided the case study firms’ market selection and helped them learn quickly within market regions while gaining valuable market credibility before further expansion.

Within PSF research, internationalisation into culturally similar markets is considered important as it enables the firm to deal with clients in similar environments and hence more easily transfer their complex, expert knowledge from one market to the other (Abdelzaher, 2012; Lowendahl, 2005). Entry into culturally dissimilar markets may be more difficult for PSFs to overcome cultural barriers to engage with clients, particularly with regard to face to face communication (Freeman & Sandwell, 2008). The cultural similarity of markets was a primary driver for five of the firms investigated. Two of the seven firms, Energy 4EVA and Shinglers, considered cultural similarity to be a factor in their internationalisation decisions. Shinglers considered the face to face nature of its service and its business coaching to be culturally specific. For this reason, the firm entered markets (US and UK) where the business culture was similar to that of Australia. The remaining firms (Australian Health, JUP, Garner, E-DESIGN and Canopy) did not find cultural similarity a significant factor in their choice of markets. This is consistent with much of the rapid internationalisation research where psychic distance is not considered directly important to initial market selection (e.g. Fan & Phan, 2007; Freeman et al., 2010; Knight et al., 2003). For rapidly internationalising PSFs whose products are not culturally bound, it appears that opportunity within markets can be an overriding factor relative to cultural distance.

5.3.2.3 Networks and client followership

Analysis of subsidiary research question 2 reveals that the relationship between the choice of foreign markets and established networks was an influential factor for several firms. Freeman et al. (2011) suggest that Australian service firms place a higher priority on enhancing operational, rather than market focused knowledge and that networks form a part of this. This encourages the firm to leverage the knowledge and relationships grown from the home market before international market entry. For Garner, Canopy and E-DESIGN the role of networks was direct, with client followership being a key driver of market selection. All three firms had clients from the domestic market ask them to complete work with them in foreign locations. In the case of Canopy and E-DESIGN, this represented their first overseas market entry. This enabled the firms’ ability to enter foreign markets while overcoming significant barriers to entry. They agreed to follow clients overseas because this represented an opportunity to build relationships with established clients and build international networks, to help deliver a higher level of client service while providing a low risk entry into culturally diverse markets. This is consistent with research into the internationalisation of service firms that views client followership as a strategic entry path into foreign markets that allows firms to make rapid and dedicated international expansion with minimal risk and overcome barriers to entry (Bell et al., 2003; Contractor et al., 2003; Hitt et al., 2006).

The ability of PSFs to overcome barriers to entry without directly following clients has been attributed to firms' existing relationships and networks (Cort et al., 2007; Brock 2012; Freeman & Sandwell, 2008; Lowendahl, 2005). The role of networks was an influential factor for Shinglers, Energy 4EVA, and Garner although none suggested it was a dominant factor in their initial choice of foreign markets. With the exception of firms directly following clients into foreign markets, the role of networks does not appear to be a driver in the decision to internationalise or of initial market selection. However, networks become more important in subsequent market choices. For all three firms, the role of networks was based around one or two key staff who were employed by the firms after inception. Shinglers enabled some flexibility outside of their initial business interests in entering the UK and US markets. Key staff then entered markets where they had networks and experience (such as Spain) but were not considered strategically important. Similar circumstances occurred for Energy 4EVA where a key staff member had networks and experience in the Mexican market and for Garner where a new employee wished to help the firm enter the Singapore market. Brock (2012) considered a strong network to be a critical factor in the early stages of PSF internationalisation. For rapidly internationalising PSFs, this was most important for their subsequent choice of markets. The founders of Shinglers, Energy 4EVA and Garner agreed that they would not have entered subsequent markets as quickly without the networks they developed quickly. This highlights that market selection for service oriented firms may be driven by other culturally related factors including the location of clients and network contacts (Coviello and Martin, 1999). By leveraging relationships and networks, the firms were able to strengthen and develop their relationships while gaining greater visibility in new markets (Blomstermo et al., 2006).

Several firms highlighted that they had founders or employees with experience in international markets, and this played a role in their identifying which markets to enter. However, it was only considered an important factor by two, Australian Health and Canopy. Australian Health was able to leverage its knowledge of working within the UK and Indonesia to win projects and operate successfully within those markets. Both founders' experience was specific to their acknowledgement that opportunities existed in these markets, and they had the knowledge to capitalise on them. A founder's experience and knowledge of international markets has been found to be important, especially in the selection of early markets for rapidly internationalising firms and PSFs (Chetty & Campbell-Hunt, 2004; Hitt et al., 2006; Oviatt & McDougall, 2005; Scott-Kennel & von Batenberg, 2012). For JUP, Canopy, and E-DESIGN the firms' founders previous experience in international markets helped them identify the opportunity first but was otherwise not critical in their market choice. It appears that rapidly internationalising PSFs do not rely on previous international experience when choosing international markets. Instead, the flexibility and entrepreneurial capacity of founders may highlight their firms' capability to learn quickly from new experiences in new markets (Scott-Kennel & von Batenberg, 2012). This may be even more critical in overcoming barriers to entry for rapidly internationalising PSFs as the founder is heavily integrated into the firm's internationalisation efforts

Overall, an analysis of subsidiary research question 2 highlighted that for rapidly internationalising PSFs the choice of foreign markets is complex. An overview of the internationalisation strategy of all of the case study firms reveals that rapidly internationalising Australian PSFs firms place a higher priority on enhancing operational rather than market knowledge (Freeman et al., 2011). The firm's primary focus in market selection was the strategic opportunity that each market represented. PSFs that rapidly internationalise are consistent with other types of born global and INV firms in that they aim to select opportunistic lead markets rather than neighbouring markets or those that offer lower levels of risk. Market knowledge was not a key factor in the choice of markets and the role of networks was only an influence in the initial choice of markets because firms were pulled into markets by existing clients (client followership).

The need for professional services to be delivered to clients face to face with continued interaction throughout the service delivery did not inhibit a firm's entry into culturally dissimilar markets, despite similarly oriented service firms considering it an important factor for strategic market choice (Erramili, 1991; Erramili and Rao, 1993; Knight and Cavusgil, 1996; Madsen & Servais 1997; Oviatt and McDougall, 1994; 2005). Firms did choose markets within regions that managers perceived to offer lower levels of risk. By entering these markets within a region first it removes barriers to internationalisation in more psychically distant markets within the same region. Firms used these initial markets as ‘platforms’ from which to gain clients from around the region as well as build their reputation in the local market (Preble and Hoffman, 2006). An underlying theme in all of the case study firms was to establish an international presence to gain legitimacy within their industries. This influenced their choice of markets as firms viewed markets as being able to create and build their operational reputation. This increase in international credibility and legitimacy helped shape their initial market choices.

5.3.3 Choice of entry mode and subsidiary research question three

The following section will address subsidiary research question 3, which states:

How does the speed of internationalisation influence rapidly internationalising professional service firms (PSFs) in their choice of entry mode?

All firms commenced internationalisation shortly after inception, and their choices for foreign market entry mode are outlined in Table 5.5. Each firm’s choice of entry mode and foreign market target are outlined in Table 5.5 as well as an overview of the firms’ increase in market commitment and the time between initial choice of entry mode and subsequent increase in market commitment.

Table 5.3 - The choice of foreign market commitment for case study firms

	Firm 1 - Australian Medical	Firm 2 - Shinglers	Firm 3 - JUP	Firm 4 - Energy 4EVA	Firm 5 - Garner	Firm 6 - E-DESIGN	Firm 7 - Canopy
Initial entry mode and markets	**Exporting**: UK, Solomon Islands	**Exporting**: NZ, USA, UK	**Exporting**: Hong Kong, UK, Singapore	**Exporting**: UK	**Exporting**: Vietnam, Denmark, UK	**Exporting**: UAE, Malaysia, Indonesia, India and Vietnam	**Exporting**: NZ
Drivers of initial entry mode	Employed domestic staff and placed them in the international markets. Simply did not have the capital to internationalise any other way	The firm did not initially want to overcommit resources to new markets	The firm was establishing itself in Australia and saw a job via Hong Kong as a way to get up and running. Did not want to commit many resources	The firm had limited resources and did not find the right person to be on the ground in their international markets so initially exported staff	Initially exported senior staff to the market until it the firm saw the need to build better client relationships	The firm did not have the resources to commit to another form of entry mode	The firm did not believe it needed to commit additional resources to meet client needs
Subsequent entry mode and markets	**Full service chain subsidiar**y: Indonesia, US	**Full service chain subsidiar**y: NZ, USA, UK	**Partial service chain subsidiar**y: UK, Singapore	**Full service chain subsidiar**y: UK, France, Spain, USA, Mexico, Africa	**Partial service chain subsidiar**y: UK and Singapore	**Partial service chain subsidiar**y: Singapore	**Partial service chain subsidiar**y: Singapore and HK
Time between initial exporting and subsidiary	6months	2months	1yr	3months	6months	2years	6months
Drivers of subsequent entry mode	The firm needed somebody on the ground (with the right accent) to deal with the day to day. By doing this the firm was able to deal with issues more quickly, establish better relationships with clients and help build networks	The firms employees/founders believed they could best serve clients and build traction in the market by having people on the ground	Were not able to service the client through exporting. High levels of customer service is a core part of the business and clients were expecting this	Needed to build credibility and relationships with the client. Seen as important as this was a service and brand that they were not familiar with and clients were expecting somebody on the ground	Wished to increase business. The firm saw creating subsidiaries as sales offices necessary to help establish and build client relationships	Clients saw establishing a subsidiary as being a big asset. This allowed the firm to be seen as a global firm operating in Asia	Initially exported the founder to help establish clients but quickly established offices to meet client expectations

5.3.3.1 Initial choices of market commitment

The choice of entry mode across all of the case study firms highlighted a clear pattern for rapidly internationalising PSFs. The first part of the analysis considers the firms' initial entry mode decisions. Although the firms emphasised different services and product packages, all of the firms studied chose to enter markets through low commitment modes of entry such as direct exporting, the temporary transfer of staff to foreign markets. Ball et al. (2008: 422) refer to this type of low commitment entry mode for service firms as 'embodied people' exports while Roberts (1999) classifies this as 'transhuman' exports. For both examples of service, exporting the employee can replicate all, or parts, of the value chain from the home market – including the delivery process – and 'carry' this knowledge to the host market. All of the case study firms cited limited initial resources as a key factor for their choice of initial entry mode. This limitation was based on financial restrictions and the limitations of human capital.

All of the firms saw alternate entry modes into foreign markets through a high commitment entry mode (by establishing a foreign subsidiary, for example) as a high-risk proposition that would strain their limited capital. Despite high control modes of entry being emphasised within PSF research, rapid internationalisation may encourage a firm to internationalise using a lower risk entry method (Cort et al., 2007; Coviello & Martin, 1999; Freeman & Sandwell, 2008; Malhotra, 2003; Scott-Kennel & von Batenburg, 2012). The studied firms saw no other way to enter markets rapidly, minimise risk and maintain the nature of the service without transferring staff in and out of markets. Direct exporting of staff offered the lowest cost option for entering markets with a highly inseparable service. The firms recognised that it would not be possible to deliver the service from the home market through internet and telephone communication. The nature of the service dictated that somebody needed to be present for service delivery. In the case of Australian Health, this resulted in one of the founders flying in and out of foreign markets to gain clients as well as service them. The choice to 'transfer' one of the founders back and forth between the home and foreign markets was considered necessary as the firm had not established itself domestically or gained international credibility. As well as highlighting the unique entrepreneurial drive shared by the founders, exporting existing key members of staff afforded the firm a greater level of flexibility and the ability to withdraw quickly from the market if entry proved unsuccessful.

Low-risk entry modes have been associated with rapidly internationalising firms due to their limited resources (Buckley & Casson, 1998; Fan & Phan, 2007). Limited capital was also a factor in who the firms exported between countries. Firm founders were interested in ensuring that their firms' level of service could be continued to the foreign client while also minimising cost. To achieve this goal each of the firms engaged one or more of their founders to export their services into overseas markets. This enabled the founder and the firm to minimise costs in their internationalisation. It also allowed them to internationalise more rapidly as they did not have to recruit and train somebody as part of the initial internationalisation process. For several firms, this was a key component in their decision-making as they wished to enter markets rapidly but had few qualified staff to send overseas. This suggests that PSFs design their rapid internationalisation entry mode around the exploitation of their key resources – their founders' knowledge and expertise.

Four of the case study firms (Australian Health, Shinglers, Energy 4EVA and E-DESIGN) specifically noted that in their business it was important to leverage work off of the successful delivery of their service. PSFs rely on strong reputations as part of their successful internationalisation (Greenwood et al., 2007). The studied firms' founders outlined that completing work above client-satisfaction would ensure future work and enable the firm to gain further clients in the future. To ensure consistency in their service, and deliver all parts of the value chain to foreign firms, sending a founder of the firm was considered particularly important. The unique dissemination of complex knowledge that PSFs provide to clients and the difficulty of transferring this to other employees means that recruitment of other staff is not a valid option for rapidly internationalising firms attempting to build a strong reputational network (Cort et al., 2007; Hitt et al., 2006). Successfully completing work and maintaining a high quality of service would help increase the firm's reputational capital. Clients of service firms prefer the delivery of the service to involve the owner of the firm, and this appears to be true of the case study firms (Baron & Markman, 2003). With the founder being a central part of each firm's early internationalisation, each was able to build and develop positive relationships with clients and other key stakeholders more easily. This is considered important and is a critical success factor for PSFs as it encourages customer loyalty and influences future use of the service (Canavan et al., 2013).

Reputation is something that may be considered especially important for successful rapid internationalisation of PSFs.

5.3.3.2 Shift from low to higher levels of commitment

After exporting into international markets all of the firms quickly progressed to a higher level of market commitment. This involved the establishment of a subsidiary in the foreign market. The time between the initial entry mode and the subsequent establishment of a subsidiary was within the first three years of inception. The range between initial exporting and increasing the level of international commitment was varied with Shinglers representing the quickest of the case study firms (two months) to E-DESIGN which represented the longest (two years).

The service characteristics of the firm and the nature of service delivery were common in the reasoning for the rapid shift from low commitment to higher commitment in foreign markets. For several of the case study firms (Australian Health, Shinglers, JUP, Energy 4EVA, and E-DESIGN), exporting was a viable short term option but did not provide or ensure high levels of service quality in the long term. For firms that differentiated their service from competitors by offering a high quality service, having an office in foreign markets enabled the firm to respond to clients more quickly as well as understand the contextual issues of the required service. These things were not easily achieved from the head office in the home market.

Clients were also expecting the firm to have a presence in the host market. The nature of the firms' service characteristics led clients to expect market specific knowledge and local networks from the case study firms (Freeman & Sandwell, 2008). JUP, Energy 4EVA, E-DESIGN and Canopy all noted that their shift to establishing a foreign market presence was pushed for by their international clients. In the case of Canopy, the firm's Singaporean and Hong Kong clients were not interested in doing business with an Australian firm that offered no long-term presence in either market. To influence local client relationships, firms need to be interested in becoming more transparent, reduce cultural miscommunications and adapt to client needs more quickly (Dou et al., 2010; Freeman & Sandwell, 2008). Like JUP, E-DESIGN and Garner, Canopy understood the nature of the Asian market and recognised that by continuing to serve the client solely from the home market, the firm would not have the same opportunities as if it established a formal market presence.

When internationalising, PSFs require strong resources, particularly with regard to human capital and network relationships (Hitt et al., 2005; Freeman et al., 2008). Rapidly internationalising PSFs attempt to maximise their human resources as well as their network relationships as part of their early internationalisation. As small firms with limited financial capital, many of the case study firms built up their international offices relatively slowly. This enabled the firms to dedicate the higher levels of resources (human, network and financial) as they needed while minimising the significant costs associated with establishing foreign subsidiaries. The emphasis on human resources for PSFs is understandable given the high levels of knowledge intensity of the service and the importance of employees in the transfer of that knowledge (von Nordenflycht, 2010). Several of the firms (Australian Health, Garner, JUP, E-DESIGN and Canopy) continued to export staff in and out of the home market as required and maintained a minimally staffed foreign subsidiary. As an example, Canopy's foreign offices had no locally employed staff.

By strategically separating parts of their value chain JUP, Garner, E-DESIGN and Canopy were all able to create sales oriented subsidiaries. These firms were interested in having a presence in the foreign market but did not have the resources to be able to duplicate completely the service delivery in the foreign market. Senior management of each firm considered this a competitive advantage overall. Each firm was able to maintain a foreign presence and promote itself as a local firm creating greater opportunities within that market. Firms such as Garner relied on a small number of employees with high levels of expertise. Expansion through further recruitment was not considered an easy or quick option as the industry is highly specialised, and recruitment is difficult without training. The firm considered the difficulties of replicating its expertise, currently located in its head office, in international markets. By maintaining the exporting of key staff while creating a formal market presence, the firm believed it found a way to appease international clients who sought a local office while minimising costs. It also aided the firm's ability to control the quality of the service output as it originated from home office staff.

Importantly, formally operating in overseas markets was considered a competitive advantage for all of the firms. It allowed them greater opportunities abroad as it enabled the firm to create and build relationships with clients that it would not otherwise have achieved. By establishing themselves in foreign markets, the firms were able to build credibility, something that was seen to be difficult to achieve purely from the domestic market. For E-DESIGN, establishing an office in the Singaporean market created a major asset for the firm as it enabled the firm to be viewed as a global firm operating within the Asian market. This created greater opportunities for the firm in its foreign markets as it was seen to be able to meet client needs better, but also in the domestic market as clients were interested in working with a firm that had international cache.

By entering a market through a less resource intensive entry mode such as exporting, the firms were able to explore an opportunity within the market before shifting to a higher level of market commitment. This enabled the firm initially to gauge the opportunity within a market without overextending its limited resources. In the case of Energy 4EVA, the initial choice of exporting and quick shift to a higher commitment entry mode was due to the understanding and building of opportunity within the market. The firm considers it strategic to enter markets initially with a low commitment, low resource entry mode such as exporting to explore the opportunity within the market. This choice of entry mode is considered common for rapidly internationalising firms (Fan & Phan, 2007; Knight & Cavusgil, 2005; Kuivalainen et al., 2007; Rialp & Rialp, 2007). For PSFs, the initial entry mode is followed by a rapid shift in market commitment to aid in pleasing local clients, as well as building knowledge of the local market. While the firm is interested in building trust and relationship commitment with clients (Freeman et al, 2010), it is also consistent with the learning driven process of the Uppsala model that focuses on increasing commitment with increases in market knowledge and overcoming ‘outsidership’ (Johanson & Vahlne, 2009).

An analysis of subsidiary research question 3 highlights that all case study firms initially entered markets with low commitment entry modes. This provides a contrast to studies that emphasise rapidly internationalising service firms entering markets through high commitment entry modes (Bangara, Freeman & Schroder, 2012; Ripolles Melia et al., 2010). This is consistent with research by Melen & Nordman (2009) which found that some rapidly internationalising firms did begin their internationalisation through low commitment entry modes and then incrementally increased their commitment. They termed these firms ‘incremental committers’. The case study results suggest that rapidly internationalising PSFs follow a similar pattern.

There are two key reasons for the rapid shift to a higher commitment entry mode. First, firms that entered markets to meet client expectations reported that the client requested a direct market presence. For these firms this was seen as an essential step in building relationships with their key client (Dou et al., 2010; Freeman et al., 2011). By switching to a higher level of market commitment, firms are able to achieve a rapid and higher level of service quality as the transfer of knowledge and production routines to the client is relatively easier (Blomstermo et al., 2006). Second, firms wished to build better relationships with their clients and improve their local network, something that was considered to be much more difficult with low commitment modes. Ultimately, firms made the rapid leap from exporting to establishing a market presence to appease established clients. It appears that client followership remains a driving factor with regard to the level of commitment within a market even after market selection. For firms with a high level of client interaction the desire to improve service quality and sales with established clients is understandable (Styles et al., 2005).

The firms largely entered markets with little cultural similarity or existing foreign market knowledge. By rapidly entering a foreign market through exporting, the PSFs were able to gain greater knowledge about the requirements of the local market. The early internationalisation literature suggests that entrepreneurial firms interested in internationalisation are encouraged to use low commitment entry modes as it enables them to develop networks and local knowledge which provides access to greater global opportunities (De Clerq et al., 2012). PSFs are most interested in expert knowledge, as well as building reputation and relationships when internationalising (Scott- Kennel & von Batenberg, 2012). In the case of rapidly internationalising PSFs, the initial decision to export enabled the firm to better assess the market and client potential. This learning is very rapid it allowed them to increase the possibilities of developing foreign customer knowledge and helped solidify relationships with existing and potential clients (Freeman et al., 2011; Melen & Nordman, 2009).

5.4 Conceptual model and research questions

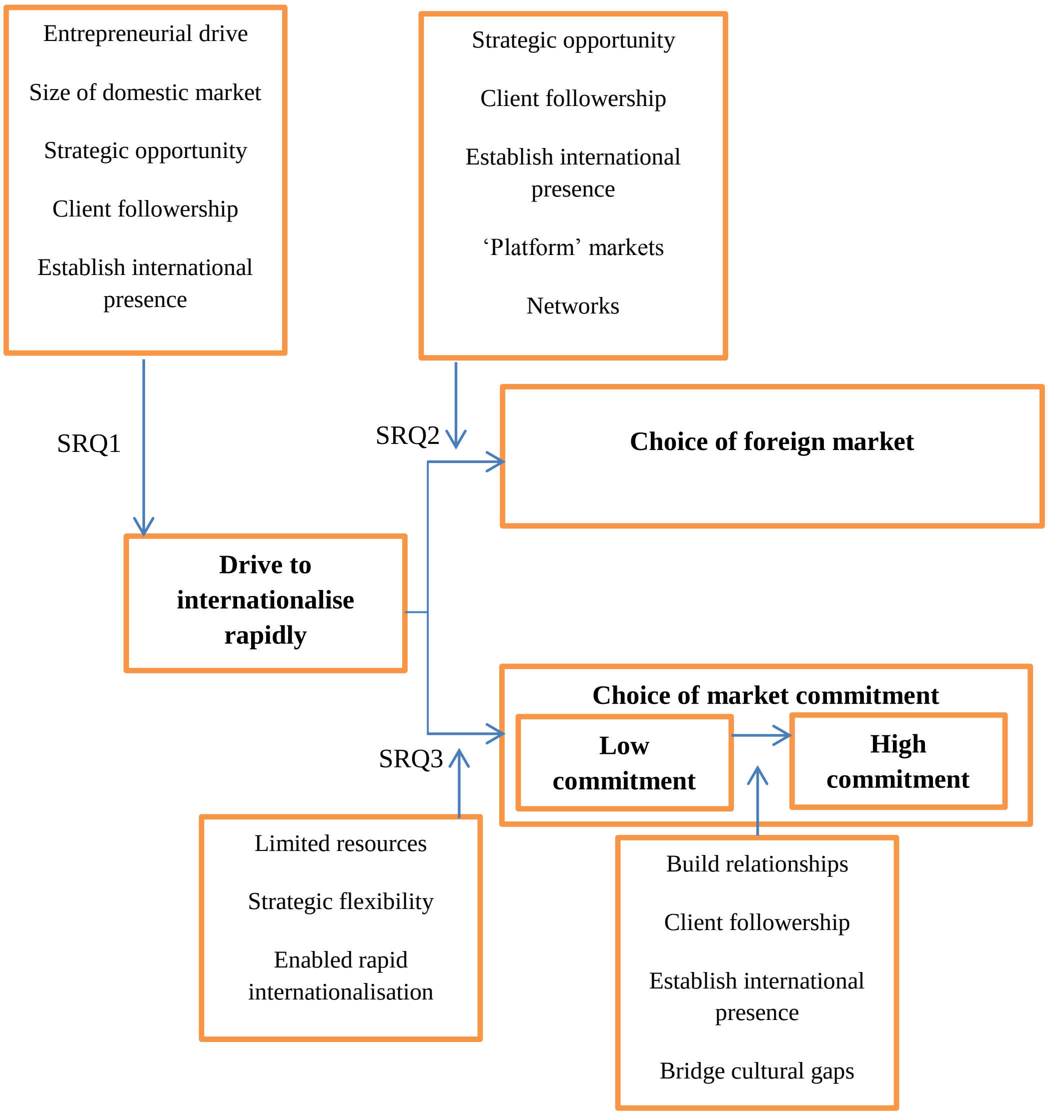
The major findings for rapidly internationalising PSFs are outlined in Table 5.4. The conceptual model is represented in Figure 13. The model aims to explain the internationalisation of a rapidly internationalising PSF. The model emphasises the three key internationalisation dimensions: the drivers to internationalisation; the choice of markets; and the choice of market commitment. Within each of these dimensions, the model highlights the drivers of internationalisation decisions. To aid in the understanding of factors Appendix Five details verbatim quotes of these factors prior to their categorisation.

Table 5.4: Rapidly internationalising and rapidly internationalising PSF factors

Feature	Rapidly internationalising firms	Rapidly internationalising PSFs
Motivation for speed of internationalisation	Proactive Global 'niche' markets High and dedicated degree of management commitment Active search Exploit new opportunities First-mover' advantage Rapid penetration of global niches Protecting and exploiting proprietary knowledge Founder has extensive experience in relevant international markets	Proactive Regional 'niche' markets Extremely high and extremely dedicated degree of management commitment Highly participatory management Exploit new opportunities First mover advantage and client followership Rapid penetration of specific market niches Gain international reputation and legitimacy Founder has extensive operational knowledge they can transfer to international markets
Choice of markets	Concurrent Near simultaneous domestic and export expansion (exporting may precede domestic market activity) Psychic distance irrelevant Some evidence of client followership Strong evidence of networks	Rapid and incremental Focus on domestic market first (exporting may precede domestic market activity but the domestic market remains a priority) Balance between psychic distance and long term opportunities Strong evidence of client followership Some evidence of networks
Choice of entry modes	Flexible and networks Use of agents or distributors Also evidence of integration with clients channels, licensing, joint ventures, overseas production etc	Initially flexible but rapidly shift to higher levels of commitment No use of agents or distributors Some evidence of integration with clients channels.

Source: Adapted from Bell et al., (2003, p. 346-347), Chetty & Campbell-Hunt (2004, p. 66), Rialp et al. (2005, p. 140-141) and Kalinic & Forza (2012, p.697)

Figure 13 – Rapidly internationalising PSFs internationalisation processes and key factors



For each case study firm, the chief concerns are ‘how’ and ‘why’ they internationalised. As rapidly internationalising PSFs, the major consideration for all of the firms was the most effective way they could internationalise. The need to provide consistent levels of customer service with few resources, while building client relationships and taking advantage of strategic opportunities, were key factors in their internationalisation. All of the firms needed to deliver services that had high levels of adaptation for individual client tastes and preferences.

The case study firms’ initial decision to internationalise rapidly from inception was primarily determined by the founders’ entrepreneurial drive. This supports the born global and INV literatures that emphasise the role of the founder in early internationalisation decisions (Andersson & Evangelista, 2006; Hashai, 2011). The rapidity of internationalisation did affect a firm’s choice of markets and level of market commitment. Rapidly internationalising PSFs had to consider the most effective way to deliver their full range of client facing services in foreign markets. The firms’ founders all acknowledged that their service relied on strong levels of client interaction and face to face communication and this influenced their internationalisation decisions. They recognised that their clients derived value from the full delivery of their service packages, and this was paramount to their international success.

The case study firms emphasised that in their choice of markets they were most interested in locations that provided them with opportunities. Abdelzaher (2012) outlines that PSFs consider the context of the host country to be important in market selection. For several of the firms, market selection was influenced by clients asking founders to continue working for them in foreign markets. For the remaining firms, the founders appeared to strike a balance between strategic opportunity and business context. Overall, firms were most interested in choosing foreign countries that offered the greatest market opportunities as well as building an international presence to aid in further international opportunities. However, in most instances this provided each firm with a range of choices, particularly within regions. For many of the firms, this resulted in them targeting regional hubs or by entering ‘platform’ markets to help overcome barriers to entry. These include markets that support their service most easily, e.g. similar business contexts and similar language. Importantly, these are also often key markets in a region and aid in the business building its credibility and legitimacy within it.

The final element in the case study firms' internationalisation was the firms' choice of entry mode. All of the firms initially chose a low commitment entry mode where they directly exported one or more of their founders into markets. This provided the firm with the opportunity to service international markets through a relatively low cost, low-risk strategy. The founders had the necessary knowledge and experience within the industry to be able to deliver their highly unique, knowledge intensive services while delivering all parts of the value chain to the foreign firm. By involving the founder, the firms were able to appease clients who asked the firm to service them in foreign markets as well as sustain a high level of service. With the founder being a central part of each firm's early internationalisation, they were more easily able to build and develop positive relationships with clients and other key stakeholders. This is considered important and is a critical success factor for professional service firms as it encourages customer loyalty and influences future use of the service (Canavan et al., 2013).

The challenge for the firms was to find the most effective way to deliver the service in an on-going basis. To meet client expectations, improve upon their level of service and help build client relationships firms quickly shifted to a high commitment mode. Specifically, the nature of the service required close, continuous and on-going contact throughout the service delivery and clients were expecting the firm to have a formal presence in the market. Client followership allowed firms to make rapid and dedicated international expansion with minimal risk and overcome barriers to entry. Establishing foreign subsidiaries and increasing foreign market commitment appears to help rapidly internationalising PSF's to overcome the liability of newness in overseas markets.

5.5 Chapter Summary

This chapter has examined the case studies from the perspective of the research question and the conceptual framework. The research question was designed to assist in understanding how and why born global PSFs internationalise.

The framework developed for the research allowed the case study findings to be viewed from the individual internationalisation dimensions (driver of internationalisation, choice of markets, and choice of market commitment) as well as part of an ongoing internationalisation process. The cross-case analysis emphasised several commonalities in the internationalisation process of PSFs that rapidly internationalise. These commonalities within each dimension as well as across the internationalisation dimensions were found with the conceptual framework.

The cross-case study analysis found that rapidly internationalising PSFs reveal several unique factors that are influenced by the need for high levels of client interaction and face to face communication. The nature of PSFs creates increased barriers to entry into foreign markets. Accordingly, firms give consideration to how they may overcome these barriers. Their drive to internationalise is largely created by their entrepreneurs. Their choice of foreign markets is equally based around strategic opportunity and the need for the firm to build credibility within their industry in foreign markets. The firm follows clients, establishes themselves in key markets within regions and attempts to build foreign networks. Their entry mode is initially export driven because of the need to limit costs and provide strategic flexibility. The nature of the firms and their service encourages them to adopt higher levels of commitment within the market. To help the firms build relationships, establish an international presence and meet client wants and needs, they involve themselves in higher levels of market commitment.

For those firms where client followership was considered a key driver in their internationalisation, client followership became an important factor throughout the internationalisation dimensions. Although founders have unique visions and plans for their firms' internationalisation, they are often encouraged to internationalise sooner. This is because of domestic clients wishing for the firm to service them in international markets. This influences their choice of markets as well as their choice of entry mode. As the firms are young with few resources, founders themselves are often forced to commit to foreign markets to enable the firm to service the foreign clients adequately. As firms are able to establish a foothold in overseas markets through low commitment entry modes, there comes a demand from clients to establish a formal presence in the market.

As a rapidly internationalising PSF the successful delivery of each firm's activities while building credibility and legitimacy within a market was considered paramount to its ongoing success. The data from the relevant firms suggests that they gave careful consideration to their rapid internationalisation decisions. The firms were interested in determining the most effective method of delivery for their services as well as how their internationalisation choices might affect the service delivery outcome.

Chapter Six

Key findings, implications and future research

6.1 Introduction

This chapter provides an overview of the results and implications of the research. The first section will address the key findings. The research question and subsidiary research questions are again presented. The results are compared with previous findings and emphasise the main theoretical insights. The implications of the findings for academic practitioners are also presented. This is followed by an overview of the managerial, practical and policy-making implications. Recommendations for future research are then provided. The chapter concludes with a discussion developed around the limitations associated with the present study. These include the research methodology and the generalisability of the research.

6.2 Key findings and contributions to literature

This study was prompted by research from the rapid internationalisation literature outlining that firms that internationalised rapidly should be explored from a wider range of industries and within different contexts (De Clercq et al., 2012; Madsen, 2013; Rialp et al., 2005a). Within the rapid internationalisation literature, PSFs and the nature of their early internationalisation have yet to be fully explored. Greenwood et al. (2005) concluded that PSFs have unique challenges in their internationalisation processes and consequently internationalise differently to other types of firms. PSFs and their distinct approaches to internationalisation may not comply with current internationalisation models (Faulconbridge, 2008; Segal-Horn & Dean, 2007). The research set out to investigate internationalisation issues of PSFs and answered calls within the literature to further examine the early internationalisation of PSFs, as well as rapidly internationalising firms from a holistic perspective (Aspelund et al., 2007; Cesinger et al., 2012; Freeman & Sandwell, 2008; Leonidou & Samiee, 2012; Scott-Kennel & von Batenburg, 2012).

The current research contributes to the literature on the internationalisation processes of rapidly internationalising PSFs. PSFs are associated with unique characteristics that impact their internationalisation strategies, especially early in the internationalisation process (Abdelzaher, 2012). Studies that discuss the role of rapidly internationalising service firms either do not include them in their studies or group them together with other types of firms, e.g. manufacturing firms, in their analysis (see Freeman et al., 2006; Kalinic & Forza, 2011; Knight & Cavusgil, 2005; Rasmussan et al., 2001; Rialp et al., 2005a; 2005b; Sharma & Blomstermo, 2003). The literature has not yet fully investigated why or how these types of service firms rapidly internationalise. Although the literature has stressed the need for a greater understanding of PSFs, and their internationalisation processes (see Aharoni, 1996; Ball et al., 2008; Beaverstock, 2004; Contractor et al., 2003; Faulconbridge, 2006; Hitt et al., 2006; Malhotra & Morris 2009; Rugman & Verbeke, 2008), it is still unclear as to how and why PSFs internationalise (Muzio & Faulconbridge, 2013).

This study aims to investigate the following research question:

How and why do rapidly internationalising professional service firms enter foreign markets?

The internationalisation framework developed for the research incorporated three distinct internationalisation dimensions that exist in the born global, INV and service firm internationalisation literature. The data collection process revealed in Chapter Three and the results that were discussed in Chapters Four and Five highlight that the internationalisation processes of rapidly internationalising PSFs are linked across the three internationalisation dimensions. The findings of the study concur with recent research (such as that by Laurell et al., 2013) that the rapid internationalisation literature needs to integrate and extend previous findings to fit new contexts. Both chapters also outline that several commonalities between the firms exist that differentiate them from studies examining manufacturing-oriented rapid internationalisers.

To support the primary research question, three subsidiary research questions are developed. These are designed to investigate the internationalisation process of rapidly internationalising PSFs in greater detail. Three strategic dimensions of the internationalisation process were identified, and the three subsidiary research questions are designed to explore these three key dimensions:

Why is a rapidly internationalising professional service firm (PSF) motivated to internationalise?

How does the speed of internationalisation influence rapidly internationalising professional service firms (PSFs) in their choice of markets?

How does the speed of internationalisation influence rapidly internationalising professional service firms (PSFs) in their choice of entry mode?

The cross-case analysis in Chapter Five revealed that the case study firms shared similar initial internationalisation strategies. Although each internationalisation dimension is distinct, the findings highlight that they are related. These firms identified common reasons for choosing to internationalise as well as what markets they would enter, their choice of entry mode and their rapid increase in market commitment. These common elements combine to form similar internationalisation processes. The following sections will address the research and subsidiary research questions as well as the key findings associated with rapidly internationalising PSFs.

6.2.1 Drivers of rapid internationalisation for PSFs

A holistic approach to understanding the internationalisation of rapidly internationalising PSFs has been the primary focus of this research. The aim is to broaden the understanding of the internationalisation processes of firms that internationalise rapidly. Several studies have examined the drivers of rapid internationalisation and their relationship with the internationalisation process, but these are often restricted to high-tech firms from large economies and almost none of them include PSFs as part of their analysis (see Bell et al., 2003; Knight and Cavusgil, 2004; Oviatt and McDougall, 2005; Taylor & Jack, 2013). The first subsidiary research question found that findings are unique when compared with previous rapid internationalisation and PSF research.

PSFs have been found to rely on managerial knowledge and networks for their internationalisation (Hutschenreuter et al., 2011). Rapid internationalisation research considers both to be important factors in overcoming the liabilities associated with early and rapid internationalisation (DeClerq et al., 2012). Rapidly internationalising PSFs do not necessarily rely on either as part of their drive to internationalise. Firm founders have a high level of knowledge intensity in their fields but this does not necessarily extend to knowledge of other markets or internationalisation strategies. Founders pursue rapid internationalisation in part to build networks and create legitimacy. It also enabled them to gain first mover advantages and develop experience within the market. This enabled the firm to establish a stronger network and reputation which helped to create further business opportunities and provided an advantage over competitors.

The case study findings also expand the rapid internationalisation and PSF literature on the influence of the domestic market. Chapter Two revealed that a focus on the domestic market is not something that rapidly internationalising firms are seen to do. By contrast, rapidly internationalising PSFs are interested in building themselves from the home market first. By focusing on the domestic market first, rapidly internationalising PSFs are able to achieve higher levels of operational knowledge and domestic market knowledge, and to build resources to leverage in their internationalisation. This emphasises the importance of the home market for building operational knowledge for rapidly internationalising PSFs and suggests it should be considered a key factor in future internationalisation research models.

By linking literature on rapid internationalisation and PSFs, the research suggests that the internationalisation processes of a firm, specifically its drive to internationalise rapidly, choice of markets and choice of market commitment are linked. Against the background of PSFs as defined by von Nordeflycht (2010) the research shows that the knowledge intensity of a PSF and the entrepreneurial drive of its founder may impact the internationalisation process. Entrepreneurs may have a critical role for rapidly internationalising PSFs across their internationalisation process as they are not only involved with the formation and strategy of the company but also directly with its service delivery. This study proposes that entrepreneurship behaviour occurs prior to internationalisation but should also be considered as part of a firm’s early internationalisation process. The findings suggest that scholars should begin to make more fine-grained connections between different aspects of entrepreneurial motivations including the decision to venture into international markets as well as the early stages of the internationalisation process.

The nature of a small PSF and its lack of resources has been noted as a potential barrier for rapid internationalisation (Scott-Kennel & von Batenburg, 2012). However, the opposite may be true as firms rely on their founder/s which may enable them to internationalise more easily due to increased flexibility and speed of decision-making. The entrepreneur is also able to deliver complex knowledge and ensure high-quality service delivery – a critical component for successful internationalisation of rapidly internationalising PSFs. The knowledge intensity associated with the service combined with the entrepreneurial drive of the founder is a critical link between the internationalisation dimensions. As the founder's complex knowledge makes up much of a firm's service and its delivery, the founder chooses to enter foreign markets, chooses the market and is directly involved with the entry mode. As such, the internationalisation process of rapidly internationalising PSFs can be seen as a cascading effect from the founder's early entrepreneurial motivations.

6.2.2 Rapidly internationalising PSFs choice of markets

Chapter Two explained that when initially choosing which foreign markets to enter, rapidly internationalising firms and professional service firms differ. Literature considering born global and INV firm internationalisation has emphasised the importance of choosing short term opportunistic markets rather than entering markets that present lower levels of risk and are more 'psychically' similar (Autio et al., 2000; Bhardwaj et al., 2011). PSF literature suggests that because of the need for greater client interaction, culturally related factors are more important factors for strategic market entry (Freeman et al., 2008). This study found that rapidly internationalising PSFs and their choice of markets provide several unique factors that combine elements of both literatures.

PSF internationalisation is seen to consider the importance of market knowledge and service applicability when selecting international markets (Aharoni, 2014). Rather than just their context-specific knowledge, rapidly internationalising PSFs choose markets based around strategic opportunity. This increases the barriers to entry and risk when entering the market but may also enhance the firms' status within the region. Other studies have suggested that PSFs are seen to choose markets that are culturally similar (Freeman et al., 2008; Lowendahl, 2005). Unlike previous PSF research (Freeman et al., 2012; Hashai, 2011; Weerawardena et al., 2007) rapidly internationalising PSFs appear to be more interested in entering markets with strong growth opportunities despite higher levels of risk because their complex knowledge is not as easily transferable or their market knowledge and networks are limited.

As the literature review revealed, the pre-internationalisation experience in international markets is considered a key factor in the internationalisation processes for both PSFs (Lowendahl, 2005) and rapidly internationalising firms (Gallego & Casillas, 2014). This is in contrast to rapidly internationalising PSFs that do not appear to consider it a critical factor in their internationalisation. Instead, the case study findings expand on the PSF literature and find that operational knowledge may boost a firm's ability to choose short term and long term opportunistic markets more than market knowledge, cultural similarity or a founder's previous experience. This study suggests that high levels of expertise within a niche product area reduces the importance of environmental context for each client.

A review of both PSF and rapid internationalisation literatures revealed that both types of firms may rely on networks to help overcome cultural barriers when entering new markets and can be involved with client followership (Freeman et al., 2008, 2012; Madsen & Servais, 1997; Weerawardena, 2007). The findings of this study suggest that networks were only a key factor in a firm's initial market selection when the firm followed clients into foreign markets. For rapidly internationalising PSFs client followership can be considered a trigger when rapidly internationalising PSFs choose initial markets. This study found that when entering markets PSFs are able to leverage their operational knowledge from the domestic market by following clients into foreign markets to help overcome the cultural barriers present in the new international market.

The role of networks and internationalisation processes for rapidly internationalising firms after market entry is not well known (Prashantham & Young, 2011). The case studies provide a key extension of the rapid internationalisation literature and reveal that for rapidly internationalising PSFs, networks become more important in subsequent market selection. As firms sought continued international expansion, they required further human resources. It was this expansion in human capital that provided the firm with staff who were encouraging of further international growth. This suggests that the development of relationships and networks encourages further international expansion.

Although opportunity was the overriding factor in selecting target markets, rapidly internationalising PSFs are able to overcome barriers to entry into higher risk regions by targeting specific lower risk markets before entering higher risk markets within the same region. Consistent with previous rapid internationalisation research (Freeman et al., 2010; Knight et al., 2003), culturally similar markets were not seen to be as central in the choice of region. However, to reduce the impact of cultural barriers and to maximise operational knowledge, 'westernised' business practices were assessed to be important when choosing markets within a region. Overcoming cultural barriers enabled the firms to rely less on other networks. This was particularly evident with firms entering Asia choosing Hong Kong and Singaporean markets to minimise the risk associated with the culturally dissimilar Asian region. This enabled the firms to learn rapidly about the market and offer services throughout the greater region. This aided the case study firms' market selection and helped them quickly learn within market regions before further expansion. This is referred to as a 'platform' (Preble and Hoffman, 2006) or 'stepping stone' (Freeman, et al., 2012) strategy. By targeting those markets that present the least barriers to internationalisation within a region, the firms are more easily able to enter subsequent neighbouring international markets.

6.2.3 Rapidly internationalising PSFs choice of market commitment

As the literature review further revealed, research into PSF entry modes has revolved around the inability to separate the consumer and producer during service delivery. For this reason high control modes of entry are seen to be common when entering international markets (Cort et al., 2007; Coviello & Martin, 1999; Freeman & Sandwell, 2008; Malhotra, 2003; Scott-Kennel & von Batenburg, 2012). This is despite several studies suggesting that PSF are not limited to high resource commitment options when choosing international entry modes (Ball et al., 2008; Gronroos, 1999). Rapidly internationalising firms favour exporting as an entry mode due to their initial lack of resources. Exporting is the most favoured entry mode as it offers low resource commitment, which provides a low cost and strategically flexible way to enter markets (Fan & Phan, 2007; Knight & Cavusgil, 2005; Kuivailenen et al., 2007; Rialp & Rialp, 2007).

Strategic flexibility is crucial for rapidly internationalising PSFs and their choice of market commitment as it enables the firm to quickly enter and exit markets that are seen to have higher risk. This type of flexibility may be considered especially important for these types of rapidly internationalising service firms as service industries often exhibit relatively limited flexibility (Rugman & Verbeke, 2008). The emphasis on low-risk options for entry into foreign markets is considered common among firms that internationalise rapidly (Casillas & Acedo, 2013).

The necessity of greater requirements for client/firm interaction has meant that service firm internationalisation is more commonly associated with entry modes where firms establish foreign subsidiaries that require greater levels of resource commitment (Blomstermo et al., 2006; Coviello and Martin, 1999). Rapidly internationalising PSFs are limited in their human and capital resources and do not consider this an appropriate path to entry. The restrictions of limited human and financial resources combined with a desire for a firm to maintain its level of service for international clients resulted in the firm's founder/s being directly involved with 'embodied people' (Ball et al., 2008) or 'transhuman' exports (Roberts, 1999). This form of exporting enables rapidly internationalising PSFs to maintain strategic flexibility, as well as all elements of the value chain from the home market including a high level of service delivery.

Research outlines that PSFs are more likely to be involved with a high commitment entry method to protect their capital and competitive advantages when rapidly internationalising (Cort et al., 2007; Freeman & Sandwell, 2008). However, the relevant case study firms initially entered through specialised low commitment exporting modes before shifting quickly to a higher level of market commitment. The results suggest that these firms are involved in rapid but incremental commitment.

As an extension of Melen & Nordman's findings (2009) as well as the PSF and rapid internationalisation literature, rapidly internationalising PSFs shifted to a higher level of market commitment for several reasons. The initial entry into markets was relatively low on resource commitment. This enabled the firm to please clients while also minimising risks. Through other PSF entry modes, this is not something PSFs are seen to be able to do (Cort et al., 2007; Freeman & Sandwell, 2008). By initially exploring foreign markets, the firms were able to learn quickly about operating in foreign, culturally distant markets. This enabled the firms to gain firm-based knowledge as well as knowledge about the prospects within the market. The importance of operational and product knowledge is considered a key factor in the PSF and rapid internationalisation literature and appears to be a key factor. Importantly, through client followership, operational knowledge enabled the firms to solidify and build client relationships. Networking through client followership and building a strong reputation are considered to be critical to the successful internationalisation for rapidly internationalising PSFs. Initially exporting before shifting to a higher level of market commitment allowed firms to establish networks more quickly and reduce cultural barriers before further expanding if opportunities presented themselves. For rapidly internationalising PSFs, it appears crucial that the firm meets client expectations when operating within a market. This was a key factor in their subsequent, rapid shift from exporting to establishing a subsidiary in the overseas market.

6.3 Implications for practitioners

In addition to the contributions to the service and rapid internationalisation literatures, the findings in this study have several important implications for practitioners. First, it emphasises that those firms that adhere to PSF definitions (i.e. have a high level of inseparability, intangibility, heterogeneity, perishability, knowledge intensity and either low capital intensity or a professionalised workforce) have unique drivers of internationalisation, choice of markets and market commitment strategies. The case study firms highlighted the difficulty and intricacy that PSFs must manage to enter foreign markets successfully. These are shown to be unique and more diverse than those factors encountered by firms from manufacturing industries. Managers should, therefore, consider the nature of their service when planning their internationalisation strategy and not rely on strategies formed around firms that deal in manufactured goods.

For managers of rapidly internationalising PSFs, this study shows that firms can benefit from the identification of factors found to influence early and rapid internationalisation. This includes the influence of factors identified in this thesis which can serve as a platform for the firm’s analysis of its internationalisation strategy. The integration of factors common to rapid internationalisation, such as internationalising to take advantage of strategic opportunities with limited resources, and entering markets through low commitment entry modes, should be strategically integrated with factors relevant to PSFs such as the need for face to face client interaction. By being made conscious of these influences, managers will be better prepared to recognise and adapt to these influences.

This study's findings have particular relevance to firms classified as small to medium sized businesses. Rapid internationalisers have traditionally been linked with small to medium sized firms, and rapidly internationalising PSFs are consistent with this. An important aspect of this is a flexible organisation that is able to adapt quickly to changing circumstances. Despite restrictions in service delivery rapidly internationalising PSFs also relied on founder and firm flexibility. This enabled firms to take advantage of opportunities that other less flexible firms would be unable to service.

The ability of a firm to meet international growth strategies was determined by the drive of its founder and its available resources, particularly its human resource capacity. The firms understood that the nature of PSFs dictated that they needed to deliver their services directly with clients and this required capable and willing staff. As the previous chapter explained, due to imperfect resources the extent of their initial internationalisation was limited by their ability to shift staff into foreign territories as necessary. Early in their internationalisation this placed considerable strain on founders and other key staff who were required to deliver services internationally. This is a factor that is not seen to be as important for manufacturing firms that internationalise rapidly.

The case studies revealed that the importance of networks and previous experience as part of early internationalisation may not be as high as other PSF internationalisation studies have suggested. Instead, the pursuit and use of networks may be a factor in subsequent internationalisation choices, including the choice of markets and choice of market commitment. Previous experience in foreign markets is also helpful in identifying opportunities but not necessary for successful internationalisation. Managers should be encouraged to develop relationships and develop domestic networks to aid in their early internationalisation. This may enable managers to be more realistic regarding internationalisation expectations and enable swifter internationalisation.

Finally, this study has important implications for policy-makers. Service firms play a dominant role in most economies and policy-makers are increasingly recognising the importance of supporting the international activity of small firms in order to enhance economic development. A key implication arising from this research is to understand that industry specific differences exist and influence the internationalisation strategies of firms. By reviewing this study's findings, policy-makers will gain a sound understanding of factors that have been found to influence this sought-after international activity in small, young professional service firms, which will in turn facilitate the development of appropriate policies and support programs to foster their successful early internationalisation.

6.4 Limitations of the current research

The current research investigates the internationalisation processes of rapidly internationalising PSFs. The study findings need to be examined in the context of its limitations. The research was largely explorative and qualitative. Seven case study firms participated in the research, representing multiple industries. This provided rich and comprehensive data that aided in the analysis of the research question. This does not, however, indicate that the findings here are characteristic of the international strategies adopted by firms. A number of factors prevented the development of a comprehensive quantitative study. First, rapidly internationalising PSFs are not common within the literature. This is possibly due to the difficulty of locating and gaining access to these firms. Second, for a comprehensive, valid, reliable quantitative study to take place many senior managers within individual firms would need to complete a survey questionnaire. It would be difficult to elicit sufficient responses for such a survey as many of the firms had few senior employees within their first three years of inception. Many of the case study firms had fewer than five employees when they internationalised, meaning comprehensive quantitative analysis would be difficult.

The data collected for all seven case studies was conducted within Australia on Australian-based rapidly internationalising PSFs. The examination of similar firms from other countries such as China, Brazil, USA, and Germany might have garnered different results. When compared with Australia, these economies have larger populations and hence larger potential markets and/or cultural differences. All of the case study firms also operate within B2B markets. It is not known if the findings would be similar for those PSFs that operate in B2C markets. These and other factors such as a less geographically isolated economy may have reduced the need to venture rapidly overseas, and impacted the choice of markets as well as the level of market commitment. Future comparative studies would be able to clarify the findings here and identify the importance of these differences in the internationalisation process.

An interview based, case study qualitative approach was chosen for this research. This provided the depth required for an exploratory oriented research question. Important limitations of any study are the personal biases of the researcher and these may have been present. The nature of the responses from individual founders and senior managers may have been caused by the individual biases of the researcher. To minimise perceptual biases, open-ended semi-structured interviews took place allowing each interviewee to tell their own story. Multiple interviews from within each organisation, along with secondary data sources such as websites and brochures, enabled the researcher to cross-check the validity of the data.

Overall, the objective of this investigation is not to generalise but to deepen the knowledge of the factors that influence rapidly internationalising PSFs and their internationalisation processes. The applicability of the research could be improved if a number of the limitations did not exist. However, it is assumed that the methodology is correctly applied and despite key limitations the research has achieved the best possible outcome.

6.5 Implications for future research

As Chapter Two outlined, existing studies of born global and INV internationalisation have largely focused on firms dealing in manufactured goods. Meanwhile, research into the internationalisation processes of PSFs has been industry specific and/or examining a specific element within the internationalisation process. There has also been scant research exploring PSFs and their rapid internationalisation processes. The current research has focused on rapidly internationalising PSFs, initiating a discussion that has combined the born global, INV and PSF research fields. This study raises a number of possibilities for future research.

One potential avenue for future research would be a quantitative approach. This research has been limited to a qualitative study. However, the conceptual framework established and adopted for the research could form the basis of a quantitative research study in the future. This would allow the researchers to apply the framework and findings to a broader range of firms from a broader range of industries. Research into rapidly internationalising Australian PSFs is the focus of this study but further insights could be garnered by applying the framework and findings in exploring research into similar types of firms located in different geographic regions (such as Asia, Europe, and North America). There is a need to investigate the internationalisation of rapidly internationalising PSFs from economies that are larger and less isolated than that of Australia. Australia's isolation and size may have contributed to the unique findings within this study. Consequently, there is a need to replicate these findings for rapidly internationalising firms originating from several different countries that differ in their home market size, culture, geographical location, and economic development level. Analysis of rapidly internationalising PSFs from these markets would provide greater understanding into these firms internationalisation processes, particularly their selection of international markets and choice of market commitment.

Another pathway for future research is the specific findings of this study being explored further. As an exploratory study, the findings of this research could be extended. Future research could examine key factors within the three key internationalisation dimensions. To help guide future research a set of propositions has been developed so that future research can examine different causes and strategies within rapid PSF internationalisation.

The drive, vision, experience and ability of the entrepreneur have been considered a key factor in the speed of rapid internationalisation. In particular, the entrepreneur's ability to identify, assess, and act on opportunities is considered vital for rapidly internationalising firms and their initial internationalisation success (Oviatt & MacDougall, 2005). If anything, this entrepreneurial drive could be considered even greater for rapidly internationalising PSFs than other types of rapidly internationalising firms. The size of the domestic market was also considered critical in a firm's initial decision to internationalise. By quickly establishing themselves in the domestic market, firms were able to overcome a lack of international experience and build knowledge and expertise within their industries. This enabled them to form collaborative relationships with larger, international organisations and follow them overseas (Hitt et al., 2006). Client followership appears to help rapidly internationalising PSFs to overcome the liability of newness in foreign markets. It allows them to enter markets with a smaller amount of market knowledge but still provides the firms with the opportunity to build contacts in the foreign network. Consequently, the following proposition is presented:

P1: Entrepreneurial drive, the size of the domestic market and client followership will impact on the rapidity of internationalising PSFs.

Freeman et al. (2011) suggest that Australian service firms place a higher priority on enhancing operational, rather than market focused knowledge. This encourages the firm to leverage the knowledge and relationships grown from the home market before international market entry. This enables them to overcome cultural barriers to entry as the firms have established relationships prior to entrance into a foreign market. It appears that for rapidly internationalising PSFs, networks, specifically through client followership, operate as a trigger to become international and to choose initial markets but they do not rely on other networks or previous experience in their initial internationalisation. This led to the development of the second proposition.

P2: Rapidly internationalising professional service firms (PSFs) are more reliant on client followership as part of their choice of foreign markets than other networks and/or previous experience.

The case study firms revealed that while culturally similar markets were not seen to be as central in the choice of markets, ‘westernised’ business practices were assessed to be important when choosing markets within a region. This is part of a ‘platform’ strategy (Preble and Hoffman, 2006) where firms select a ‘gateway’ or ‘lead’ market to a region like Asia, e.g. Hong Kong or Singapore, where business practices are more ‘westernised’ and more dominant than other countries within that region. This was so that the firms could expand more easily into relatively ‘business friendly’ environments and then use this as a basis for expansion into neighbouring countries. This strategy enabled firms to rely more on their operational knowledge within the domestic market as it was more similar to the markets they were entering. This enabled firms to overcome cultural barriers and rely less on networks. This aided the case study firms’ market selection and helped them learn quickly within market regions before further expansion. The third proposition, therefore, is:

P3: To maximise opportunities and overcome cultural barriers within a region rapidly internationalising professional service firms (PSFs) will enter 'platform' markets.

Little attention has been paid in the rapid internationalisation literature regarding the mode of entry for rapidly internationalising firms (Aspelund et al., 2007; Melen & Nordman, 2009). On the other hand, the choice of entry mode has been a dominant focus of service firm literature as it is seen to be a fundamental difference to the internationalisation of their manufacturing counterparts. Kuivalainen, et al. (2007) see that rapidly internationalising firms will choose exporting as their initial mode of entry because other entry modes pose an additional risk. This highlights the initial need for strategic flexibility, increased mobility of personnel and low resource commitment for firms that internationalise from inception (Ball et al., 2008; Knight & Cavusgil, 2005, Sasi & Arenius, 2012). Hence, the fourth proposition is developed in relation to this desire for initial entry mode flexibility:

P4: Rapidly internationalising professional service firms (PSFs) initially choose low commitment entry modes due to lack of resources and the need for strategic flexibility.

All of the professional service case study firms shifted quickly from low commitment to a higher level of market commitment within the very early stages of their internationalisation. Although firms may not have initially followed clients into international markets, foreign clients requested the firms to provide a direct market presence, rather than simply exporting key personnel in and out of markets. By switching to a higher level of market commitment, firms reduced the risk that they would have experienced had they initially chosen to enter the market this way. By initially exporting and then increasing commitment, rapidly internationalising PSFs are able to achieve a rapid and higher level of service as the transfer of knowledge and production routines to the client is relatively easier (Blomstermo et al., 2006). By engaging more directly in the market, firms are able to build better relationships with their clients and improve their network within the local market. Low commitment modes did not allow for the same level of engagement with the client. Overall, a critical reason for firms to make the rapid leap from exporting to establishing a market presence is to appease established clients in foreign markets.

Firms initially chose low commitment entry modes that reflected their limited knowledge of the market. The founder's key role in international service delivery through low commitment entry modes enabled key decision makers to gain greater knowledge and meet the requirements of the local market. Founders were able to extend their operational knowledge to existing and potential clients. Through the maintenance of high-quality service delivery, firms were able to advance client relationships and foreign networks. By initially exporting to the region, firms were exposed to critical market differences, aiding in the extension of market knowledge. Consequently, the following propositions are presented:

P5a: Rapidly internationalising professional service firms (PSFs) leverage their initial market experience and quickly shift to a higher level of market commitment to establish better relationships with clients.

P5b: Rapidly internationalising professional service firms (PSFs) leverage their initial market experience and quickly shift to a higher level of market commitment to overcome cultural barriers to entry.

Within this study, the focus was on the framework and internationalisation processes. An underlying factor that emerged from the data was the importance of the firms' perceptions and reputation. Although not considered as integral to rapid internationalisers and their internationalisation decisions, reputation has been associated with service firms and their internationalisation success (Hitt et al., 2006; Roberts, 1999; Shaw, Lam & Carter, 2008; Winch, 2008; Zardkoohi et al., 2011). The current research suggests that strategic decisions by rapidly internationalising PSFs may be influenced by the desire to maintain and/or improve their firms' reputations. This may be important for the firms' long term development within their chosen markets, particularly when a firm wishes to increase its market commitment further within a region. It may prove fruitful for future studies to examine the importance of this when examining the rapid internationalisation of PSFs.

Further research could also examine the implications of information and communication technology in the internationalisation of rapidly internationalising PSFs. All of the case study firms highlighted that they used technology to aid them in their service delivery and communication with international clients. Although the use of technology was not dominant and did not replace direct interaction between the firms and the client, two of the firms (Canopy and JUP) discussed seeking ways in which technology could further bridge that gap. These firms and several other case studies underlined the additional value that such technology could bring to their service delivery and overall value proposition.

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Appendix One – Introductory Letter

Dear --------

My name is Murray Taylor and I am a PhD student with Macquarie University. I am currently conducting research into firms and their internationalisation process under the principal supervision of Dr. Robert Jack. You can contact either me or Dr. Jack via email, murrayrtaylor@gmail.com, rob.jack@mq.edu.au

Austrade, the Australian Business Foundation and other academics have identified a number of firms that may be suitable for the research. Your firm, because of its international focus, was included. I am writing to invite you to participate in the study.

The research process will require an interview with the CEO (or equivalent) and staff responsible for functional areas such as international management and marketing. It is recognised that some of these responsibilities within your company may be handled by the same person.

Each interview, which may last for about an hour, will be conducted by myself at a time and place that is suitable for each interviewee. For convenience's sake, it is assumed that all interviews will occur at the interviewee's place of employment. Please note that participation is voluntary and any information provided by interviewees is confidential and completely anonymous. No individual organisation or person will be identifiable in the results. However, if requested, each interviewee will be able to view the transcript of their interview.

The research findings will be available to you on request when the project is completed. It is intended that the research outcome will be used to provide a better understanding of the form and pattern of the international business activities of Australian based professional service firms. It will deliver a framework whereby the internationalisation strategy of firms can be compared across industries. Although participating firms will remain anonymous, the research is likely to be of value to you and your firm in analysing different internationalisation strategies adopted by individual firms based on their respective product compositions.

Yours faithfully,

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Appendix Two – Explanatory Statement

EXPLANATORY STATEMENT

Project Title:

Rapidly internationalising professional service firms: Enhancing our understanding of the firm internationalisation process

My name is Murray Taylor and I am conducting research under the supervision of Dr. Robert Jack (contact details below) in the Department of Business to meet the requirements of a doctoral research project (PhD in Business) at Macquarie University.

The aim of the research is to investigate the role of industry factors in the decision-making processes involved in internationalisation. The research will make a contribution to internationalisation theory by generating a better understanding of the manner in which firms have internationalised.

The research adopts a case study approach whereby a number of key individuals will be interviewed. Selected firms have been recommended by representative bodies such as Austrade and the Australian Business Foundation. As required by this research project, specific information will be required in functional areas such as management strategy and international operations.

Selected firms have been contacted independently by the researcher to ascertain the identities of personnel/managers responsible for the aforementioned areas. This is how your name has been identified for participation in the research.

The research needs participation, on a purely voluntary basis, to answer questions about the internationalisation of your firm, the motivations behind internationalisation and the factors influencing the internationalisation process. With your permission, audiotape will be used and notes will be taken. The meeting will last about an hour.

The confidentiality of the results will be strictly enforced. Access to written records and audiotapes from the interviews will be available only to both myself and my principal supervisor. Although the material will not be used for commercial purposes, information about the results of the project will be presented in my thesis and at relevant conferences, and seminars. It is intended that the findings will also be submitted for publication in relevant academic journals. Identification of the firm, unless otherwise instructed by you, will remain anonymous.

Results will be saved as electronic files (word file, excel file, power point slides, and potentially other softwares) and will be printed out in hard copies. A copy of the completed transcript of our interview will be forwarded to you for verification within one week of the interview. At your request, the final thesis will be sent to you via postal mail and/or e-mail. The written reports will be stored for at least five years as prescribed by the university regulations.

You may decline to provide me any information simply by informing me. You will not be required to give a reason not to participate fully in the interviews. If you have any queries or would like to be informed of the aggregate research finding, please contact myself or my supervisor, Dr. Robert Jack (details below).

If you do decide to participate in this research, please review and complete the attached informed consent form. You will be given a copy of your signed consent form for your records.

Thank you for your cooperation

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Appendix Three – Informed consent form

<u>Informed Consent Form</u>

Project Title:

Rapidly internationalising professional service firms: Enhancing our understanding of the firm internationalisation process

I agree to take part in the above Macquarie University research project. I have had the project explained to me, and I have read the Explanatory Statement, which I will keep for my records. I understand that agreeing to take part means that I am willing to:

- be interviewed by the researcher
- allow the interview to be audio taped
- make myself available for a further interview should that be required

Please tick the appropriate boxes:

- ❑ I understand that any information I provide is confidential, and that no information that could lead to the identification of any individual will be disclosed in any reports on the project, or to any other party.
- ❑ I understand that I will be given a transcript of data concerning me for my approval before it is included in the write up of the research
- ❑ I also understand that my participation is voluntary, that I can choose not to participate in part or all of the project, and that I can withdraw at any stage of the project without being penalised or disadvantaged in any way.
- ❑ The information I provide can be used in further research projects which have ethics approval as long as my name and contact information is removed before it is given to them

- ❑ The information I provide cannot be used by other researchers without asking me first
- ❑ The information I provide cannot be used except for this project

I (the participant) have read (or, where appropriate, have had read to me) and understand the information above, and any questions I have asked have been answered to my satisfaction. I agree to participate in this research, knowing that I can withdraw at any time. I have been given a copy of this form to keep.

Participant's Name:_________________________________ (block letters)

Participant's Signature: ______________________________ Date:

Chief Investigator's Name: **Dr Robert Jack**

Investigator's Signature: ______________________________ Date:

The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics Committee. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Director, Research Ethics (telephone [02] 9850 7854, fax [02] 9850 8799, email: ethics@mq.edu.au). Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome

Appendix Four – Discussion Guidelines

Discussion Guidelines

Internationalisation

GENERAL

1. Please give details about the company itself, starting with its historical development in the Australian market
1. Please answer the following questions about your firm to the best of your ability:
   a. Total number of employees
   b. Total Sales domestic and abroad for the first three years
   c. Total number of foreign employees
   d. Year company was established
   e. Year company first internationalised
2. What would you describe your industry sector to be?
3. How many countries are you in presently?

FACTORS THAT MOTIVATED FIRM TO INTERNATIONALISE

1. Did you originally envision your business to become global so quickly?
2. What motivated you to want to internationalise?
3. Did you have a good understanding of the industry before you entered it?
4. How would you describe your industry?
   a. Level of competition?
   b. How old the industry is?
   c. Level of internationalisation?
   d. Follow internationalisation pattern?
5. Did this have any impact on the way in which your internationalisation strategy was shaped?
6. Were there expectations/necessary reasons to go overseas because of the industry in which you operate?
7. What did you plan to achieve by internationalising? And by doing it so quickly?
8. Did you plan your rapid expansion deliberately, i.e. a set plan? If so did you follow that plan? What altered it?

PACE OF INTERNATIONALISATION

1. Is it common to internationalise so quickly within your industry? What was the main reason you were able to internationalise so rapidly?
2. Do you think the pace with which you internationalised gave you an advantage/disadvantage? What were they?
3. Did you see the pace of your rapid internationalisation as necessary? i.e. was it necessary to keep up with competitors, meet client expectations etc.?

CHOICE OF MARKET

1. Did you internationalise into multiple markets at the same time, including the domestic market? What markets were they?
2. Why did you choose these markets? Why did you ignore other markets?
3. What were the main reasons behind your choice of markets to enter?
    a. Did industry factors have anything to do with this?
        i. Level of competition/internationalisation
        ii. Follow client/industry trends, expectations
    b. Cultural similarity?
    c. Experience in the market?
    d. Networks?
    e. Size of the market?
    f. Opportunity in the market?

LEVEL OF MARKET COMMITMENT

1. What was your choice of entry mode? e.g. export, FDI, greenfield etc.
    a. Why did you choose this entry mode?
    b. Did you consider other forms of entry?
        i. Why did you not choose this entry mode?
    c. Is your chosen entry mode common in the industry?
        i. Why/why not?
2. If you were able would you internationalise this way again?
    a. Why/why not?
3. Did you increase your level of market commitment at all since you internationalised?
    a. Why/why not?

Discussion Guidelines

Service orientation

Service orientation

General

1. Broadly speaking, can you give details about what it is you do and how you do it?
    a. In a step by step process…
    b. What is the most important thing that you do?
        i. As part of this process what do you consider gives your firm a competitive advantage?
    c. How much is the client involved in the process of your service?
        i. Would you be able to provide the service without the clients input?
            1. How much do you interact with the client?
        ii. How important is it that the clients and your own firm have interpersonal communication?
            1. Would you consider most of your communication to be face to face?
                a. How do you mainly interact with your client?
                    i. Skype
                    ii. Telephone
                    iii. Teleconference etc.
                b. How often does this happen?
        iii. Do you believe that you internationalised to provide the clients more personal on the ground service in their local market?
        iv. In the foreign markets that you have entered have you duplicated your entire production process?
            1. Do your value adding activities still largely prevail from the home country? (Australia)
        v. What is the level of customisation for your clients? i.e. do you have individualised solutions?
    d. Do you believe that you needed a physical (local) presence in markets to deliver your product effectively?

Knowledge intensity

1. Do you consider your knowledge to be embodied in your people?
    a. Do you consider your people to your greatest asset?

   b. Do you think your employees are in a strong bargaining position because of their knowledge?
   c. Do you believe that the experts (employees) output is difficult to exactly evaluate?
   d. How do you and your firm try to maintain quality from your employees if this is an issue?
2. Do you consider your knowledge to be embodied in your systems/processes?
   a. Does your firm rely on any patents or copyrights as part of its service/production?
   b. How high or low would you consider the role of intangibility in your organisation?
   c. Are there/Is there any regulatory body or professional association as part of your industry?
      i. Are you self-regulated?
3. Do you consider your knowledge to be embodied in your equipment?
   a. Would you consider your business to be capital intensive or not?

Low capital intensity

1. Do you have many non-human assets. E.g. inventory, factory, copyrights, patents etc?
2. Do you believe not having these added costs helped you to internationalise so quickly into the markets that you have?

Professional workforce

1. Does your company/industry have a professional ideology?
   a. Ethical codes either formal or informal
   b. Would you consider it a responsibility to protect the interests of your clients?
2. Are your employees highly autonomous?

Appendix Five – Quotes for categorised factors

Feature	Key factor	Representative quote
Drive to internationalise rapidly	Entrepreneurial drive	"Our original drive was, our vision was always to build a global brand and a global presence so that was fairly early on, that was our vision" (Founder, Shinglers)
	Size of domestic market	"We recognised that we were in a very niche part of the market… from the beginning we were going to be limited by the size of the market here [Australia] and limited by the maturity of the market" (Founder, E-DESIGN)
	Strategic opportunity	"I think the other thing that was always in the back of my mind...from the research I had done and I recognized that the opportunities were really going to be in that region...it didn't take me too long to recognise when I went out on my own that that really was where the long term opportunity existed" (Founder, Canopy)
	Client followership	"We were introduced to new markets because of clients we had. Our guys were working for a firm and for that job they wanted us to work in Singapore. That helped us enter Singapore" (Founder, Garner)
	Establish international presence	"So the idea was to get a local ability first, and then once that local ability was well developed...then to try and internationalize as quickly as possible because that is then what gives us the breadth as well as the local depth" (Founder, JUP)
Choice of markets	Strategic opportunity	"Well, we started because of the opportunity in the UK...the bulk of the work we were chasing was the UK. It was the opportunity that cannot be understated" (Founder, Australian Health)

	Client followership	"The clients operations in New Zealand picked up what we were doing in Australia and asked us to replicate that over there, so we did. So they asked us there, not the other way around" (Founder, Canopy)
	Establish international presence	"The UK and the US are the two hardest markets to get into and if you're in the UK and US you sell the research you do on these markets globally. Everyone wants to know what's going on in the UK, what's going on in the US…so that makes it an incredibly valuable market because of the opportunities" (Founder, JUP)
	Platform' markets	"Singapore and Hong Kong are...the centre of the regional hub, so that enables you, once you have a foothold, to expand into the Southeast Asian region" (Founder, JUP)
	Networks	"One of the staff members that was working in our team was originally from Mexico. And so, he had great contacts on the ground in terms of when we were looking for" (Founder, Energy 4EVA)
Choice of market commitment	Limited resource	"We exported to the UK because of cost really. The biggest reason was cost" (Founder, Australian Health)
	Strategic flexibility	"you need to test whether or not it's going to work in a market otherwise you're just spending money for the sake of spending money. But at the same time there are some benefits to sort of moving slowly, more cautiously. We learned more about the market and what was required of us as we moved forward." (Founder, JUP)
	Enabled rapid internationalisation	"It's wonderful to sit back and go, "Yeah, we should have someone over there." But we couldn't afford it. We had to fly in, fly out in the beginning" (Founder, Australian Health)

	Build relationships	"We went into the UK and the US without enough planning around the relationship with the individuals on the ground...it's been a hit and miss around that sort of stuff so we needed to change the model and that's why we now have set offices throughout the world and here, too." (Founder, Australian Health)
	Client followership	"we didn't want to be seen as a Sydney based agency with a local person. So all those factors came together to go over there. We have established a specific office over there that they are calling in local numbers to speak to a local person and then getting a local response although they're part of the international network" (Founder, E-DESIGN)
	Establish international presence	"In business any success story is important, so if you can say we grew very quickly and were very successful...that is a great investment. You want that kind of conversation and off the back of that conversation you get noise started, from the back of the noise you get people in the room, and from all that you get clients" (Founder, Shinglers)
	Bridge cultural gaps	"you can't build relationships in the same way as you can if you are on the ground. It takes a lot longer to build a relationship culturally there [Singapore and Hong Kong] than it does here [Australia] and there needs to be a lot more trust. Culturally, they are much slower and more cautious...they need to have a lot more trust with an individual...before they'll commit to doing business with them" (Founder, JUP)

Appendix Six – Dissemination of the thesis

Journal Articles:

- Taylor, M. and Jack, R. (2013) Understanding the pace, scope and pattern of firm internationalisation: an examination of the born global concept, *International Small Business Journal*, Vol.31, No.6. 702-723

Conferences:

- Taylor, M. and Jack, R. (2014) Born Global or Rapid Internationalisation? An Enquiry into the Internationalisation Processes of 'Born Global' Professional Service Firms (PSFs), *Academy of International Business* (AIB), Vancouver, Canada, 23-26 June

- Taylor, M. and Jack, R. (2013) The internationalisation processes of 'born global' professional service firms (PSFs): the influence of client followership, *Academy of International Business – Southeast Asia Regional Conference (AIBSEAR)*, Bali, 7-9 December

- Taylor, M. and Jack, R. (2013) Professional service firms and their influence in the born global internationalisation process, *Australia and New Zealand Academy of International Business (ANZIBA)*, Sydney, 18-20 April

- Taylor, M. and Jack, R. (2012) The nature of service characteristics and their impact on born global internationalization, *European International Business Academy* (EIBA) Brighton, UK, 7-9 December

- Taylor, M. and Jack, R. (2012) The impact of industry factors on the pace, pattern and scale of born global internationalisation, *Australia and New Zealand Academy of International Business (ANZIBA)*, Adelaide, 12-14 April

- Taylor, M and Jack, R., (2010) Understanding the pace, scope and pattern of firm internationalisation: an examination of the 'born global' concept, *Academy of International Business* (AIB), Rio de Janeiro, Brazil, 25-29 June

- Taylor, M. and Jack, R., (2010) Conceptualisation of a framework for determining the influence of industry factors on the process of born global firm internationalisation, *Australia and New Zealand Academy of International Business* (ANZIBA), Sydney, 15-17 April

- Taylor, M. and Jack, R., (2009) Conceptualisation of the Australian 'born global' experience: Some preliminary issues, *Australian and New Zealand Marketing Academy* (ANZMAC), Melbourne, Victoria, 30 November to 2 December

Academic Presentations:

- Higher Degree Research EXPO - Department Doctoral Conference (2012), Department of Marketing and Management, Faculty of Business and Economics, Macquarie University. *Understanding the pace, scale and pattern of born global firm internationalisation: A service firm perspective,* Sydney, New South Wales, 12-13 November

- Higher Degree Research EXPO - Department Doctoral Conference (2011), Department of Marketing and Management, Faculty of Business and Economics, Macquarie University. *The nature of service characteristics and their impact on born global internationalisation: Evidence from Australian case studies,* Sydney, New South Wales, 10-11 November

Research Office
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14 September 2010

Dr R Jack
Faculty of Business and Economics
Macquarie University
North Ryde NSW 2109

Reference: 5201000960(D)

Dear **Dr Jack**

FINAL APPROVAL

Title of project: The impact of industry factors on the pace, pattern and scale of born global firm internationalisation

Thank you for your recent correspondence. Your response has addressed the issues raised by the Human Research Ethics Committee and you may now commence your research. The following personnel are authorised to conduct this research:

Dr Robert Jack - Chief Investigator/Supervisor
Mr Murray Taylor - Co-Investigator

Please note the following standard requirements of approval:

1. The approval of this project is **conditional** upon your continuing compliance with the *National Statement on Ethical Conduct in Human Research (2007)*.

2. Approval will be for a period of five (5 years) subject to the provision of annual reports. **Your first progress report is due on 14 September 2011.**

   If you complete the work earlier than you had planned you must submit a Final Report as soon as the work is completed. If the project has been discontinued or not commenced for any reason, you are also required to submit a Final Report on the project.

   Progress Reports and Final Reports are available at the following website:
   http://www.research.mq.edu.au/researchers/ethics/human_ethics/forms

3. If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final Report and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).

4. Please notify the Committee of any amendment to the project.

5. Please notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that might affect continued ethical acceptability of the project.

6. At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University. This information is available at: http://www.research.mq.edu.au/policy

HUMAN RESEARCH ETHICS COMMITTEE
MACQUARIE UNIVERSITY

http://www.research.mq.edu.au/researchers/ethics/human_ethics

If you will be applying for or have applied for internal or external funding for the above project it is your responsibility to provide Macquarie University's Research Grants Officer with a copy of this letter as soon as possible. The Research Grants Officer will not inform external funding agencies that you have final approval for your project and funds will not be released until the Research Grants Officer has received a copy of this final approval letter.

Yours sincerely

Dr Karolyn White
Director of Research Ethics
Chair, Human Research Ethics Committee